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Thursday, April 6, 2017

Jury Finds Pair Guilty On All 40 Counts in Scheme to Steal USDA Funds Intended to Feed Hungry Children

LITTLE ROCK—Patrick C. Harris, Acting United States Attorney for the Eastern District of Arkansas, Dax Roberson, United States Department of Agriculture—Office of Inspector General, Special Agent in Charge, Tracey D. Montañó, Special Agent in Charge, IRS-Criminal Investigation, and Diane Upchurch, Special Agent in Charge of the Little Rock Field Office of the Federal Bureau of Investigation (FBI), announced Thursday that a federal jury has returned guilty verdicts against Jacqueline Mills and Anthony Waits on all 40 counts in which the pair was charged in a multi-million dollar fraud scheme involving money intended to feed hungry children in Arkansas.

The jury found Mills, 41, of Helena-West Helena, guilty of one wire-fraud conspiracy charge, 25 counts of wire fraud, 10 counts of bribery, and 3 counts of money laundering. Waits, 38, of England, was convicted of one count of wire-fraud conspiracy. United States District Court Judge James M. Moody, Jr. presided over the eight-day trial, which concluded Thursday with the jury verdict. Judge Moody will sentence Mills and Waits at a later date.

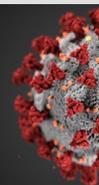
“This verdict confirms what the evidence has shown from the beginning—Jacqueline Mills and Anthony Waits are thieves who preyed on the most vulnerable members of our society,” Harris said. “Their outrageous behavior—literally stealing millions of dollars intended to be used for feeding hungry Arkansas children—is among the most egregious fraud this office has seen, and we will request a sentence that reflects the seriousness of their conduct.”

Mills and Waits stole more than \$4 million from United States Department of Agriculture (USDA) feeding programs administered in Arkansas through the Arkansas



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Department of Human Services (DHS). Sponsors who want to participate in the feeding programs must submit an application to DHS for approval. After approval, they can provide meals as part of the feeding programs, and are reimbursed for the eligible meals they serve.

As proven in trial, Mills, who said she operated 34 feeding sites, submitted grossly inflated numbers of meals purportedly served from her sites. In some cases, no meals were served at all. Co-conspirators Tonique Hatton and Gladys Waits (Anthony Waits' estranged wife)—who worked for DHS and have already pleaded guilty—assisted Mills in her deception. Hatton and Gladys Waits were responsible for approving Mills' programs at various times. Mills also made bribe payments to Hatton and Gladys Waits to provide protection from DHS scrutiny. Hatton and Gladys Waits were among more than 50 witnesses who testified during the trial.

Mills was among those who testified, as well. The jury rejected Mills' testimony that the payments made to Hatton and Gladys Waits were merely gifts—including a \$5,000 housewarming gift to Hatton—or reimbursements.

The USDA paid Mills more than \$2.7 million on her inflated claims, which included several locations where meals were never served. The jury also found that various property seized from Mills during the investigation were proceeds of the offense and were to be forfeited. This property includes real estate, four vehicles, and more than \$490,000 seized from multiple bank accounts.

Anthony Waits was linked to programs that illegally acquired \$1.6 million. Anthony Waits recruited multiple feeding program sponsors to submit inflated feeding claims. Those sponsors then paid to Waits substantial portions of the funds they received from the fraudulent claims. Those sponsors, such as Waymon Weeams, James Franklin, Christopher Nichols, and Rueben Nims, gave Waits a percentage of the federal money they received in exchange for Waits' wife, the DHS employee, approving the inflated claims.

“I want to thank the U.S. Attorney's office, OIG special agents, and our investigative partners for their hard work on this investigation,” Roberson said. “When the integrity of nutrition programs for needy children is violated by criminal conduct, the Office of Inspector General will pursue justice to the fullest extent of the law.”

“Today's verdict is a direct result of the excellent partnership IRS, the U.S. Attorney's office, and our law enforcement partners have in combating violations of federal law,” Montañó said. “Stealing from government-sponsored programs is not a victimless crime; it is a crime against the American public. This case is particularly troubling when you consider this particular government program exists to benefit disadvantaged children. This verdict should serve as a deterrent to those who might contemplate similar fraudulent actions.”

“Today's verdict is a resounding victory and sends a strong message to individuals who defraud federal programs designed to help disadvantaged children,” Upchurch said. “I appreciate the tireless efforts of the agents and the staff of the Little Rock FBI field office, the United States Attorney's Office, the USDA-Office of Inspector General, Internal Revenue Service Criminal Investigations, and the United States Marshalls Service for their thorough attention to this case.”

Multiple defendants have already been sentenced for their various roles in the same

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scheme. Those defendants sentenced include: Kattie Jordan, sentenced to 63 months' imprisonment on March 15, 2016; Nims, sentenced to 21 months' imprisonment on November 2, 2016; Hatton, sentenced to 108 months' imprisonment on January 4, 2017; Franklin, sentenced to 24 months' imprisonment on January 10, 2017; and Maria Nelson, sentenced to 30 months' imprisonment on January 31, 2017. Gladys Waits, Nichols, Weeams, Francine Leon, Michael Lee, Alexis Young, Erica Warren, and Harper have all pleaded guilty to conspiring to defraud USDA feeding programs and are awaiting sentencing.

All told, law enforcement has uncovered more than \$11 million in fraud related to these USDA Arkansas feeding programs.

"I am pleased that with the help of many outstanding law enforcement agencies and agents, and countless hours of work, we were able to uncover and successfully prosecute this scheme," Harris said. "At the same time, I am sickened that it could happen at all. I hope this entire case, including this trial, serves as warning for those who try to take advantage of these worthwhile federal programs."

The statutory penalty for wire fraud and conspiracy to commit wire fraud is not more than 20 years' imprisonment, not more than a \$250,000 fine, or both. The penalty for bribery and money laundering is not more than 10 years' imprisonment, not more than a \$250,000 fine, or both.

Although everyone initially indicted in this scheme has now been convicted, the investigation is still ongoing, and continues to be conducted by the USDA–Office of Inspector General, Internal Revenue Service–Criminal Investigations, Federal Bureau of Investigation, and United States Marshals Service. The case is being prosecuted by Assistant United States Attorneys Jana K. Harris, Allison W. Bragg, and Cameron McCree.

If you are aware of any fraudulent activity regarding feeding programs, please email that information to USAARE.FeedingProgramFraud@usdoj.gov.

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