



U. S. Department of Justice

News Release

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OXFORD, NORTH CAROLINA TOBACCO WAREHOUSE OWNER
PLEADS GUILTY IN CROP INSURANCE FRAUD SCHEME

RALEIGH - United States Attorney Thomas G. Walker announced that in federal court today **KEATON RANKIN** pled guilty before United States Magistrate Judge William A. Webb to conspiring to make false statement, to make material false statement, to commit mail fraud and wire fraud, and to structuring transactions, all in violation of Title 18, United States Code, Section 371. According to the Criminal Information filed on March 1, 2012, and information provided in open court, from September, 2006, to November, 2007, **RANKIN** conspired with others to defraud the Federal Crop Insurance Corporation. Through the filing of false and fictitious insurance claims, the sale of "hidden" tobacco, and payments in nominee names or in amounts less than \$10,000 to evade reporting requirements, **RANKIN** profited. The loss to the government as a result of **RANKIN's** criminal conduct exceeded \$400,000.

As part of the overall scheme, co-conspiring farmers would obtain federal crop insurance policies for their tobacco crops.

They then filed false crop insurance claims, hiding some or all of their tobacco production by selling it in nominee names or for cash. The success of the fraud turned on the ability of the farmers to get other conspirators, like **RANKIN**, to pay them in cash or to cash checks made payable in the false and nominee names they used to hide their tobacco sales. As a result, the farmers were paid twice for each pound of tobacco - once through the hidden sale, and again through the insurance indemnity payments.

For his part, **RANKIN**, who owned and operated a tobacco warehouse, made more money per pound of tobacco received from the co-conspiring farmer when he, **RANKIN**, paid them in cash. **RANKIN**, then resold the tobacco to United Tobacco Company. **RANKIN** also worked with an employee of Universal Leaf North America to conceal the sale of hidden tobacco and to cash checks.

RANKIN would use Troy's, a money services business, to cash the tobacco checks. In several instances, **RANKIN** would also fraudulently endorse checks.

RANKIN also facilitate the sale of hidden tobacco for one or more farmers using his own business (Rankin Farm) account. To conceal the true ownership of the tobacco, **RANKIN** used false nominee names on checks, which were also subsequently cashed through Troy's. The farmers would misrepresent the truth of

farm operations in a variety of document submitted to insurance entities.

The maximum penalty is up to five years imprisonment.

Investigation of this case was conducted by the United States Department of Agriculture, Office of the Inspector General, Risk Management Agency, Special Investigations Branch, and the Internal Revenue Service - Criminal Investigations. Assistant United States Attorney Banumathi Rangarajan is prosecuting the case.

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