

**PRESS RELEASE**

# **Iowa Farmer Sentenced to More Than Fifteen Years in Cattle Theft and Bankruptcy Fraud Scheme**

Friday, October 11, 2024

**For Immediate Release**

U.S. Attorney's Office, Northern District of Iowa

## **Ordered to Pay Over \$5.7 Million in Restitution to Victims of Cattle Theft, Pandemic Benefits Fraud, and Forced and Foreign Labor Fraud**

A Clayton County farmer who stole over \$5 million in livestock and COVID-19 pandemic benefits was sentenced on October 10, 2024, to more than 15 years in federal prison. Michael Wayne Butikofer, age 54, from Monona, Iowa, received the prison term after a December 1, 2023, guilty plea to one count of theft of livestock, one count of wire fraud, and one count of false bankruptcy declaration.

Evidence in the case established that Butikofer operated a large farming operation in northeast Iowa known as "Fawn Hollow." Butikofer operated a so-called "custom cattle" feeding operation in which employees of his organization would raise and care for cattle owned by other individuals, including cattle investors located across the United States. Fawn Hollow then sold the cattle, primarily to a Wisconsin slaughterhouse.

At no time was Butikofer or "Fawn Hollow" registered with the United States Department of Agriculture ("USDA") as a "dealer" under the Packers and Stockyards Act of 1921 ("the Act"). Butikofer participated in the "H-2A" visa program and recruited agricultural workers from the Republic of South Africa to work at Fawn Hollow.

Between July 2020 and February 2022, Butikofer converted the proceeds of sales of cattle owned by eight cattle investors, totaling over \$2.5 million, to his own use. Butikofer had convinced the cattle investors to allow Butikofer to sell the cattle in his own name. When Butikofer sold the cattle to the Wisconsin slaughterhouse, Butikofer falsely represented to the slaughterhouse that he had "good and merchantable title to" the cattle when he did not, in fact, own or otherwise have title to the cattle. By convincing the cattle investors to permit Butikofer to sell their cattle in his

own name, and by fraudulently concealing the true ownership of the cattle from the slaughterhouse, Butikofer attempted to evade the requirements of the Act and its regulations for registration, posting of a dealer bond, and prompt payment, which would have protected the cattle investors' funds.

In July 2020 and August 2020, Butikofer defrauded the USDA of more than \$1.2 million in emergency assistance funds designed to assist livestock producers during the COVID-19 pandemic. Specifically, applications were submitted in the name of another individual and entitled "Coronavirus Food Assistance Program" ("CFAP") payments. A cattle producer qualified for CFAP payments on a per head basis based on the producer's owned inventory of eligible beef cattle on a date selected by the producer between certain dates in calendar year 2020. It was part of Butikofer's wire fraud scheme that Butikofer falsely represented in CFAP applications that he and some of his associates owned cattle when, in truth, they did not own the cattle in question.

In February 2022, Butikofer received over \$1.5 million from the Small Business Administration ("SBA") as part of an application for an Economic Injury Disaster Loan ("EIDL"). Butikofer made false representations to the SBA about his financial condition and intended use for the SBA loan funds. Butikofer used part of the SBA funds to file for bankruptcy later that same month.

During the bankruptcy case, Butikofer perjured himself five times and made a series of false and fraudulent statements about his financial condition in bankruptcy filings. In March 2022, Butikofer submitted a false and fraudulent statement of financial affairs in his bankruptcy case. There were more than 100 creditors in Butikofer's bankruptcy case, and Butikofer used the bankruptcy case to intentionally delay and hinder their legitimate collection efforts.

In 2018, Butikofer used forced labor to financially benefit Fawn Hollow. Butikofer dumped dead cattle near a house in which the H2-A workers lived on his farm. The workers had no hot water or furniture, and their water was contaminated. On one occasion, Butikofer assaulted one worker, grabbing the migrant worker by the shirt and pushing him towards a corn auger. Butikofer also tied the hands of another South African H-2A worker with a cable tie to an electric jigsaw and threatened workers with hanging and an electric shock dog collar. In 2020, three migrant workers obtained a \$247,000 civil judgment against Butikofer in federal court for violations of the Fair Labor Standards Act and the Trafficking Victims Protective Reauthorization Act. Butikofer later used his fraudulent bankruptcy proceeding to convince the workers to settle their judgment for \$75,000.

From April 2023 to November 2023, while on federal pretrial release, Butikofer recruited and caused another person in the Fawn Hollow criminal organization to recruit H-2A workers to the United States under false and fraudulent pretenses, representations, and promises. The false and fraudulent pretenses, representations, and promises included: (1) the housing conditions provided to the employees; (2) the location of the employees' work; (3) the terms and timing of reimbursement for the employees' work and expenses; and (4) payment for injuries sustained during the employment. For example, Butikofer convinced an H-2A worker from South Africa to come to the United States and bring his wife and teenaged daughter with him. When the family arrived, however, Butikofer moved the family to live in a camper without water, electricity, or heat. Ultimately, agents from the U.S. Department of Homeland Security rescued the family and paid for their food and shelter at a hotel in Cedar Rapids. Agents later rescued other workers bound for Fawn Hollow in April 2024.

While Butikofer's criminal case was pending, he repeatedly contacted witnesses in violation of a court order. Butikofer also attempted to convince grand jury and trial witnesses to make false statements and sign false documents in attempts to obstruct justice.

Butikofer was sentenced in Cedar Rapids by United States District Court Chief Judge C.J. Williams. At the sentencing, Judge Williams observed that Butikofer was operating a "Ponzi" scheme with investor cattle. Butikofer was sentenced to 188 months' imprisonment. Butikofer was ordered to make over \$5.7 million in restitution, forfeit \$500,000, and repay \$5,000 in attorney fees. Butikofer must also serve a three-year term of supervised release after the prison term. There is no parole in the federal system. As part of his plea agreement, Butikofer promised to pay the H-2A workers' entire \$247,000 judgment and also to voluntarily terminate and cease participation in foreign labor programs with respect to any program administered by the U.S. Department of Labor or U.S. Department of Homeland Security. Butikofer is being held in the United States Marshal's custody until he can be transported to a federal prison.

United States Attorney Timothy T. Duax stated, "Butikofer treated his victims and the rule of law with equal contempt, and fully deserves his fifteen-year sentence to federal prison. This office will continue to aggressively prosecute people who defraud the government through the agricultural sector, the bankruptcy court, and by the mistreatment of foreign workers."

"Michael Butikofer exploited the H-2A program in order to enrich himself at the expense of agricultural workers. Butikofer recruited H-2A workers from South Africa. Once the workers were in the United States, Butikofer used threats of force to compel them to work for him. This sentencing sends a clear message that those who abuse the H-2A

program will be held accountable. We will continue to work with our law enforcement partners to aggressively pursue those who exploit foreign labor certification programs," said Casey Howard, Special Agent-in-Charge, Central Region, U.S. Department of Labor, Office of Inspector General.

"This sentencing demonstrates the commitment to holding individuals accountable for defrauding government programs, especially those designed to provide critical relief during the pandemic," said Brady Ipock, Special Agent in Charge of the SBA OIG's Central Region. "Our office will continue to pursue justice for victims and ensure the integrity of SBA's disaster relief programs. I want to thank the U.S. Attorney's Office and our law enforcement partners for their collaboration and dedication to justice."

"The defendant in this case was held accountable for a number of serious fraudulent activities," said Justin Bundy, Special Agent in Charge, Federal Deposit Insurance Corporation Office of Inspector General (FDIC OIG). "He converted more than \$2.5 million through a cattle investment scam and used those funds to enrich himself, at the expense of unsuspecting victims. He also falsely represented his financial condition and the intended use for SBA loan funds and defrauded the USDA of more than \$1.5 million in funds designed to assist livestock producers during the COVID-19 pandemic. Also egregious was his use of forced labor to financially benefit his business and his mistreatment of migrant works that he employed. The FDIC OIG remains committed to working with our law enforcement partners to investigate and bring to justice those who participate in fraudulent schemes and threaten to undermine the integrity of our Nation's banking system and government programs intended to benefit the American people."

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud

(NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

The case was prosecuted by Assistant United States Attorney Timothy L. Vavricek and was investigated by the Small Business Administration, Office of Inspector General, the Federal Deposit Insurance Corporation, Office of Inspector General, the United States Department of Agriculture, Office of Inspector General, the United States Department of Labor, Office of Inspector General, and Homeland Security Investigations.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 22-CR-1018.

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