



U. S. Department of Justice

# News Release

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**FOR IMMEDIATE RELEASE:**  
**THURSDAY - March 21, 2013**

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**SOUTHERN PINES, NORTH CAROLINA,**  
**TOBACCO WAREHOUSEMAN/BROKER SENTENCED**

**RALEIGH** - United States Attorney Thomas G. Walker announced that in federal court today Chief United States District Judge James C. Dever III, sentenced **JESSE RAY "TOMMY" FAULKNER, II**, 54, to a total of 66 months imprisonment followed by 3 years supervised release. Restitution of \$13,261,662.40 was also imposed.

U.S. Attorney Thomas G. Walker stated, "Today's sentence reflects the harm committed on our community as a result of this massive multi-million dollar fraud scheme and should serve as a deterrent for tobacco brokers, warehousemen, and receiving station operators who are contemplating helping farmers sell hidden tobacco and file false claims."

On October 30, 2012, a two-count Criminal Information was filed charging **FAULKNER** with conspiring to make false statements, to make material false statements, to commit mail and wire fraud and to structure financial transactions, all in

violation of Title 18, United States Code, Section 371; and conspiracy to commit money laundering in violation of Title 18, United States Code, Section 1956(h). On December 10, 2012, **FAULKNER** pled guilty to the charges.

According to the Criminal Information and information provided in open court, **FAULKNER**, was an agent for Phillip Morris USA Inc., and operated as an independent tobacco broker. **FAULKNER** also operated independent tobacco receiving stations in Wilson, North Carolina. Through his tobacco receiving stations, **FAULKNER** bought and sold tobacco from farmers with cash or in nominee names to facilitate the farmers in hiding their production. The co-conspiring farmers would not report the sales of the "hidden" tobacco in connection with their federal crop insurance claims, thereby being paid for losses they did not suffer.

**FAULKNER** then resold the "hidden" tobacco to Phillip Morris USA. During the course of the conspiracy, **FAULKNER** sold or caused to be sold \$5,181,816.90 worth of "hidden" flue-cured tobacco in North Carolina. During the course of the conspiracy, **FAULKNER** sold or caused to be sold \$8,097,429.13 worth of "hidden" burley tobacco in Kentucky.

"This sentence will deter other agricultural businessmen from engaging in illegal business practices which facilitate fraud in the federal crop insurance program and other USDA

programs. USDA-OIG is committed to preserving the integrity of USDA programs and safe guarding our tax dollars," stated Karen Citizen-Wilcox, Special Agent in Charge of the Southeast Region, USDA-OIG-Investigations.

Special Agent in Charge Jeannine A. Hammett, IRS CI stated, "IRS - CI uses information received through the Bank Secrecy Act to ensure criminals do not use US financial systems to legitimize their illegal profits. Currency report information provides a paper trail or roadmap for investigations of financial crimes and illegal activities, including tax evasion, embezzlement, and money laundering."

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

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