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### **Former Grass Seed Company Employee Charged in Scheme 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, has been charged for his role in multiple schemes to defraud the J.R. Simplot Company and Jacklin, its former subsidiary.

Richard Dunham, 64, a resident of Hayden Lake, Idaho, has been charged by federal criminal information with two counts of conspiracy to commit wire fraud.

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, 53, 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 Raymond Walker, 60, a resident of Debolt and Moore's managing director, to purchase a less expensive seed blend at above-market rates in exchange for Walker 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 in April 2015, Dunham conspired with Gregory McCarthy, the owner of Ground Zero Seeds, a grass seed production and wholesale company based in Yamhill, Oregon that regularly did business with Jacklin. Dunham and McCarthy, who were longtime friends, agreed that Ground Zero would pay Dunham a per pound kickback for grass seed purchased by Jacklin. These kickbacks were built into the prices reflected on Ground Zero's invoices to Jacklin and, between April 2015 and September 2019, caused Ground Zero to pay Dunham more than \$191,789.

In facilitating their scheme, Dunham and McCarthy regularly corresponded by email, referring to Ground Zero's kickbacks to Dunham as "shoes" or contributions to his "shoe fund." To conceal their scheme, Dunham maintained an LLC through which he claimed to provide consulting and brokering services. Dunham negotiated kickbacks and fees from Ground Zero and other Jacklin suppliers through the LLC's business checking account.

Dunham made his initial appearance in federal court today before U.S. Magistrate Judge Stacie F. Beckerman. He was released pending further court proceedings.

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 March 3, 2022, McCarthy was [charged](#) with conspiracy to commit wire fraud. He was arraigned on March 15, 2022 in Portland and released pending a two-day jury trial scheduled to begin on July 26, 2022.

In September 2021, in a separate criminal case, ProSeeds Marketing, Inc., a Willamette Valley grass seed distributor, [pleaded guilty](#) after knowingly concealing a scheme to defraud Jacklin. On November 29, 2021, the company was sentenced to a year of probation, a \$5,000 fine, and more than \$78,000 in restitution.

U.S. Attorney Scott Erik Asphaug of the District of Oregon made the announcement.

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

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