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**NEWS RELEASE**

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**FEDERAL GRAND JURY RETURNS INDICTMENT  
IN \$12 MILLION FEDERAL CROP INSURANCE FRAUD SCHEME**

Robert J. Conrad, Jr., United States Attorney for the Western District of North Carolina, announced that a federal indictment has been returned against six individuals and a corporation charging them with involvement in an extensive scheme to defraud the Federal Crop Insurance Corporation (“FCIC”) and several private insurance companies of more than \$12 million between 1997 and the present time. The indictment names as defendants: Robert Warren and his wife Viki Warren, of Candler; their corporation, R & V Warren Farms, Inc.; Demetrio Jaimes of Buncombe County; George Kiser of Lebanon, Virginia; Harold Dean Cole of Henderson County; and, Thomas Jeffrey Marsh of Whitesburg, Tennessee. The indictment charges all the defendants with conspiracy to make false statements to the FCIC and companies reinsured by the FCIC, in violation of 18 U.S.C. § 371. It also charges the Warrens with twenty-two counts of making false statements to the FCIC and to companies reinsured by the FCIC, in violation of 18 U.S.C. § 1014; five counts of mail fraud, in violation of 18 U.S.C. § 1341; and, fifteen counts of money laundering and conspiracy to commit the same, in violation of 18 U.S.C. §§ 1956 and 1957. Additionally, Kiser, Jaimes, Marsh, and Cole are each charged with one count of making false statements to the FCIC. Jaimes and Coles are each charged with committing perjury before the grand jury, in violation of 18 U.S.C. § 1623, and

obstruction of justice, in violation of 18 U.S.C. § 1503. Robert Warren is also charged with being the organizer, manager, or supervisor of a continuing financial crimes enterprise, from which he received more than \$5 million in a 24-month period, in violation of 18 U.S.C. § 225.

The indictment charges that the defendants began a scheme in 1997 to defraud the FCIC and the private insurance companies reinsured by the FCIC of millions of dollars. According to the indictment, the Warrens, who were tomato farmers with farms in Buncombe and Henderson Counties, North Carolina, as well as South Carolina and, in 2001, in Tennessee, obtained crop insurance by creating false records purporting to show a history of high tomato production from their farms. They were assisted in this, according to the indictment, by Kiser, who was an insurance agent who sold policies to the Warrens from 1997-2000, from which he made more than \$250,000 in commissions. The Warrens submitted false information to the insurance companies and the FCIC concerning such matters as their planting dates, their harvesting dates, their production from various farms, and their overall production each year. The indictment also charges that the Warrens staged false weather disasters by, for example, having employees throw ice cubes onto a tomato field or beat the tomato plants, and then take photographs to substantiate their false claims. The indictment also alleges that the Warrens created false planting records, picking records, invoices and manifests to submit in support of their fraudulent claims. The indictment alleges that the Warrens and their employees created and forged letters and other documents supposedly from third parties to support their false claims.

In 2001, the Warrens changed their insurance carrier. The indictment alleges that the records and other documents submitted to that company were also false, and were significantly inconsistent with the records for many of the same years and farms that the Warrens had submitted to the earlier insurance company. The indictment also alleges that the Warrens created false records and other documents in an effort to defraud a neighboring farm in a

tort action. The records and figures submitted in that case were vastly different from the records and figures submitted to the two insurance companies for many of the same farms and same years.

The indictment alleges that Marsh, an insurance claims adjuster, assisted in this scheme by certifying false claims of damage, false acreage numbers, and false production figures from various Warren farms. The indictment alleges that Jaimes, who was one of the Warrens' highest-ranking employees, furthered the scheme by assisting in staging false weather disasters, by signing false documents submitted to the insurance companies, and by providing false testimony to the grand jury. The indictment alleges that Cole, who was in charge of spraying the Warrens' crops with agricultural chemicals, furthered the scheme by creating false spraying records and by providing false testimony to the grand jury.

As alleged in the indictment, the Warrens received more than \$9.28 million in crop insurance payments and benefits from 1997 to the present. In addition, they are still attempting to obtain an additional \$3.8 million through an arbitration proceeding against the insurance company, based upon additional false statements, documents and claims, as charged in the indictment.

The conspiracy count carries a maximum penalty of five years imprisonment; the false statement counts each carry a maximum penalty of thirty years; the money laundering counts each carry a maximum penalty of twenty years; the perjury and obstruction of justice counts each carry a penalty of up to five years; and, the continuing financial crimes enterprise count carries a mandatory minimum sentence of ten years imprisonment, with a maximum of life imprisonment.

The agencies involved in the investigation of this case are The Office of Inspector General of the U.S. Department of Agriculture and the Internal Revenue Service Criminal Investigations. The United States has also

been assisted from time to time (including serving subpoenas and assisting in executing arrest warrants and search warrants) by the North Carolina SBI and the Henderson County Sheriff's Office.

DEFENDANTS ARE ENTITLED TO A PRESUMPTION OF INNOCENCE UNDER THE LAW, AND THE GOVERNMENT HAS THE BURDEN OF PROVING EVERY ELEMENT OF THE CHARGES BEYOND A REASONABLE DOUBT. The case will be handled for the government by Assistant United States Attorney Richard L. Edwards.

A copy of the federal bill of indictment can be secured from the Office of the U.S. Attorney for the Western District of North Carolina, Asheville and/or Charlotte offices.

**### END ###**