



# Department of Justice

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FOR IMMEDIATE RELEASE  
FRIDAY, September 10, 2021  
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## **Former Kentucky Warehouse Owner, Former Crop Insurance Agent Sentenced for Charges Related to Crop Insurance Fraud**

**LEXINGTON, Ky.**— Michael McNew, former resident of Mt. Sterling, was sentenced to 86 months in federal prison today by U.S. District Court Judge Karen C. Caldwell for conspiracy to commit wire fraud, in furtherance of a crop insurance fraud scheme. Shortly thereafter, Roger Wilson, resident of Mt. Sterling, was sentenced to 12 months in federal prison, also by Judge Caldwell, for conspiracy to commit crop insurance fraud.

McNew, 51, was a crop insurance adjuster until 2012, when he became a crop insurance agent. According to his plea agreement, in his role as an adjuster, he agreed with agricultural producers to inflate or fabricate the damage to their crops and falsify the number of acres of crop planted when preparing adjustments on their claims of loss on federal Multi-Peril Crop Insurance (“MPCI”) policies. As an insurance agent, he admitted to committing fraud on MPCI claims of loss, as well as private claims of loss to his contracted employer, ARMtech Insurance Services. He continued to inflate or falsify acreage reported and damage to crop and assisted with submission of generic photograph of loss that falsely purported to show damage to a particular producer’s farm. He also admitted he submitted applications for crop insurance for individuals he knew were not farmers, but were relatives or friends of his farmer co-conspirators, in order to spread out losses and obtain better guarantees. In total, McNew admitted to causing a total loss of more than \$23,000,000.

Wilson, 88, owned Clay’s Tobacco Warehouse, a tobacco warehouse, grading station, and auction house in Mt. Sterling, Kentucky. In his Plea Agreement, he admitted that from September 2013 until at least May 2018, he arranged for farmers to purchase poor quality tobacco, so they could use this tobacco to get fake grades to apply to their insurance claims of loss, which resulted in inflated indemnity payments. Documents filed with the Court demonstrated that Wilson also produced fake sales receipts, shipping reports, and bale tags, all in efforts to facilitate fraudulent crop insurance claims of loss. These documents showed that Wilson was responsible for over \$9,000,000 in losses to the federal government.

McNew pleaded guilty in October 2020. Wilson pleaded guilty in May 2021.

Under federal law, McNew must serve 85 percent of his sentence, while Wilson must

serve his entire sentence. Upon their release from prison, they will be under the supervision of the United States Probation Office for a period of three years. McNew must also pay restitution of \$19,596,936. Wilson's restitution order is still pending before the Court.

Other recent crop insurance fraud sentencing have resulted in the following sentences:

- Ronnie Jolly, 50, of Paris, Ky., was sentenced on August 13, 2021, to 36 months in prison and five years of supervised release.
- Bradley Price, 38, of Carlisle, Ky., was sentenced on August 20, 2021, to 30 months in prison and three years of supervised release.
- Brandon Price, 30, of Paris, Ky., was sentenced on August 20, 2021, to six months in prison and three years of supervised release.
- Jimmy Price, 61, of Carlisle, Ky., was sentenced on August 20, 2021, to six months in prison and three years of supervised release.

Carlton S. Shier, IV, Acting 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; Edward J. Gray, Acting Special Agent in Charge, Federal Bureau of Investigation, Louisville Field Office; Bryant Jackson, Special Agent in Charge, Internal Revenue Service-Criminal Investigation; and Juan Garrett, 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 Special Investigations Staff, 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.

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