



U. S. Department of Justice

George E. B. Holding

United States Attorney

Eastern District of North Carolina

NEWS RELEASE

FOR IMMEDIATE RELEASE:

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TOBACCO WAREHOUSEMAN SENTENCED IN TOBACCO CROP FRAUD

RALEIGH - United States Attorney George E.B. Holding announced that in federal court today United States District Judge James C. Dever III, sentenced **ROY JOHNSON RAYNOR**, 56, of Rocky Mount, North Carolina, to 12 months' imprisonment followed by two years supervised release, with the first 12 months of supervised release to be under house arrest. The Court further ordered **RAYNOR** to pay a fine of \$100,000. **RAYNOR** received a significant sentence reduction based upon his cooperation with law enforcement efforts in the investigation of federal crop insurance fraud.

A Criminal Information was filed on June 16, 2010. On July 20, 2010, **RAYNOR** pled guilty to conspiring to make false statement, to making material false statement, and to committing mail and wire fraud.

According to the Criminal Information and statements made in open court, **RAYNOR** owned and operated Raynor Warehouse, Inc., and Raynor Seed Company. From September, 2005, to March, 2009, co-conspiring farmers obtained federal crop insurance policies for their tobacco crops. They then filed false crop insurance claims, hiding some or all of their tobacco production by selling it in

nominee names or for cash to **RAYNOR**, a co-conspiring tobacco warehouseman. The farmers profited from the scheme as they were paid twice for each pound of tobacco, once through the false crop insurance claim and once through the sale of the "hidden" tobacco.

RAYNOR then brokered the tobacco to Universal Leaf North America, a tobacco merchant and processor, and others. **RAYNOR** would pay the co-conspiring farmers with checks, concealing the source of the money by issuing the check in amount less than \$10,000 so as to evade the federal reporting requirements. From October, 2005, to December, 2007, **RAYNOR** issued at least 130 checks totaling approximately \$1,451,084 payable to either nominee names or co-conspiring farmers. In addition, **RAYNOR** created false tobacco sale bills which another farmer used in connection with a federal claim review. During the course of the federal investigation, **RAYNOR** provided false and misleading information to federal law enforcement officers.

Investigation of this case was conducted by the United States Department of Agriculture, Special Investigations Unit of the Risk Management Agency and the Internal Revenue Service-Criminal Investigations. Assistant United States Attorney Banumathi Rangarajan represented the government.

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