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## **Former Grass Seed Company Employee Sentenced to Federal Prison for Role in Schemes to Defraud Simplot**

PORTLAND, Ore.— An Idaho man who formerly supervised order-fulfillment and warehousing operations for the Jacklin Seed Company, a Liberty Lake, Washington producer and marketer of grass seed and turfgrass, was sentenced to federal prison today for his role in multiple schemes to defraud the J.R. Simplot Company and Jacklin, its former subsidiary.

Richard Dunham, 66, was sentenced to 12 months and one day in federal prison and three years' supervised release. Dunham was also ordered to pay \$348,065 in restitution to Simplot.

According to court documents, from 1997 until its sale in 2020, the J.R. Simplot Company, a major privately held supplier of agricultural products headquartered in Boise, Idaho, owned and operated Jacklin. During this time, much of Jacklin's business operations, including a seed-blending and warehousing facility, were located in and around Albany, Oregon. Dunham, who supervised Jacklin's Albany operations, had the authority to purchase grass seed from certain Oregon growers over others.

At some point between 2013 and 2015, Dunham, Jacklin general manager Christopher Claypool, of Spokane, Washington, and others realized that growers' preference for higher-yield grasses was creating substantial shortages of lower-yield varieties Jacklin had contracted to deliver to its customers. Dunham and Claypool recognized that these shortages would either cause Jacklin to fail to deliver on its existing contracts or require Jacklin to pay a premium to growers to acquire necessary inventory, substantially eroding company profits. The pair anticipated that either result would negatively affect their careers.

From January 2015 and continuing until at least the summer of 2019, Dunham and Claypool directed Jacklin employees, at the Albany facility and elsewhere, to fulfill customer orders with different varieties of grass seed than the customers had ordered, to conceal such substitutions from the customers, and to invoice the customers as though no substitutions had taken place. Together, they referred to this scheme as "getting creative."

To conceal the unauthorized substitutions, Dunham and Claypool directed Jacklin employees to package the substitute seed varieties with false and misleading labels. They also directed employees to invoice the customers under the original terms of their contracts, notwithstanding the unauthorized substitutions. As a result of this scheme, Simplot refunded or credited more than \$1.5 million to defrauded buyers.

During the same time, Dunham and Claypool also agreed to import mislabeled seeds from Moore Seeds, a Jacklin supplier based in Debolt, Alberta, Canada, to offset the shortage of one of Jacklin's best-selling grass seed blends. In doing so, Dunham conspired with the owner of Cankiwi Ventures, Ltd., Moore's managing entity, to purchase a less expensive seed blend at above-market rates in exchange for Moore's falsely labeling the seed as Jacklin's premier blend and shipping it, under that false pretense, to Jacklin in Oregon.

In addition to the undisclosed seed substitutions, Dunham engaged in another scheme while employed with Jacklin. Beginning no later than April 2015, Dunham conspired to obtain kickback payments from grass seed growers and brokers that regularly did business with Jacklin, including Ground Zero Seeds, International, of Yamhill, Oregon, and ProSeeds Marketing, Inc., of Jefferson, Oregon. Between April 2015 and September 2019, Dunham successfully solicited more than \$191,789 in kickbacks from Ground Zero and \$156,275 from ProSeeds.

On July 7, 2021, Claypool was [sentenced](#) to three years in federal prison and three years' supervised release after previously pleading guilty to conspiracy to commit wire fraud and money laundering.

On April 29, 2022, Dunham was [charged](#) by federal criminal information with two counts of conspiracy to commit wire fraud and, on July 7, 2022, pleaded guilty to both counts.

In two separate cases, Ground Zero Seeds International and ProSeeds Marketing, Inc., [pleaded guilty](#) to knowingly concealing schemes to defraud Jacklin. Both companies were sentenced to one year of probation and ordered to pay criminal fines of \$40,000 and \$5,000, respectively. In addition, Ground Zero was ordered to pay Simplot \$516,000 in restitution, and ProSeeds was ordered to pay Simplot more than \$78,000.

In a third separate case, CanKiwi Ventures, Ltd., the manager of the Canadian grower Moore Seed, pleaded guilty on March 7, 2024, to smuggling mislabeled seed into the United States using false documents and was sentenced to pay a criminal fine of \$100,000.

This case was investigated by IRS-Criminal Investigation and the U.S. Department of Agriculture Office of Inspector General. It was prosecuted by Ryan W. Bounds, Assistant U.S. Attorney for the District of Oregon.

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