

**Department of Justice**  
U.S. Attorney's Office  
Eastern District of Kentucky

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FOR IMMEDIATE RELEASE  
Monday, May 10, 2021

## **Several Central Kentucky Farmers Plead Guilty to Charges Related to Crop Insurance Fraud**

**LEXINGTON, Ky.** - Several Central Kentucky men, Roger Wilson, Robert Livingood, John Watkins, and Morgan Wayne Culbertson pleaded guilty in federal court Monday, to charges related to crop insurance fraud.

Roger Wilson, 88, former owner of Clay's Tobacco Warehouse and current owner of Ag Wood, Inc., both in Mt. Sterling, Kentucky, pleaded guilty to conspiring to commit crop insurance fraud before U.S. District Judge Karen K. Caldwell. Wilson admitted that between September 2013 and May 2018, he arranged for farmers to purchase poor quality tobacco to present to tobacco graders, so the farmers could receive poor quality tobacco grades to report to on their federally-backed tobacco insurance (called multi-peril crop insurance or "MPCI") claims of loss. Wilson further admitted he knew his actions were designed to facilitate the filing of false claims of loss, which in turn caused the federal government to pay out indemnity payments, or to increase the amount of those payments, to farmers who were not entitled to them.

Robert Livingood, 64, a farmer who owns and rents tobacco farmland in Bourbon, Fleming, Harrison, and Nicholas Counties, also pleaded guilty to conspiring to commit crop insurance fraud. Livingood admitted that, in Crop Year 2014, he submitted a false MPCI claim of loss, by submitting fake tobacco sales bills he obtained from Clays Tobacco Warehouse and underreporting the amount of tobacco production he had that year. He further admitted to selling muddy tobacco, which he knew would be used by other farmers to obtain fake grade reports. According to his plea agreement, Livingood also obtained MPCI policies in his son's name, in Crop Years 2014 and 2015, even though the crop ensured in his son's name actually belonged to Livingood. As a result of his misrepresentations, Livingood caused a loss to the federal government of approximately \$313,652.

John D. Watkins, 49, a farmer who owns and rents tobacco farmland in Bath, Fleming, and Nicholas Counties, pleaded guilty to one count of conspiring to commit crop insurance fraud and one count of crop insurance fraud. In his plea agreement, Watkins admitted to failing to report his total tobacco production from Crop Years 2011 through 2014, which influenced the federal government to pay out sums of indemnity payments to which he was not entitled. He further admitted to having an agreement with Kevin Watkins, his co-defendant, to handle Kevin Watkins's MPCI paperwork and to fail to accurately report Kevin Watkins's tobacco production, likewise influencing the federal government to pay out indemnity payments to which Kevin Watkins was not entitled.

Morgan Wayne Culbertson, 33, a farmer with tobacco farmland in Montgomery, Clark, and Bath Counties, also pleaded guilty today to a conspiracy to commit crop insurance fraud. According to his plea agreement, Culbertson underreported his crop production on his MPCI claims of loss, by, among other things, selling tobacco for cash at Clay's Tobacco Warehouse and failing to report tobacco he sold in others' names. He also admitted to obtaining fake grade sheets by paying \$0.20 per pound to obtain quality adjustments on the tobacco production he did report. In Crop Years 2015 and 2016, Culbertson also failed to report his total production on his own policies. He also obtained policies and filed claims of loss, including fake sale bills from Clay's Tobacco Warehouse, on MPCI policies in the names of his brother (2014 and 2015), grandfather (2014 and 2015), and mother (2015 and 2016).

Previously, two other farmers, Jesse Smith and R. Chad Price, pleaded guilty to crop insurance fraud related offenses. On April 29, 2021, Jesse Smith, 56, pleaded guilty to committing crop insurance fraud. On May 5, 2021 Price, 39, pleaded guilty to conspiring to commit crop insurance fraud and tax evasion. Smith and Price both admitted to working with others to submit false MPCCI claims of loss.

Acting U.S. Attorney Carlton S. Shier IV; Jason M. Williams, Special Agent in Charge, United States Department of Agriculture Office of Inspector General; Bryant Jackson, Special Agent in Charge, IRS – Criminal Investigation; James Robert Brown, Jr. Special Agent in Charge, Federal Bureau of Investigation, Louisville Field Office.; and Sharon P. Clark, Commissioner, Kentucky Department of Insurance jointly announced the guilty pleas.

The investigation was conducted by the United States Department of Agriculture Office of Inspector General; United States Department of Agriculture Risk Management Agency; Internal Revenue Service, Criminal Investigation; Federal Bureau of Investigation; and the Kentucky Department of Insurance. The United States was represented by Assistant U.S. Attorneys Kathryn Anderson and Erin Roth.

Jesse Smith and R. Chad Price face a maximum sentence of five years in prison and a fine of \$250,000. Jesse Smith, R. Chad Price, Roger Wilson. John D. Watkins are scheduled to be sentenced on August 19, 2021. Wilson faces a maximum sentence of five years in prison and a fine of \$250,000, while Watkins faces a maximum of thirty years in prison and a fine of \$1,000,000. Robert Livingood and Morgan Culbertson face a maximum sentence of five years in prison and a fine of \$250,000 and are scheduled to be sentenced on August 12, 2021. Any sentence will be imposed by the Court, after its consideration of the U.S. Sentencing Guidelines and the federal statutes.

**Attachment(s):**

[Download Guilty Pleas - USDA Press Release](#)

**Topic(s):**

Financial Fraud

**Component(s):**

[USAO - Kentucky, Eastern](#)

Updated May 10, 2021