

United States Attorney

District of Minnesota

NEWS RELEASE

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FOR IMMEDIATE RELEASE
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Minneapolis - The former manager of a northwestern Minnesota grain elevator was arrested yesterday by federal agents on conspiracy charges for allegedly providing North Dakota farmers with false documents that were used to obtain \$1.8 million in fraudulent crop insurance and crop disaster payments.

Kevin T. Kirsch, age 31, from Mahanomen, and his father's company, Kirsch Trucking, Inc., were charged with conspiracy to defraud the United States and conspiracy to commit money laundering. Kevin Kirsch was also charged with two counts of making a false statement. The defendants appeared today in federal court and pleaded not guilty. Kirsch was released on a \$50,000 bond secured by three trucks, a pontoon, and a camper.

The grand jury alleged in the indictment brought against the defendants that Kirsch enticed North Dakota producers to sell durum wheat at discounted prices to the Farmers Co-operative Elevator Company of Oslo (FCEC), where he was employed as the manager. Kirsch provided producers with false documents that misgraded the wheat to reflect higher damage amounts than actually existed. The false documents enabled producers to obtain crop insurance payments and disaster payments to which they were not entitled.

According to the indictment, Kirsch allegedly directed employees of FCEC to falsify scale tickets and assembly sheets for durum wheat purchased from North Dakota producers during the fall of 1999 by falsely inflating the damage amounts and decreasing the test-weight amount. It was further part of the conspiracy that Kirsch directed FCEC employees to gather discarded, old grain

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or grain screenings and create samples of severely damaged durum wheat to provide to insurance adjusters. As another part of the conspiracy, Kirsch also allegedly directed an FCEC employee to falsify FCEC records to deceive the Minnesota Department of Agriculture as to the amount of durum wheat kept on hand at the Oslo elevator.

Kirsch Trucking, Inc., also known as Kenny Kirsch Trucking, allegedly received more than \$250,000 to transport the durum wheat from North Dakota to Minnesota during 1999, as part of both the fraud and money laundering conspiracies, according to the indictment. The grand jury also alleged the government's intention to seek forfeiture of any trucks used by the defendants in the illegal scheme as well as at least \$250,000.

As a result of this conspiracy, the Risk Management Agency paid in excess of \$1.45 million for payments to North Dakota producers for which they were not eligible, and the Farm Service Agency paid more than \$350,000 to North Dakota producers in the form of disaster payments fraudulently obtained.

If convicted, the defendants each face a maximum potential penalty of ten years in prison and/or a \$250,000 fine for conspiracy to defraud the United States and up to 20 years in prison and/or a \$500,000 fine for conspiracy to commit money laundering. Kevin Kirsch also faces a maximum potential penalty of five years in prison and/or a \$250,000 fine on both counts of false statement. Any sentences would be determined by a judge based on the federal sentencing guidelines.

This case is the result of ongoing joint investigations by the U.S. Department of Agriculture, Office of Inspector General and the Internal Revenue Service, Criminal Investigations, with the assistance of the Mahnomon County Sheriff's Office, the Marshall County Sheriff's Office, and the Northern Regional Compliance Office of the U.S. Department of Agriculture's Risk Management Agency.

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Assistant United States Attorneys Hank Shea and Joe Dixon are prosecuting the case. The Office of the United States Attorney for the District of Minnesota will be coordinating this case and any further prosecutions with the Office of the United States Attorney for the District of North Dakota.

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Criminal indictments are only charges and not evidence of guilt. A defendant is presumed to be innocent unless and until proven guilty.