



# Department of Justice

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## **Indictments Returned in Local Investigations of Crop Insurance Fraud**

**LEXINGTON, Ky.** – In two separate indictments, a former Kentucky-based tobacco warehouse owner and two tobacco producers were indicted Thursday, and charged with engaging in a variety of crop insurance fraud and money laundering schemes.

Roger Wilson, former owner of Clay's Tobacco Warehouse and Ag Wood, Inc., both in Mt. Sterling, Kentucky, was indicted Thursday with one count of conspiracy to defraud the United States by committing crop insurance fraud and one count of conspiracy to commit money laundering.

As charged in his indictment, Wilson agreed with others to assist numerous producers in the Central Kentucky area to conceal their tobacco production, for the purpose of filing false crop insurance claims. Wilson allegedly assisted farmers in obtaining fake tobacco purchase documentation and fake tobacco grade sheets, which the farmers would use to submit false claims of loss on their tobacco insurance policies. Wilson is also alleged to have assisted these farmers in laundering the proceeds from the crop sales they hid, using the fake documentation he helped to provide.

Separately, John D. and Kevin C. Watkins, farmers in Nicholas County and elsewhere, were charged with one count of conspiracy to defraud the United States by committing crop insurance fraud on their federal tobacco insurance policies, one count of conspiracy to commit mail and wire fraud connected to their claims of loss on their private Crop-Hail tobacco insurance policies, and one count of conspiracy to commit money laundering. John D. Watkins was also charged with four counts of crop insurance fraud, for policies in Crop Years 2011, 2012, 2013, and 2014.

As charged in this indictment, John D. Watkins underreported the amount of tobacco he produced over these four years, when he claimed damage to his tobacco crop in claims of loss on his federal tobacco insurance policies. The indictment further alleges that John D. and Kevin C. Watkins conspired together to do the same for tobacco insurance policies in Kevin Watkins's name. The indictment also alleges that John D. and Kevin C. Watkins presented false documentation in support of claims of loss on the

private Crop Hail policies in their individual names as well as the policy in their business's name, High Point Farms. Finally, the indictment charges that John D. and Kevin C. Watkins conspired together to launder the proceeds of their crop insurance scheme, through Clay's Tobacco Warehouse.

John D. Watkins, and Kevin C. Watkins are set to appear for their initial appearances and arraignments on March 17 at 2 p.m. Wilson's first appearance has not yet been decided. All three face up to 5 years imprisonment for each count of conspiracy to defraud and up to 20 years for each count of money laundering conspiracy and wire fraud conspiracy. Additionally, John D. Watkins faces up to 30 years for each count of crop insurance fraud. However, any sentence following a conviction would be imposed by the Court, after its consideration of the U.S. Sentencing Guidelines and the federal sentencing statutes.

Robert M. Duncan, Jr., United States Attorney for the Eastern District of Kentucky, Jason M. Williams, Special Agent in Charge, United States Department of Agriculture Office of Inspector General; James Robert Brown, Jr., Special Agent in Charge, Federal Bureau of Investigation; Bryant Jackson, Special Agent in Charge, Internal Revenue Service-Criminal Investigation; and Willie Skeens, Director, Kentucky Department of Insurance Fraud Investigation Division, jointly made the announcement.

The investigations were conducted by the United States Department of Agriculture Office of Inspector General, United States Department of Agriculture Risk Management Agency, Federal Bureau of Investigation, Internal Revenue Service-Criminal Investigation, and Kentucky Department of Insurance. The United States is represented by Assistant United States Attorneys Erin Roth and Kathryn Anderson.

*Any indictment is an accusation only. A defendant is presumed innocent and is entitled to a fair trial at which the government must prove guilt beyond a reasonable doubt.*

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