

UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE

In re: )  
 )  
Raul Natera, ) FCIA Docket No. 22-J-0006  
 )  
Respondent. )

**DECISION AND ORDER WITHOUT HEARING BY REASON OF DEFAULT**

Appearance:

*John Eichhorst, Esq., with the Office of the General Counsel, United States Department of Agriculture, San Francisco, CA, for the Complainant, the Manager of the Federal Crop Insurance Corporation (“FCIC”)*

**Preliminary Statement**

This is a proceeding under the Federal Crop Insurance Act (7 U.S.C. §§ 1501 *et seq.*) (“FCIA”); the regulations promulgated under the Federal Crop Insurance Program (7 C.F.R. Part 400) (“Regulations”); and the Rules of Practice Governing Formal Adjudicatory Proceedings Instituted by the Secretary Under Various Statutes (7 C.F.R. §§ 1.130 through 1.151) (“Rules of Practice”).

The Manager of the Federal Crop Insurance Corporation, United States Department of Agriculture (“Complainant”), initiated this proceeding by filing a complaint against Raul Natera (“Respondent”) on October 27, 2021. The Complaint alleged that Respondent provided false and inaccurate information to NAU Country Insurance Company (“NAU”), an approved insurance provider, with respect to plans and policies of insurance issued under the FCIA.<sup>1</sup> The Complaint requested that “Respondent be civilly fined in the total amount of \$94,192.”<sup>2</sup>

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<sup>1</sup> Complaint at 4.

<sup>2</sup> *Id.* at 9.

Respondent was duly served with a copy of the Complaint and did not file an answer within the twenty-day period as prescribed by section 1.136 of the Rules of Practice (7 C.F.R. § 1.136).<sup>3</sup>

On December 15, 2021, Complainant filed a motion for decision without hearing due to default (“Motion for Default”) and proposed decision without hearing due to default (“Proposed Decision”) pursuant to section 1.139 of the Rules of Practice (7 C.F.R. § 1.139). Respondent has not filed any objections to Complainant’s Motion for Default or Proposed Decision.<sup>4</sup>

Failure to file a timely answer or failure to deny or otherwise respond to allegations in the Complaint shall be deemed, for purposes of this proceeding, an admission of the allegations in the Complaint, unless the parties have agreed to a consent decision.<sup>5</sup> Other than a consent decision, the Rules of Practice do not provide for exceptions to the regulatory consequences of

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<sup>3</sup> United States Postal Service records reflect that the Complaint was sent to Respondent via certified mail and delivered on November 8, 2021. Respondent had twenty days from the date of service to file a response. 7 C.F.R. § 1.136(a). Weekends and federal holidays shall be included in the count; however, if the due date falls on a Saturday, Sunday, or federal holiday, the last day for timely filing shall be the following work day. 7 C.F.R. § 1.147(h). In this case, Respondent’s answer was due on or before November 29, 2021. Respondent has not filed an answer.

<sup>4</sup> United States Postal Service records reflect that Complainant’s Motion for Default and Proposed Decision were sent to Respondent via certified mail and delivered on December 27, 2021. Respondent had twenty days from the date of service to file objections thereto. 7 C.F.R. § 1.139. Weekends and federal holidays shall be included in the count; however, if the due date falls on a Saturday, Sunday, or federal holiday, the last day for timely filing shall be the following work day. 7 C.F.R. § 1.147(h). In this case, Respondent’s objections were due on or before January 18, 2022. Respondent has not filed any objections.

<sup>5</sup> 7 C.F.R. § 1.136(c).

an unfiled answer where, as in the present case, no meritorious objections have been filed.<sup>6</sup>

As Respondent failed to answer the Complaint, and upon Complainant's motion for the issuance of a decision without hearing, this Decision and Order is issued without further procedure or hearing pursuant to section 1.139 of the Rules of Practice (7 C.F.R. § 1.139).

### **Findings of Fact**

1. Respondent Raul Natera, doing business as Raul Natera Crop Insurance, has operated as a federal crop insurance agent for approximately twenty-eight years. Respondent's business is located in Visalia, California, with a principal place of business located at 2922 S. Encina Street, Visalia, CA 93277.
2. Respondent was a sales agent selling and servicing federal crop insurance policies during the 2018 and 2019 crop years.
3. At all relevant times, NAU Country Insurance Company ("NAU") was an approved insurance provider ("AIP") as described in sections 515(h) and 502(b)(2) of the FCIA, with FCIC insuring its crop policies.
4. On or about September 18, 2018, NAU submitted a referral to the Risk Management Agency, Western Regional Compliance Office ("WRCO"), alleging potential fraud or misrepresentation regarding the 2017 policy of Fagundes, Fagundes, Fagundes (policy # 3304462), based on the evidence NAU provided that Respondent had signed a New Provider Verification form and had backdated his signing date to a date prior to the date when the

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<sup>6</sup> See *supra* note 4 and accompanying text.

document was created. The New Producer Verification form was created on February 13, 2017, but Respondent's and the insured's signatures were dated January 27, 2017.

Respondent had submitted this backdated New Producer Verification form to NAU. NAU stated that it was continuing its investigation.

5. On or about October 11, 2018, NAU completed its review of Respondent's crop-year 2016, 2017, and 2018 policies. NAU found seven additional instances in which Respondent had backdated federal-crop insurance documents that Respondent had submitted to NAU, an approved insurance provider. NAU concluded as to each of these documents that "it would not be possible for these documents to have been signed on the dates indicated when the documents had not yet been created and did not exist." Additional backdated documents identified by NAU's investigation were as follows:
  - a. Respondent backdated a policy confirmation-and-application form for policyholder Bill Hesse Farms regarding policy number 3304560. The confirmation-and-application form was created on March 12, 2018, but the signatures of Respondent and the insured were both dated February 24, 2018.
  - b. Respondent backdated a zero-acreage report for policyholder B & E Ranches regarding policy number 3304873. The zero-acreage report was created on January 31, 2018, but the signatures of Respondent and the insured were both dated January 10, 2018.
  - c. Respondent backdated a zero-acreage report for policyholder Fagundes Dairy Two regarding policy number 3304868. The zero-acreage report was created on January

- 31, 2018, but the signatures of Respondent and the insured were both dated December 17, 2017.
- d. Respondent backdated a zero-acreage report for policyholder Fagundes Dairy regarding policy number 3304420. The zero-acreage report was created on January 30, 2018, but the signatures of Respondent and the insured were both dated January 11, 2018.
  - e. Respondent backdated a zero-acreage report for policyholder (b) (6) regarding policy number 3304872. The zero-acreage report was created on January 4, 2018, but the signatures of Respondent and the insured were both dated December 12, 2017.
  - f. Respondent backdated a zero-acreage report for policyholder (b) (6) regarding policy number 3304535. The zero-acreage report was created on January 31, 2018, but the signatures of Respondent and the insured were both dated January 12, 2018.
  - g. Respondent backdated a zero-acreage report for policyholder Ritchie and Ritchie Farms regarding policy number 3304547. The zero-acreage report was created on January 30, 2018, but the signatures of Respondent and the insured were both dated January 12, 2018.
6. WRCO conducted its own investigation to follow up on NAU's findings and conclusions. WRCO's investigation confirmed NAU's findings regarding Respondent's falsification of signatures and backdating federal crop-insurance documents, including the following:
- a. During an interview with WRCO, Respondent admitted that, with respect to the six zero-acreage reports and one policy/transfer application identified by NAU, the agent

signature dates were Respondent's own and that signature dates were before the creation dates of those documents.

- b. Further review by WRCO revealed an additional crop-insurance document submitted by Respondent to NAU for policyholder B & E Ranches, policy number 3304873, that was falsified by Respondent. Respondent submitted a crop-year 2019 zero-acreage report for policyholder B & E Ranches dated August 13, 2019. WRCO interviewed B & E's principal, (b) (6), whose signature appears on the document as the policyholder. (b) (6) stated that he did not sign or date the document and that he was, in fact, not aware that B & E Ranches had obtained crop insurance for either the 2018 or 2019 crop years.
7. As detailed in paragraphs 4 through 6 above, Respondent provided false and inaccurate information to NAU, an approved insurance provider, with respect to plans and policies of insurance issued under the Act. The false and inaccurate information submitted by Respondent included: (i) documents in which dates provided for signatures were false and were, in fact, prior to the date of creation of the documents; and (ii) documents submitted for policyholder B & E Ranches in which the purported signatures of the policyholder were not genuine.
8. Respondent's violations were material in that they adversely affected Federal Crop Insurance Program integrity, including but not limited to potential harm to the Program's' reputation or allowing persons to be eligible for benefits they would not otherwise be entitled. Respondent served as an agent for NAU, a federally approved insurance provider, in a public-facing role

working directly with members of the public in administering the Federal Crop Insurance Program. FCIC and NAU relied upon Respondent's honesty and integrity in his interactions with producers and members of the public and in his submissions of documents and information to NAU. Respondent repeatedly violated that trust and confidence and undermined the integrity of the Federal Crop Insurance Program by willfully and repeatedly creating and submitting documents to NAU that were backdated to create the appearance that they were created and executed on dates earlier than they actually were. In addition to the overall damage that such dishonest agent behavior had on the integrity of the Federal Crop Insurance Program, Respondent's actions had potential to directly impact administration of the Federal Crop Insurance Program, including the following:

- a. With respect to the policy confirmation-and-application form for Bill Hesse Farm, the creation date on the document (March 12, 2018) was after the sales closing date for the coverage at issue (ELS cotton), which was February 28, 2018. At the time the confirmation-and-application form was printed (March 12, 2018), the application for this coverage was therefore already untimely. Respondent backdated the document to February 28, 2018, which made the document appear to be timely, and submitted it to NAU. The form increased the policyholder's existing ELS cotton insurance coverage from 50% to 70% and also added a new prevented planting buy-up option ("PF"). The form, which initially was processed by NAU, would have added an extra \$24,153 to the policyholder's crop insurance guarantee as a result of the increase in coverage from 50% to 70%. The addition of the prevented planning buy-up option would have

also paid the policyholder at a higher rate if Bill Hesse Farms were to claim it was prevented from planting. The changes made by this form would also result in a much higher premium, so Respondent would have been compensated at a higher rate. At the time Respondent created this form, the deadline for making these changes had already passed and Respondent's actions in intentionally backdating the document sought to enable the policyholder and Respondent to obtain benefits from the Federal Crop Insurance Program to which they were not entitled.

- b. With respect to the documents relating to policyholder B & E Ranches described in paragraphs 5(b) and 6 above, Respondent sought to obtain and extend insurance coverage without the knowledge or approval of the policyholder, and he forged policyholder signatures and backdated documents toward that end. The falsified documents submitted by Respondent to NAU with respect to B & E Ranches included: (i) a zero-acreage report created on January 31, 2018, with signatures dated January 10, 2018; and (ii) a crop-year 2019 zero-acreage report dated August 13, 2019. Respondent submitted these documents as legitimate, and they were processed initially by NAU. They were, in fact, a fraud. Richard Bender, the purported signatory of these documents for policyholder B & E Ranches, confirmed that the signatures were not his own, that he had not authorized or attempted to obtain crop insurance during the crop years in question, and that B & E Ranches had not grown any row crops for several years prior to the incidents in question. Respondent's actions of submitting false and fraudulent documents containing forged signatures were sought to obtain benefits from the Federal Crop Insurance Program to



which Respondent was not entitled, and Respondent's actions undermined the integrity of the Federal Crop Insurance Program.

9. The gravity of Respondent's violations warrants administrative sanctions. Factors favoring serious sanctions include the following:

- a. Respondent committed at least eight violations spanning a significant period of time and two crop-insurance years.
- b. Respondent's conduct of backdating and falsifying signatures was part of a pattern and practice involving multiple crop-insurance policies and multiple crop-insurance years. In addition to the violations set forth in the Complaint, Respondent has a prior history of falsifying signatures and backdating documents for earlier time periods, including: (i) Respondent backdated a zero-acreage report for policyholder B & Ranches regarding policy number 3304873—the zero-acreage report was created on January 31, 2018, but the signatures of Respondent and the insured were both dated January 10, 2018; and (ii) Respondent backdated a New Producer Verification form for policyholder Fagundes, Fagundes, Fagundes regarding policy number 3304462—the New Produce Verification form was crated on February 13, 2017, but the signatures of Respondent and the insured were both dated January 27, 2017.
- c. Respondent personally signed the documents at issue, and he personally planned, initiated, and carried out all the violations at issue.
- d. Although Respondent has acknowledged backdating some of these documents, he has not accepted the wrongful nature of his actions or acknowledged that their intent to obtain benefits to which Respondent and the policyholders were not entitled.

- e. Respondent acted willfully and intentionally in providing false and inaccurate information to NAU by inserting false signature dates, which were prior to the creation dates of the documents described above, and then submitting those documents to NAU.
- f. Respondent acted willfully and intentionally in forging the signature of policyholder B & E Ranches on two documents described above and then submitting those false documents to NAU.
- g. Respondent's violations spanned several crop years, including crop-years 2018 and 2019.
- h. Respondent has not had any prior administrative or other consequences for his actions. Complainant has continued to operate as a Federal Crop Insurance Program agent and has not faced any fines or other consequences for his actions described in the Complaint.

### **Conclusions**

1. The Secretary of Agriculture has jurisdiction in this matter.
2. Pursuant to section 515(h) of the FCIA (7 U.S.C. § 1515(h)) and 7 C.F.R. Part 400, Subpart R, Respondent's actions are grounds for civil fines of up to \$11,984 per violation or the amount of the pecuniary gain obtained by Respondent as a result of the false or incorrect information and disqualification of Respondent from participating in any program or receiving any monetary or non-monetary benefits provided under the Act for a period of up to five years.<sup>7</sup>

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<sup>7</sup> Complainant has requested maximum civil fines for each violation, but not disqualification, as sanctions. *See* Complaint at 9.

3. After considering the factors described above and given the serious, repeated, and intentional nature of Respondent’s conduct over multiple crop years—but recognizing that no direct monetary benefits were received by Respondent—the below Order shall be entered. Maximum civil fines for each violation are appropriate in light of the fact that Respondent committed multiple violations in the same crop year and over a period of two crop years, as set out below.

**ORDER**

1. Complainant’s Motion for Decision Without Hearing by Reason of Default is GRANTED.
2. Respondent Raul Natera shall pay civil fines in the total amount of \$94,192.

Policy #	CY	Policyholder	Type of Document	Violation Date	Violation	Civil Fine
3304868	2018	Fagundes Dairy Two	Zero Acreage Report	01/31/18	Backdating	\$11,744
3304420	2018	Fagundes Dairy	Zero Acreage Report	01/30/18	Backdating	\$11,744
3304872	2018	(b) (6)	Zero Acreage Report	01/04/18	Backdating	\$11,744
3304535	2018	(b) (6)	Zero Acreage Report	01/31/18	Backdating	\$11,744
3304547	2018	Ritchie and Ritchie Farms	Zero Acreage Report	01/30/18	Backdating	\$11,744
3304560	2018	Bill Hesse Farms	Application	03/12/18	Backdating	\$11,744
3304873	2018	B & E Ranches	Zero Acreage Report	01/31/18	Backdating/ Misrepresented Signature	\$11,744
3304873	2019	B & E Ranches	Zero Acreage Report	8/12/2019	Misrepresented Signature	\$11,984
<b>Total</b>						<b>\$94,192</b>

Respondent may submit payment of this civil fine by mail to the following address:

Risk Management Agency/Federal Crop Insurance Corporation  
 PAAD – MAIL STOP 0814  
 PO Box 419205  
 Kansas City, MO 64141-6205.

Alternatively, Respondent may call the following number to make payment by phone or online:  
(816) 926-7299.

This Decision and Order shall be final and effective without further proceedings thirty-five (35) days after service, unless an appeal to the Judicial Officer is filed with the Hearing Clerk within thirty (30) days after service as provided in sections 1.139 and 1.145 of the Rules of Practice (7 C.F.R. §§ 1.139 and 1.145).

Copies of this Decision and Order shall be served upon the parties and counsel by the Hearing Clerk.

Done at Washington, D.C.,  
this 25th day of January 2022

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Channing D. Strother  
Chief Administrative Law Judge

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