



**U. S. Department of Justice**  
*United States Attorney*  
**George E. B. Holding**

*Eastern District of North Carolina*

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## **NEWS RELEASE**

**FOR IMMEDIATE RELEASE:**  
**MONDAY - July 27, 2009**

**ANOTHER PLEADS GUILTY IN FEDERAL TOBACCO INSURANCE SCAM**

**RALEIGH** - United States Attorney George E.B. Holding announced that in federal court today **DENNIS WRAY HAWLEY**, 62, of Wilson, North Carolina, pled guilty before United States District Judge James C. Dever, III, to two counts, charged in a Criminal Information filed on July 16, 2009, of aiding and abetting the making of materially false statements in connection with the Federal Crop Insurance Program, in violation of Title 18, United States Code, Section 1001.

**HAWLEY**, along with other tobacco growers, engaged in a scheme to defraud crop insurance companies of funds ultimately reimbursed by the United States of America and to launder the proceeds of the underlying fraud. **HAWLEY** was the president of Dennis Hawley, Inc., and employed by ARMtech Insurance, as an adjuster, and required to complete a conflict of interest form. On two separate occasions, February 8, 2005, and March 10, 2006, he falsely declared that he did not have a business relationship with any provider or contractor for ARMtech Insurance. However, **HAWLEY** was designated an insurance agent or "producer" for the Hallmart Agency, Inc. ARMtech had contracted The Hallmart Agency to act as a local

independent insurance agent.

On December 20, 2005, and August 31, 2006, **HAWLEY** received checks from The Hallmart Agency for \$28,000.00 and \$10,000.00, respectively, that represented commissions from producer premiums collected as a result of the sale of crop insurance policies.

Mr. Holding commented, ***"All government programs, whether Federal Crop insurance or other programs, must be conducted free of actual or perceived conflicts of interest. Here, the defendant failed to disclose a critical conflict of interest and he benefitted substantially. We look forward to the sentencing phase of the case where these wrongs can be addressed."***

*"Compliance with financial reporting laws is crucial to ensuring the integrity of our nation's financial system,"* said Jeannine A. Hammett, Special Agent in Charge, IRS-Criminal Investigation Division. *"IRS remains committed to investigating financial crimes, including structuring, in an effort to deter others from benefitting financially from this type of illegal activity."*

There have been nine others previously charged in connection with the scheme to defraud the Federal Crop Insurance Program, who have been sentenced or are awaiting sentencing in the upcoming months.

The maximum penalties for each count are up to five years imprisonment followed by up to three years of supervised release and a fine of up to \$250,000.00.

Investigation of this case was conducted by the Internal Revenue Service - Criminal Investigation Division and the United States Department of Agriculture, Office of Inspector General. Assistant United States Attorney Banu Rangarajan represented the government.

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