

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
CENTRAL DIVISION
LEXINGTON

Eastern District of Kentucky
FILED
MAR 13 2025
AFCOVINGTON
Robert R. Carr
CLERK U.S. DISTRICT COURT

UNITED STATES OF AMERICA

V.

INDICTMENT NO. 25-35 —

THOMAS H. KIRKPATRICK

* * * * *

THE GRAND JURY CHARGES:

BACKGROUND

1. The Federal Crop Insurance Corporation (“FCIC”) is a wholly-owned U.S. federal government corporation that administers the federal crop insurance program. The FCIC was authorized to insure crop losses due to drought, flood, or other natural disasters, as determined by the Secretary of the USDA. Tobacco, wheat, corn, and soybeans were among the crops for which insurance was authorized under the Federal Crop Insurance Act (“Act”).

2. Most federal crop insurance policies are sold by approved private insurance companies, called Approved Insurance Providers (“AIPs”), through an insurance agent working on behalf of the AIP. AIPs are reinsured by the FCIC.

3. The insurance agent obtains basic information from the producer pertaining to the crop to be insured. This information is reported on forms the producer sends to his or her agent. The producer and agent acknowledge on these forms that failure to report

completely and accurately may void the applicant's crop insurance policy and may result in criminal or civil false claims actions. The crop insurance agent forwards this information through the insurance company to FCIC. This information, including the Production Worksheet, is used to calculate the premium to be paid by the producer for the insurance, and is also used to calculate the indemnity in the event of a loss claim.

4. Producers often elect to take their crop to harvest even after the crop has sustained damage. An insurance loss adjuster prepares the Production Worksheet, which is used to record the amount of harvested production to include crop sales, quality assessments, and harvest appraisals, among other things, to ascertain the production to count, or actual yield, used in determining the indemnity due. Under the federal crop insurance program, then, eligible farmers are paid benefits based, in part, on factual representations as to the amount of crop harvested and sold and the cause of loss. The producer certifies on this report that failure to report completely and accurately may result in the voiding of the applicant's crop insurance contract and may result in criminal or civil false claims actions.

5. When a loss is paid on a crop insurance policy, the loss is paid to the producer, often through the agent, and this payment is ultimately reimbursed by the FCIC.

6. Insured producers are required to retain documentation related to their crop from planting through the disposition of their crop, including receipts for seed and other expenditures. They may be required to turn this documentation over to their agent, AIP, or USDA officials to justify claims of loss or other inquiries.

7. At all times relevant to the Indictment, **THOMAS H. KIRKPATRICK** managed Farmers Tobacco Warehouse, located in Danville, Kentucky. Among other services, Farmers Tobacco Warehouse accepted tobacco for purchase and resale by auction, and provided customers documentation regarding the purchase, sale, and shipment of tobacco.

COUNT 1
18 U.S.C. § 371

8. Paragraphs 1 through 7 above are re-alleged and incorporated herein by reference.

9. In or about November 2014, and continuing thereafter through in or about March 2017, in Boyle County, in the Eastern District of Kentucky, and elsewhere,

THOMAS H. KIRKPATRICK

knowingly and willfully conspired and agreed with others, known and unknown to the Grand Jury, to commit an offense against the United States, that is, making false statements and reports for the purpose of influencing in any way the actions of the FCIC, and companies the FCIC reinsures, upon an application, advance, commitment, loan, and insurance agreement or application for insurance or a guarantee (“crop insurance fraud”), in violation of 18 U.S.C. § 1014.

Purpose of the Conspiracy

10. It was the purpose of the conspiracy to profit from generating false documentation that made it appear as though farmers purchased tobacco they actually produced from Farmers Tobacco Warehouse, which the farmers then submitted to their

insurance adjusters in order to decrease their production reported to the FCIC, leading to inflated insurance indemnity payments.

MANNER AND MEANS

11. The manner and means used to accomplish the objectives of the conspiracy included, among others, the following:

12. In Crop Years 2014 through 2016, **THOMAS H. KIRKPATRICK** agreed with Christopher T. Wilson to provide documentation, as evidence that Wilson purchased some of the tobacco sold on his contract from Farmers Tobacco Warehouse. Wilson then reported a lower production of tobacco on his Production Worksheet, in order to trigger or inflate an indemnity payment on his federal crop insurance claim of loss.

Overt Acts

13. In or around January and February 2017, **KIRKPATRICK** received two checks Christopher T. Wilson wrote to Farmers Tobacco Warehouse totaling \$213,461.53, as evidence that Farmers Tobacco Warehouse sold 60,895 pounds of tobacco from Wilson that was sold on Wilson's contract, in efforts to conceal this production from Wilson's insurance claim of loss.

All in violation of 18 U.S.C. § 371.

COUNT 2 **18 U.S.C. § 371**

14. Paragraphs 1 through 7 above are re-alleged and incorporated herein by reference.

15. In or about November 2014, and continuing thereafter through in or about March 2019, in Boyle County, in the Eastern District of Kentucky, and elsewhere,

THOMAS H. KIRKPATRICK

knowingly and willfully conspired and agreed with others, known and unknown to the Grand Jury, to commit an offense against the United States, that is, making false statements and reports for the purpose of influencing in any way the actions of the FCIC, and companies the FCIC reinsures, upon an application, advance, commitment, loan, and insurance agreement or application for insurance or a guarantee ("crop insurance fraud"), in violation of 18 U.S.C. § 1014.

Purpose of the Conspiracy

16. It was the purpose of the conspiracy to profit from generating false documentation that made it appear as though farmers purchased tobacco they actually produced from Farmers Tobacco Warehouse, which the farmers then submitted to their insurance adjusters in order to decrease their production reported to the FCIC, leading to inflated insurance indemnity payments.

MANNER AND MEANS

17. The manner and means used to accomplish the objectives of the conspiracy included, among others, the following:

18. In Crop Years 2014 through 2018, **THOMAS H. KIRKPATRICK** agreed with David Wisdom to provide documentation as evidence that Wisdom purchased some of the tobacco sold on his contract from Farmers Tobacco Warehouse. Wisdom then reported a lower production of tobacco on his Production Worksheet, in order to trigger or

inflate an indemnity payment on his federal crop insurance claim of loss.

Overt Acts

19. In or around January 2019, **KIRKPATRICK** received a check David Wisdom wrote to Farmers Tobacco Warehouse for \$45,500.00, as evidence that Farmers Tobacco Warehouse sold 27,506 pounds of tobacco to David Wisdom that was later sold on Wisdom's tobacco contract, in efforts to conceal Wisdom's production from his insurance claim of loss.

All in violation of 18 U.S.C. § 371.

COUNT 3
18 U.S.C. § 371

20. Paragraphs 1 through 7 above are re-alleged and incorporated herein by reference.

21. In or about November 2014, and continuing thereafter through in or about March 2020, in Boyle County, in the Eastern District of Kentucky, and elsewhere,

THOMAS H. KIRKPATRICK

knowingly and willfully conspired and agreed with others, known and unknown to the Grand Jury, to commit an offense against the United States, that is, making false statements and reports for the purpose of influencing in any way the actions of the FCIC, and companies the FCIC reinsures, upon an application, advance, commitment, loan, and insurance agreement or application for insurance or a guarantee ("crop insurance fraud"), in violation of 18 U.S.C. § 1014.

Purpose of the Conspiracy

22. It was the purpose of the conspiracy to profit from generating false documentation that made it appear as though farmers purchased tobacco they actually produced from Farmers Tobacco Warehouse, which the farmers then submitted to their insurance adjusters in order to decrease their production reported to the FCIC, leading to inflated insurance indemnity payments.

23. It was further the purpose of the conspiracy to profit from generating fake contracts indicating Farmers Tobacco Warehouse would purchase large sums of organic tobacco from farmers, so those farmers could obtain organic crop insurance policies covering their tobacco crop, which often resulted in the near doubling of their insurance claims of loss.

MANNER AND MEANS

24. The manner and means used to accomplish the objectives of the conspiracy included, among others, the following:

25. In Crop Years 2014 through 2019, **THOMAS H. KIRKPATRICK** agreed with Larry Walden to provide documentation, as evidence that Walden purchased some of the tobacco sold on his contract from Farmers Tobacco Warehouse. Walden then reported a lower production of tobacco on his Production Worksheet, in order to trigger or inflate an indemnity payment on his federal crop insurance claim of loss.

26. In Crop Year 2020, **KIRKPATRICK** generated and provided Walden with a fake organic contract, indicating Farmers Tobacco Warehouse would purchase large amounts of organic tobacco from Walden.

Overt Acts

27. In or around February 2020, **KIRKPATRICK** received five checks Larry Walden wrote to Farmers Tobacco Warehouse totaling \$763,434.46, as evidence that Farmers Tobacco Warehouse sold 479,704 pounds of tobacco to Larry Walden that was sold on Walden's contract, in efforts to conceal Walden's production from his insurance claim of loss.

All in violation of 18 U.S.C. § 371.

COUNT 4
18 U.S.C. § 371

28. Paragraphs 1 through 7 above are re-alleged and incorporated herein by reference.

29. In or about November 2015, and continuing thereafter through in or about March 2020, in Boyle County, in the Eastern District of Kentucky, and elsewhere,

THOMAS H. KIRKPATRICK

knowingly and willfully conspired and agreed with others, known and unknown to the Grand Jury, to commit an offense against the United States, that is, making false statements and reports for the purpose of influencing in any way the actions of the FCIC, and companies the FCIC reinsures, upon an application, advance, commitment, loan, and insurance agreement or application for insurance or a guarantee ("crop insurance fraud"), in violation of 18 U.S.C. § 1014.

Purpose of the Conspiracy

30. It was the purpose of the conspiracy to profit from generating false

documentation that made it appear as though farmers purchased tobacco they actually produced from Farmers Tobacco Warehouse, which the farmers then submitted to their insurance adjusters in order to decrease their production reported to the FCIC, leading to inflated insurance indemnity payments.

31. It was further the purpose of the conspiracy to profit from generating fake contracts indicating Farmers Tobacco Warehouse would purchase large sums of organic tobacco from farmers, so those farmers could obtain organic crop insurance policies covering their tobacco crop, which often resulted in the near doubling of their insurance claims of loss.

MANNER AND MEANS

32. The manner and means used to accomplish the objectives of the conspiracy included, among others, the following:

33. In Crop Years 2015 through 2019, **THOMAS H. KIRKPATRICK** agreed with David Hunt to provide documentation, as evidence that Hunt purchased some of the tobacco sold on his contract from Farmers Tobacco Warehouse. Hunt then reported a lower production of tobacco on his Production Worksheet, in order to trigger or inflate an indemnity payment on his federal crop insurance claim of loss.

34. In Crop Years 2018 to 2020, **KIRKPATRICK** generated and provided Hunt and Walden with fake organic contracts, indicating Farmers Tobacco Warehouse would purchase large amounts of organic tobacco from Hunt.

Overt Acts

35. On or around March 27, 2020, **KIRKPATRICK** received a check David

Hunt wrote to Farmers Tobacco Warehouse for \$120,032.08, as evidence that Farmers Tobacco Warehouse sold 74,800 pounds of tobacco to David Hunt that was later sold on Hunt's tobacco contract, in efforts to conceal Hunt's production from his insurance claim of loss.

All in violation of 18 U.S.C. § 371.

COUNT 5
18 U.S.C. § 1956

36. Paragraphs 1 through 35 above are re-alleged and incorporated herein by reference.

37. Since at least November 2014, through in or about March 2020, in Boyle County, in the Eastern District of Kentucky and elsewhere,

THOMAS H. KIRKPATRICK

knowingly conspired and agreed with other persons, known and unknown to the Grand Jury, to commit offenses against the United States in violation of 18 U.S.C. § 1956 and 1957, to wit:

- (a) knowingly conducting and attempting to conduct financial transactions affecting interstate commerce, which transactions involved the proceeds of specified unlawful activity, that is, 18 U.S.C. §§ 371 and 1014, knowing that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, and that while conducting and attempting to conduct such financial transactions, knew that the property involved in the financial transactions

represented the proceeds of some form of unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(B)(i);

(b) knowingly conducting and attempting to conduct financial transactions affecting interstate commerce, which transactions involved the proceeds of specified unlawful activity, that is, 18 U.S.C. §§ 371 and 1014, with the intent to promote the carrying on of the specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(A)(i); and

(c) knowingly engaging and attempting to engage in monetary transactions by, through, or to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a specified unlawful activity, that is, 18 U.S.C. §§ 371 and 1014, in violation of 18 U.S.C. § 1957.

Manner and Means

The manner and means used to accomplish the objectives of the conspiracy included, among others, the following:

38. **THOMAS H. KIRKPATRICK** and the owner of Farmers Tobacco Warehouse agreed together and with their customers to use Farmers Tobacco Warehouse's bank account to conceal the nature, location, source, ownership, and control of funds that appeared to represent the purchase of tobacco from Farmers Tobacco Warehouse.

39. Farmers met with **THOMAS H. KIRKPATRICK** at Farmers Tobacco Warehouse, where **THOMAS H. KIRKPATRICK** received checks from the farmers, which the parties intended to appear as though they purchased tobacco from Farmers

Tobacco Warehouse.

40. **KIRKPATRICK** deposited the farmers' checks into the Farmers Tobacco Warehouse account, which enabled the farmers to turn over cancelled checks to their insurance providers.

41. Frequently using the funds from the farmers' deposit, **KIRKPATRICK** then wrote each farmer checks from the Farmers Tobacco Warehouse account for nearly the same amount, subtracting out fees he kept as profit from the scheme.

FORFEITURE ALLEGATIONS

18 U.S.C. § 981(a)(1)(C)

18 U.S.C. § 982(a)(1)

28 U.S.C. § 2461

1. By virtue of the commission of the offenses alleged in Counts 1 through 4 of the Indictment, **THOMAS H. KIRKPATRICK** shall forfeit to the United States any and all property, real or personal, which constitutes or is derived from proceeds traceable to the violations of 18 U.S.C. §§ 371 and 1014. Any and all interest that **THOMAS H. KIRKPATRICK** has in this property is vested in and forfeited to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461.

2. By virtue of the commission of the offense alleged in Count 5 of the Indictment, **THOMAS H. KIRKPATRICK** shall forfeit to the United States any and all property, real or personal, involved in the violations of 18 U.S.C. §§ 1956 and 1957 and any property traceable to such property. Any and all interest that **THOMAS H. KIRKPATRICK** has in this property is vested in and forfeited to the United States pursuant to 18 U.S.C. § 982(a)(1).

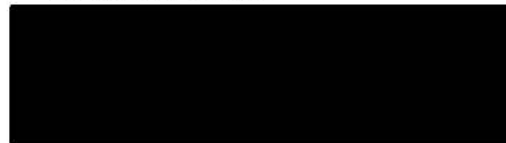
3. The property to be forfeited includes, but is not limited to, the following:

MONEY JUDGMENT:

A forfeiture money judgment in an amount equal to the proceeds in aggregate that **THOMAS H. KIRKPATRICK** obtained as a result of the violations alleged in this Indictment and/or the value of the property involved in the money-laundering violation alleged herein.

4. If any of the property listed above, as a result of any act or omission of the Defendant(s), (A) cannot be located upon the exercise of due diligence; (B) has been transferred or sold to, or deposited with, a third party; (C) has been placed beyond the jurisdiction of the court, (D) has been substantially diminished in value; or (E) has been commingled with other property which cannot be divided without difficulty, the United States shall be entitled to forfeit substitute property pursuant to 21 U.S.C. § 853(p).

A TRUE BILL




PAUL C. McCAFFREY
ACTING UNITED STATES ATTORNEY

PENALTIES

COUNTS 1 to 4: Imprisonment for not more than 5 years, fine of \$250,000 or twice value of loss, and supervised release for 3 years.

COUNT 5: Imprisonment for not more than 20 years, \$500,000 fine or twice the value of the property involved in the transaction, and supervised release for 3 years

PLUS: Mandatory special assessment of \$100 per count.

PLUS: Restitution.

PLUS: Forfeiture as listed.