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Monday, August 19, 2019

## Field of Schemes Fraud Results in Over a Decade in Federal Prison for Leader of Largest Organic Fraud Case in U.S. History

### Randy Constant and Three Others Sentenced to Federal Prison for Their Roles in Fraud Involving More Than \$120,000,000 in Grain Falsely Marketed as Organic

A Missouri man who fraudulently sold millions of dollars' worth of non-organic grain as though it was organic was sentenced on August 16, 2019, to more than ten years in prison in federal court in Cedar Rapids. Three farmers from Nebraska who supplied him with non-organic grain were also sentenced to federal prison for their roles in a scheme to defraud customers across the United States.

Randy Constant, age 61, from Chillicothe, Missouri, received the prison term after a December 20, 2018, guilty plea to 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 his plea 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 chemicals, 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.

Evidence at Constant's sentencing showed that, for 2016, his sales equaled



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approximately 7% of all comparable organic corn grown and 8% of all organic soybeans grown in the United States. Overall, from 2010 to 2017, Constant sold more than 11,500,000 bushels of grain, over 90% of which was falsely marketed as organic. That amount of grain would fill approximately 3,600 rail cars or 14,375 semi-trailers.

Constant's grain was mostly used as animal feed, primarily for chickens and cattle. That livestock was then sold as organic meat or products from the livestock were sold as organic products. Because of Constant's fraud, most of the livestock that was fed his grain was not organic, causing thousands of consumers to purchase what they thought was organic meat for a premium price across the country.

Further evidence at sentencing showed that, during the time Constant was fraudulently selling grain as organic, he was spending money on gambling trips to Las Vegas with at least one other person involved in the scheme. Between 2010 and 2017, Constant went to Las Vegas more than 20 times, paying for flights, hotels, gambling, and escorts. Evidence further showed he had sexual relationships with three women who lived in Las Vegas. Over the course of the seven year scheme, Constant gave over \$225,000 to two of these women as payment for services, purportedly for their work with his companies. In reality, the women did very little of value for Constant's companies in exchange for the money. Constant's banking records also showed more than \$360,000 in additional Las Vegas-related expenses during the course of the scheme -- \$110,000 of that total was charged to a bank account Constant shared with one of the women and included payments for an automobile, insurance, foreign travel, and breast augmentation surgery.

In related matters, three farmers from Nebraska that previously pled guilty to fraud involving sales of grain to Constant they grew that was fraudulently marketed as organic were also sentenced. Tom Brennan, age 71, James Brennan, age 41, and Mike Potter, age 42, all from near Overton, Nebraska, were each sentenced to federal prison after having pled guilty to one count of wire fraud.

At their respective plea hearings, each man admitted to growing grain between 2010 and 2017 that was not organic, often because they had sprayed the grain with chemicals. Each further admitted that they knew the grain was being marketed and sold as organic, even though it was not in fact organically grown. Evidence at sentencing showed the three farmers worked together to produce and sell the grain to Constant. Evidence further showed that, between the three farmers, they received more than \$10,000,000 from Constant in connection with the scheme and that the majority of the grain they sold to Constant was not organic.

All four men were sentenced in Cedar Rapids by United States District Court Judge C.J. Williams. Constant was sentenced to 122 months' imprisonment. He was also ordered to forfeit over \$120 million in proceeds from his crime. In sentencing Constant, Judge Williams called the scheme a "massive fraud, perpetrated on consumers over a long period of time" and said that Constant "caused incalculable damage."

James Brennan was sentenced to 20 months' imprisonment. Potter was sentenced to 24 months' imprisonment. Tom Brennan, whom the sentencing judge referred to as a "legitimate war hero" for his service in Vietnam, was sentenced to 3 months' imprisonment. Each of the Nebraska farmers was also ordered to forfeit \$1 million in proceeds from their crimes.

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“Randy Constant and his co-conspirators lied to the American public and cheated thousands of consumers,” said United States Attorney Peter E. Deegan, Jr. “For years, Constant put personal greed and self-interest above all else. In doing so, he and his cohorts victimized thousands of people who were deceived into paying more for a product that they ultimately did not get. They also diluted the organic grain market to the financial disadvantage of organic farmers who were following the law. I want to commend the USDA Office of Inspector General and the Federal Bureau of Investigation for their work in bringing this matter to light. They demonstrated hard work and dedication to protecting the organic food market and American consumers.”

“This prosecution places would-be fraudsters on notice. The government has zero tolerance for individuals who might seek to defraud American consumers by criminally manipulating National Organic Program standards,” said Special Agent-in-Charge Anthony Mohatt of the US Department of Agriculture Office of Inspector General. “It should also serve as a warning to everyone growing, certifying, distributing, and selling organically certified products. Fraud will be vigorously investigated and prosecuted by the USDA Office of Inspector General, the U.S. Attorney's Office, and all its federal, state, and local partners. USDA's Office of Inspector General is committed to ensuring fraud is eliminated from the National Organic Program so that consumers can have confidence in the USDA organic products they put on the table. The USDA Office of Inspector General applauds the steadfastness and resolution of the U.S. Attorney's Office in prosecuting this matter. We also appreciate the investigative assistance of the Federal Bureau of Investigation and USDA's Agricultural Marketing Service.”

“Organic agriculture is a fast growing sector in U.S. agriculture, creating jobs and promoting economic growth. This rapid growth has increased the complexity of supply chains that carry organic products from farm to table,” said National Organic Program Deputy Administrator Jennifer Tucker. Organic farmers and consumers are the foundation of this \$52 billion sector. We are committed to helping good producers meet the standards, and to enforcing against those who break the law. The work of the U.S. Attorney's Office in this case, and others, has a profound and lasting impact.”

“We are proud to work alongside our law enforcement partners to bring to justice individuals who have so blatantly betrayed the trust of consumers,” said Acting Special Agent in Charge Mark Green of the Federal Bureau of Investigation.

Anyone with information about others involved in the scheme should contact our office, the United States Department of Agriculture's Office of Inspector General, or the Federal Bureau of Investigation.

The case was 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. Follow us on Twitter @USAO\_NDIA.

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**Topic(s):**  
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**Component(s):**  
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