

TYPES NOT MAPPED YET January 08, 2025 | TTR not mapped yet | Kimberly (Kim) Bousquet

Federal Crop Insurance Fraud: Risks Farmers Can't Ignore

A recent federal case highlights the severe consequences of providing false information to obtain federal crop insurance payments. Steve McBee, a Missouri farmer and star of the reality TV show "The McBee Dynasty: Real American Cowboys," pleaded guilty in a multimillion-dollar crop insurance fraud scheme. According to the U.S. Attorney's Office, McBee submitted false claims to Rain and Hail insurance company, which is reinsured by the Federal Crop Insurance Corporation, misrepresenting farming operations and production records over several years.

This fraudulent activity allowed McBee to receive significant insurance payouts for non-existent losses. The scheme involved manipulating crop yields, falsely claiming losses, and even selling the under-reported harvest for additional profits. As a result, McBee improperly received over \$2.6 million in federal crop insurance benefits and over half a million dollars in federal crop insurance premium subsidies. McBee must now pay back these amounts. He also faces a potential prison sentence of up to 30 years without parole. As of December 5, 2024, McBee had not been sentenced.

There are a number of civil and criminal penalties for engaging in fraudulent practices to secure federal crop insurance, including the following:

- Criminal liability and civil penalties for knowingly submitting false claims to the government, under the False Claims Act.
- Criminal penalties from using the U.S. Postal Service to deliver documents related to false claims (mail fraud).
- Criminal penalties for misrepresenting or willfully overvaluing land or security to influence actions of the Federal Crop Insurance Corporation (FCIC).
- Civil penalties under the Agriculture Risk Protection Act for furnishing false or inaccurate information to the FCIC or insurance providers. Civil fines under this Act, include a fine *for each violation* in an amount not to exceed the greater of the amount of pecuniary gain obtained as a result of the false or inaccurate information or \$10,000.

This case underscores the federal government's commitment to aggressively pursuing crop insurance fraud and serves as a cautionary tale.

About Food Fight

Thompson Coburn has long counseled clients in the agriculture, food, and consumer products industries. This blog provides analysis regarding emerging litigation trends and challenges related to those industries (the "Food Fight"), as well as relevant legislative and regulatory developments.

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