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NEWS RELEASE

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**CLAIMS ADJUSTER SENTENCED IN CONNECTION
WITH FEDERAL CROP INSURANCE FRAUD SCHEMES**

Gretchen C. F. Shappert, United States Attorney for the Western District of North Carolina, announced that United States District Judge Lacy Thornburg sentenced Frank Calcutt, an insurance company claims adjuster, following his guilty pleas to conspiring to defraud the Federal Crop Insurance Corporation (“FCIC”). Calcutt, who adjusted crop insurance claims for Fireman’s Fund AgriBusiness insurance company, pled guilty earlier to federal criminal charges filed against him in both the Western District of North Carolina and the District of South Carolina.

In the North Carolina case, Calcutt pled guilty on August 3, 2004 to a Bill of Information charging him with conspiring to make false statements to the FCIC concerning certain insurance claims filed in 2001 by Robert and Viki Warren, Candler, NC tomato farmers. The Warrens were charged in an earlier indictment with participating in an extensive scheme to defraud the FCIC and several private insurance companies of more than \$9 million between 1997 and 2001, and attempting to obtain an additional \$2.8 million in 2001 through 2003. Calcutt was one of two adjusters who approved a claim for \$98,490 filed by the Warrens for losses on a Tennessee farm from a “hail storm” that had actually been caused by Warren employees’ throwing ice cubes and beating the

plants with sticks. At the sentencing hearing on Wednesday, January 4, 2006, Calcutt's attorney informed the Court that Calcutt had created and submitted the false reports at the direction of his supervisor, and the government agreed.

In the separate South Carolina case (transferred to the Western District of North Carolina for plea and sentencing) Calcutt pled guilty on November 1, 2004, to conspiring to make false statements to the FCIC on crop insurance claims arising out of false losses in South Carolina. In that scheme, a corrupt insurance agent falsely used the names of certain non-farmers to apply for and obtain crop insurance policies. When false loss claims were filed on those policies, Calcutt falsely adjusted the claims and signed off on the fraudulent indemnity forms.

The federal crop insurance program is dependant upon the insurance companies' claims adjusters to be the first line of defense against fraud. When those adjusters breach their duty and assist in the fraud, a corrupt policyholder or agent is able to reap massive illegal payments from the taxpayers.

Following his guilty plea, Calcutt cooperated with the government in its investigation. As a result, the government filed a motion with the Court asking for a reduced sentence to reflect his assistance.

Yesterday, Judge Thornburg imposed a sentence on Calcutt of four months' imprisonment, to be followed by six months of home detention and two years of supervised release, a \$200 special assessment, and a total of \$312,251 in restitution to the USDA.

Earlier in 2005, Judge Thornburg sentenced Robert Warren to 76 months imprisonment and Viki Warren to 66 months imprisonment. The Warrens were also ordered to forfeit \$7.3 million, and to pay \$9.15 million in restitution to the USDA

The agencies involved in the investigation of the North Carolina case are the Office of Inspector General of the U.S. Department of Agriculture, the Special Investigations Branch of the USDA's Risk Management Agency, and the Internal Revenue Service, Criminal Investigations. The United States was also assisted by the North Carolina State Bureau of Investigation and the Henderson County Sheriff's Office. The agencies involved in the South Carolina case were the Federal Bureau of Investigation and the South Carolina State Law Enforcement Division. The case was prosecuted by Assistant United States Attorneys Richard Lee Edwards and Don Gast of the Western District of North Carolina, and Assistant United States Attorney William Day of the District of South Carolina.

USA v. Major Frank Calcutt

WDNC Criminal Docket No. 1:04CR72 and 1:04CR84

Major Frank Calcutt

Date of Birth: 2/18/1933

622 Traces Drive

Florence, South Carolina 29501

END