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Thursday, December 20, 2018

Owner of Northeast Iowa Organic Grain Brokerage Pleads Guilty to Fraudulent Sales Totaling Nearly \$140 Million

A Missouri man who fraudulently sold tens of millions of dollars' worth of non-organic grain as though it was organic pled guilty today in federal court in Cedar Rapids.

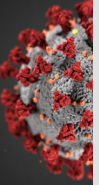
Randy Constant, age 61, from Chillicothe, Missouri, was convicted of one count of wire fraud. Constant admitted the fraudulent scheme involved at least \$142,433,475 in grain sales, and the vast majority of those sales were fraudulent. At the hearing, he admitted that, from 2010 to 2017, he misled customers into thinking they were buying certified organic grain when the grain he was selling was not organic. Constant admitted falsely telling customers the grain he sold was grown on his certified organic fields in Nebraska and Missouri when the grain was not organic either because he purchased the grain from other growers, the certified organic fields were sprayed with unauthorized substances, or organic grain was mixed with non-organic grain. Constant made many of the sales through a brokerage he owned that operated in Ossian, Iowa, known as Jericho Solutions. As part of the plea, Constant also agreed to forfeit \$128,190,128 in proceeds from the fraudulent scheme.

In related matters, three farmers from Nebraska previously pled guilty to fraud involving sales of grain they grew that was fraudulently marketed as organic. On October 12, 2018, Tom Brennan, age 70, James Brennan, age 40, and Mike Potter, age 41, all from Overton, Nebraska, were each convicted of one count of wire fraud. At their respective plea hearings, each man admitted to growing grain between 2010 and 2017 that was not organic. Each further admitted that they knew the grain was being marketed and sold as organic, even though it was not in fact organically grown. The charging documents allege that, during the 2010 to 2017 period, each of the three farmers received more than \$2.5 million for grain fraudulently marketed as organic.



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Sentencing before United States District Court C.J. Williams will be set after a presentence report is prepared. Constant was released on bond pending further proceedings. He faces a possible maximum sentence of 20 years’ imprisonment, at least a \$250,000 fine, and up to three years of supervised release following any imprisonment.

The case is being prosecuted by Assistant United States Attorneys Jacob Schunk and Anthony Morfitt and investigated by the United States Department of Agriculture – Office of Inspector General and the Federal Bureau of Investigation.

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

The case file number are 18-CR-2034, 18-CR-2058, 18-CR-2059, and 18-CR-2060.

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Topic(s):
Financial Fraud

Component(s):
USAO - Iowa, Northern

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