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The Turkish Infiltration of the U.S. Organic Grain Market

How Failed Enforcement and Ineffective Regulations Made the U.S. Ripe for Fraud and Organized Crime

A White Paper

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On April 23, 2018, The Cornucopia Institute broke news about a massive shipment of 25,000 metric tons of "organic" corn carried on the M/V Mountpark, which was lingering off the coast of California while the cargo's importer, Sunrise Foods International, Inc. awaited a federal court ruling allowing its unloading.

Sunrise Foods, the Canadian-based importer, sued U.S. Customs and United States Department of Agriculture's Animal Plant Health Inspection Service (USDA-APHIS) after these government agencies forced it to abort plans to offload the shipment at Stockton, California on the basis the importation of the corn, misrepresented on the manifest, violated federal law. Importing raw corn seed (shelled kernels) from certain countries, including Russia, Moldova, and Kazakhstan (the regions where the corn was harvested) violates USDA regulations enacted to prevent contamination by pests and pathogens.

Although it was not the organic integrity of the shipment that gave rise to the government's questions regarding the origin of the corn, it should have been. **The failure of the USDA's National Organic Program (NOP) to coordinate with other governmental agencies to flag vessels carrying grains from Turkey and other Eastern Bloc countries—countries where reported organic acreage does not support the imported tonnage—represents an endemic problem in enforcement where looking the other way gives a distorted meaning to oversight**.[1]

Rather, the legal dispute involved the extent to which the corn aboard the M/V Mountpark had been processed. Sunrise Foods argued because it had "cracked" the corn, the regulations forbidding the importation of raw corn seed harvested in prohibited countries did not apply because the cracking rendered the corn "processed."

A loophole, seemingly only being taken advantage of in order to import purportedly organic corn, exempts cracked corn, if it is sufficiently processed, from the prohibition on imports from the aforementioned Eastern European countries.

For several weeks in March and April, the Mountpark was anchored off the California coast while Sunrise Food's legal dispute with U.S. Customs and USDA-APHIS unfolded over how extensively the corn must be cracked to constitute sufficient processing.

Sunrise Foods would later reroute the shipment to Bristol, UK and voluntarily dismiss its lawsuit leaving unanswered the question of whether the corn was sufficiently cracked to escape the regulatory prohibition on importation—not to mention whether the corn was actually organic as represented.

The Mountpark shipment of organic corn garnered significant attention amongst the organic grain industry and interested observers given the realized concerns about the organic integrity of grain shipments originating in Eastern Europe and shipped from Turkey. Approximately 80% of other all bulk shipments of organic corn and cracked corn imported into the U.S. between January 1, 2018 and May 15, 2018 were shipped through Turkey or the United Arab Emirates

[1] *See* John Bobbe panel discussion testimony at Spring 2018 NOSB Meeting; Conversation with Miles McEvoy indicating the NOP does not track vessels; Meeting Transcript, p. 76, lines 10-13.

(UAE).[2] Since 2015, over 40% of U.S. imports of organic corn and cracked corn have originated from those two countries. *See Exhibit A, Chart of Origination of Bulk Shipments, 2014-2018.*

Transshipments of organic grains through Turkey and the UAE have raised questions about whether there is enough organic acreage in the countries of origin to support the tonnage the U.S. imports. Observers also wonder about the identities of companies involved in the import of these large quantities of "organic" grain.

Enter the multibillion dollar company, Tiryaki Agro Gida Sanayi Ve Ticaret A.S. ("Tiryaki"). Tiryaki is headquartered in Istanbul. The self-described "top grains, pulses and oilseeds producer, exporter and supplier for certified organic agriculture in the world," has more than a commanding presence in the organic grain imports into the U.S. market.[3] Stated simply, Tiryaki dominates.

Considering Tiryaki's corporate affiliation with Sunrise Foods International, and that Tiryaki is the parent company of Diasub FZE, (Tiryaki's organic division) maritime shipping records show Tiryaki is *the force* to be reckoned with in organic grain imports.[4]

Recent events, however, have called into question whether it's Tiryaki that has met its day of reckoning after the public's attention was called to the Mountpark shipment. Following the rejection of the Mountpark shipment by U.S. authorities, the NOP Integrity database (which houses records related to certified operations) indicates that at least five of Tiryaki's affiliated operations have "surrendered" their organic certification.

The impact of Tiryaki and its affiliates on the U.S. organic imports market cannot be overstated. From January 2015 to May 2018, Tiryaki or one of its corporate affiliates is listed as a consignee on 146,724 metric tons of bulk shipments of organic corn or cracked corn into the U.S. *See Exhibit B, Consignees of Organic Corn and Cracked Corn, 2015—May 2018.*

Agronomists, with experience in the organic industry, have estimated that one bulk cargo ship of grain could be equal to the annual production of 50-80 US certified organic farms.

How this Turkish company came to command the import of organic grains into the U.S. has to be explained within the shifting dynamics of the organic grain markets in Europe. A review of

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[2]This report uses data retrieved from Panjiva, Inc., a subscription-based website with import and export details on commercial shipments. Panjiva uses data from customs agencies, and other data sources to provide aggregate information on imports, including bulk vessel shipments into the U.S. The data presented here has undergone substantial editing and review prior to publication. However, due to database updates, corrections, and variances in search criteria, The Cornucopia Institute makes no representation about use of this content for a given user's particular purpose.

[3] Tiryaki webpage (About Us); available at: http://www.tiryaki.com.tr/who-we-are/about-us/ (last visited 6-02-2018).

[4] Tiryaki Agro Gida Sanayi Ticaret Anonim Sirketi, 1.07.2017 – 31.12.2017 Donemi Yillik Faaliyet Raporu (Yearly Activity Report); Available at: https://www.kap.org.tr/en/Bildirim/673940 (last visited 6-02-2018).

pivotal events makes clear that "organic" fraud in Eastern Europe led to stricter protocols there, making trade with the E.U. less seamless than it had been.

Opportunistic companies began to vie for the U.S. market, whether they deal in authentic organics or not. With a complicit, if not incompetent, regulatory oversight regime looking the other way, unscrupulous industry participants were incentivized to seek a "hassle-free" market.

International Inroads/Domestic Disorder

Examining European markets from 2014 on tells the tale. In late 2014, 15,000 tons of fake "organic" sunflower cake, originating in the Ukraine and intended for use in livestock feed was distributed throughout Western Europe. The sunflower cake had been treated with unapproved pesticides. Feed, animal products, and millions of eggs that had been distributed in the European market were downgraded to conventional status—at great economic loss.[5]

The European Union responded quickly with strict organic controls to combat the high-volume shipments of fake organic products imported from Ukraine into the European Union. The Member States agreed to implement controls on organic products imported from Ukraine and neighboring countries (Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Uzbekistan and Russian Federation). These guidelines adopted on December 3, 2015 required complete traceability of all "operators in the trade flow."[6] After the E.U. implemented these guidelines, bulk shipments of organic corn and cracked corn into the U.S. escalated at an extraordinary rate. *See Exhibit C, Bar Graph of Bulk Shipments, by Month, of Organic Corn & Cracked Corn.*

The sunflower cake debacle also prompted the International Organic Accreditation Service (IOAS) to take aggressive action against ETKO, a Turkish certifier, for its failure to comply with applicable organic standards. ETKO was barred from issuing organic certificates under Canadian and European Union regulations.

The European-based Research Institute of Organic Agriculture (*Forschungsinstitut für biologischen Landbau*), or FiBL, an independent, non-profit, research institute that focuses on organic farming data, reports that at the time, the whole organic livestock sector in the United Kingdom depended completely on feed supplied by the Ukraine. FiBL reports that all of the "feedstuff import" originating in the Ukraine was certified by ETKO.[7]

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[5] AFI Workshop, Improving Integrity of Organic Arable Production in Ukraine, Sept. 24-25, 2015; Anti-Fraud Initiative, available at: http://www.organic-integrity.org/fileadmin/afi/docs/afi10/Report-of-the-AFI-Workshop-in-Kyiv-2015.pdf (last visited June 2, 2018)..

[6] European Commission, *Guidelines on additional controls on organic products imported from Ukraine, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Uzbekistan and Russian Federation* (Applicable from 1/01/2016 to 31/12/2016) available at: https://ec.europa.eu/agriculture/organic/sites/orgfarming/files/docs/body/guidelines-additional-controls_en.pdf (last visited June 2, 2018).

[7] Presentation, *The markets for organic products and the quality of wheat, soybeans and sunflower*, available at: http://www.ukraine.fibl.org/fileadmin/documents-

As the EU cracked down, imports to the U.S. soared, particularly from Turkey.[8] In 2014, the U.S. imported 14,000 metric tons of organic soybeans from Turkey. That number increased to 165,000 metric tons in 2016. Organic corn imports from Turkey increased even more dramatically, going from 15,000 metric tons in 2014 to 399,000 by 2016.[9]

By 2016, the USDA was on notice that a high potential for fraud existed for organic products originating in Turkey imports. A January 2016 publication by the USDA's Foreign Agricultural Service raised serious concerns about organic product originating in Turkey stating, "the integrity of organic farming, production, shipping, and marketing is not always guaranteed."[10] Yet Turkish imports continued to flow into the U.S. under the neglectful eyes of USDA's National Organic Program.

Not only did organic grain imports escalate at a seemingly astronomical rate, ETKO the Turkish certifier that the EU and Canada de-accredited, maintained its status in the U.S. as the NOP's investigation of its activities dragged on. Instead of de-accrediting ETKO, the NOP reached a settlement agreement with the company in 2016, whereby ETKO agreed to remediate non-compliances and undergo an on-site audit. This type of malleable, industry-friendly agreement has also been common when the NOP has discovered major improprieties by large organic operations, including large certified organic "livestock factories in the U.S."

Following its February 2017 audit, the NOP cleared ETKO of its pending violations, and it remains a fully accredited certifier in the U.S.[11] A search of the NOP's database indicates that ETKO continues to certify Ukrainian and Turkish operations.[12]

The de-accreditation of ETKO and increased regulatory controls made organic imports into the E.U. more cumbersome, and for dubious operators, certainly more challenging. For those operators seeking alternative markets, less stringent regulatory requirements and lax enforcement made the U.S. a prime receptacle for "organic" grain.

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ukraine/publications_presentations/Toralf_Richter_Sales_markets_for_organic_products_and_quality_of_wheat__soya_and_sunflower_En.pdf (last visited June 2, 2018).

[8] The December 2016 shipment of soybeans that sailed to the U.S. aboard the Four Diamond was grown in the Ukraine and transshipped through Turkey. These soybeans were fumigated in the Ukraine with aluminum phosphide, a prohibited substance. According to court filings, the cracked corn carried aboard the Mountpark, which Sunrise attempted to import into the U.S., was also transshipped through Turkey. The court filings suggest Sunrise and/or its trading partners provided U.S. Customs with shipping documents that identified Turkey as the country of origin when organic transaction records indicate the cracked corn was grown in Russia, Moldova, and Kazakhstan.

[9] Whoriskey, Peter, *The labels said 'organic.' But these massive imports of corn and soybeans weren't.* The Washington Post (May 12, 2017); available at: https://www.washingtonpost.com/business/economy/the-labels-said-organic-but-these-massive-imports-of-corn-and-soybeans-werent/2017/05/12/6d165984-2b76-11e7-a616-d7c8a68c1a66_story.html?utm_term=.84c55c98ba46

[10] USDA-FAS, Turkish Organic Market Overview, (January 26, 2016), GAIN Report TR6005.

[11] AMS FOIA documents, available at: https://www.ams.usda.gov/sites/default/files/media/NOPSettlementETKO.pdf.

[12] NOP Integrity database: https://test.ams.usda.gov/integrity/Search.aspx (last visited June 2, 2018).

Turkish Turf Wars

While the litigation involving the Mountpark was pending, with the ship anchored off the coast of California, another lawsuit on the East Coast, involving fraudulent organic soybeans, had recently been underway in a federal court in Maryland. The lawsuit was brought by Global Natural, LLC, a Maryland corporation.[13]

Global Natural alleged it was duped by a Turkish company, Beyaz Agro, and its affiliates, into selling fraudulent organic soybeans and corn to U.S. buyers. Global Natural contends that as a result of the misrepresentations of Beyaz Agro and its affiliates, Global Natural lost an astounding $20,000,000 in revenues leading to the company's "total destruction."[14]

In fact, Global Natural brokered the 36 million-pound fake organic soybean shipment documented in a prominent *Washington Post* investigative story, outlining fraud in organic imports, that was published on May 12, 2017. Citing documents provided by an unnamed industry insider, the *Post* reported three shipments of fraudulent organic grains, constituting roughly 7% of annual U.S. organic corn imports and 4% of organic soybean imports.

These percentages demonstrate that Global Natural and its business partners had positioned themselves to have a sizeable impact on the U.S. organic grain market. Hakan Organics DMMC (a United Arab Emirates company with offices in Turkey) and its affiliate Beyaz Agro (a Turkish company), had agreed to source organic grains that Global Natural would market in North America.

Another Hakan affiliate, Agropex International (a Virginia company) would serve as importer of the grain. The terms of the deal were sketched out and later memorialized in the "Trade Agency Agreement," executed on November 30, 2016, between Global Natural and the Hakan affiliates.

The newly established business relationship encountered trouble when, only three-months after its incorporation, Global Natural's customers began questioning the authenticity of its supply chain. In February and March 2017, Global Natural was notified that some of its customers would cancel contracts for organic soybean purchases based on their suspicions about the organic integrity of the product.

According to court filings, Global Natural's founder Mike Spangler, was reassured by Gloskal Beyaz, the CEO of Beyaz Agro, that the soybeans were legitimately organic and that the claims to the contrary were planted by its competitor, Tiryaki. According to Beyaz, Tiryaki sought to eliminate the Global Natural supply chain, a quickly emerging competitor for the North American market.

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[13] *Global Natural, LLC v. Hakan Agro DMCC, et al*., Case No. 1:17-CV-01799-GLR (filed 10/31/17 D. Md.).
[14] *Id.* at ¶ 145.

Interestingly, one of Global Natural's disgruntled customers at that time was Sunrise Foods International, the company recently embroiled in the lawsuit with the USDA after its cargo of cracked Eastern European corn was prevented from unloading. According to Global Natural's court filings, Sunrise Food's CEO Jake Neufeld rejected six railcars of imported soybeans that arrived on the M/V Four Diamond in December 2016.[15]

Neufeld was in possession of phytosanitary certificates he stated he received from Turkish sources. These phytosanitary certificates showed the product was fumigated in transit. The incriminating documentation was also provided to the *Washington Post* by an unnamed industry insider.

Less than two months after Sunrise Foods rejected the six railcars, the *Post* published a damning exposé chronicling the three fraudulent shipments, including the Four Diamond shipment, all of which implicated Global Natural's supply chain.

If Tiryaki aspired to eliminate the competition, both overseas and in North America, its desires were realized. As Global Natural's markets unraveled following the *Post's* story implicating Global Natural's supply chain, a corporate marriage between Tiryaki, Diasub FZE, and Sunrise Foods International was underway.

Although Cornucopia cannot confirm the timing of the legal affiliation or the terms of the corporate relationship, Canadian corporate disclosures reveal that Ertan Akbulut, CFO of Tiryaki Gida Sanayi ve Ticaret A.S., is also a director of Sunrise Foods International. Suleyman Tiryakioglu, the CEO and Director of Tiryaki Agro, also serves as a director of Sunrise Foods International.[16] Diasub is wholly owned by Tiryaki.[17]

If the May 12, 2017 *Washington Post* story sounded the death knell of Global Natural's inroad into the North American market, the USDA NOP's June 1, 2017 revocation of the certification of Beyaz Agro and Hakan, severed the organized supply chain at its source.[18] Consistent with the findings reported by the *Post*, the USDA ultimately concluded Beyaz Agro and Hakan arranged the export of conventional, fumigated soybeans harvested in Ukraine instead of the organic, Russian soybeans represented in organic certification documents. The soybeans were trans-shipped through Turkey.

Global Natural's lawsuit now appears to be headed nowhere, as its lawyer withdrew as counsel, and Global Natural subsequently failed to answer Agropex's counterclaims against it. As of April 9, 2018 the last of the court filings mailed to Global Natural's address of record have been returned to the sender.

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[15] *Id.* at ¶ 72.
[16] Saskatchewan Corporate Registry, Sunrise Foods International, Inc.
[17] Tiryaki Agro Gida Sanayi Ticaret Anonim Sirketi, 1.07.2017 – 31.12.2017 Donemi Yillik Faaliyet Raporu (Yearly Activity Report); Available at: https://www.kap.org.tr/en/Bildirim/673940 (last visited 6-02-2018).
[18] Revocation of Certification, June 1, 2017, available at: https://www.ams.usda.gov/sites/default/files/media/BeyazAgroRevocation06012017.pdf (last visited 6-02-2018).

After April 27, 2017, Agropex International and Beyaz Agro no longer appear to be active importers of organic grain according to maritime shipping records.

Tiryaki Takeover

Following the demise of the Global Natural/Beyaz Agro/Hakan/Agropex supply chain, Tiryaki's position as the leading importer of bulk vessels of organic corn and soybeans was solidified. By May 2018, Tiryaki or one of its affiliate companies (Sunrise Foods and Diasub) is identified on approximately 60% of the bulk vessel shipments of organic corn and soybeans arriving in the U.S. (*See Exhibit B, Chart of Affiliates/Consignees*.)

Between January 2015 and May 2018, maritime shipping records show that Tiryaki and Diasub FZE shipped over 200,000 metric tons of organic corn to the U.S., constituting approximately 40% of all bulk vessel imports of organic corn and cracked corn. *(See Exhibit D, Graph of Shippers of Bulk Vessels of Organic Corn and Cracked Corn.)*

Diasub appears as the shipper of the organic corn and soybeans carried on the M/V Diana Bolten on September 28, 2017 that was destined for Bellingham, Washington (the "Diana Bolten" shipment).[19]

The Diana Bolten shipment is notable for the heightened scrutiny it received by USDA-APHIS and the apparent change in import strategy employed by Tiryaki and its affiliates, (both topics discussed later in this report). This particular cargo is noteworthy for its association with a Swiss company, Zivana, S.A., as the shipment's consignee. Zivana is another major player in this small, but powerful importing cast of characters. [20]

Who is Zivana, S.A.?

What utility could Zivana, S.A., a Swiss company, with little known connections to the grain industry offer Tiryaki, and its subsidiary Diasub, in the supply chain?

According to Zivana's website, the company sells sausage casings, raw hides and beef in Turkey, Europe, and China.[21] A public records search indicates Zivana is a small family run business managed by Ayhan Zivana, a Turkish businessman, who is married to a Swiss woman, Priska Zivana. Priska Zivana also participates in the business.[22]

The involvement of a Swiss company in agricultural trade, in and of itself, is no surprise, but raises interesting questions about the organic grain trade given the nature of Zivana's stated

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[19] Gallagher, Dave, The Bellingham Herald, *Big Ship Coming to Bellingham; Port hopes more to follow* (Sept. 8, 2017); available at: http://www.bellinghamherald.com/news/local/article171919837.html (last visited June 2, 2018).

[20] Questions regarding the data concerning Zivana, S.A. have been brought to our attention by the commercial database Panjiva, Inc. See the Addendum on page 31 of this report.

[21] http://www.zivana.ch (last visited June 2, 2018).

[22] https://www.swissfirms.ch/en/details/?ENOFI=02504081 (last visited June 2, 2018).

business. Switzerland is a leading hub in the agricultural commodities trade, particularly global transit trade.

Transit trading, where traders buy commodities from suppliers abroad and then sell them to clients abroad, without the goods ever touching Swiss soil, has, at times, been a practice associated with illicit financial activities.[23] Heightened concerns exist in secrecy jurisdictions where related corporate entities have been known to trade amongst themselves, often to avoid taxes or hide profits, or to perpetrate crimes.

The terms of Zivana's business relationship with its trading partners in its role as consignee, and as a company whose stated business is primarily in trading animal hides and sausage casings, are not clear. Could a Swiss company, organized under the laws of a country long known as a secrecy jurisdiction and a vehicle for problematic transit trading be used to shield potential liability for uncertified entities or avert disclosure of paperwork if inquiries might arise? [24] Has the NOP asked? We do not know.

Prior to acting as consignee for Diasub, Zivana is also identified as consignee for shipments of organic "cracked corn" from Feed Factors, a British company. (*See Exhibit B.)* Feed Factors is a wholly owned subsidiary of Lansing Trade Group, a company based in Overland, Kansas.[25] Lansing, along with The Andersons, based outside Toledo, Ohio, also owns Thompsons Limited. Thompsons Limited's affiliate, Thompsons USA,[26] is another company that maritime shipping records indicate acted as consignee in shipments of organic "cracked corn" from Feed Factors.[27] Thompsons USA has also recently surrendered its organic certification, although the circumstances surrounding this change of status are unknown.

Lansing Trade Group, LLC is a financial powerhouse and major grain importer in its own right. Forbes reports that the company had revenues of over $5 billion at the close of 2015 and is one of America's largest private companies.[28] As noted, maritime shipping records show that Zivana has also acted as consignee for organic cracked corn shipped to the U.S. by Feed Factors, a wholly owned subsidiary of Lansing.

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[23] Swiss Academics of Arts and Sciences; *Switzerland and the Commodities Trade: Taking Stock and Looking Ahead* (2016) available at: https://naturalsciences.ch/uuid/4976ba22-e34b-52a5-ad43-5d4b4c594903?r=20180524162801_1527108431_82999975-77c6-54b4-a81c-ff8733ffdb64 (last visited June 2, 2018).

[24] Center for Global Development, *Davos Secrets: Swiss Trade Opacity and Illicit Flows from Developing Countries*; https://www.cgdev.org/blog/davos-secrets-swiss-trade-opacity-and-illicit-flows-developing-countries (Jan. 21, 2014).

[25] http://www.feedfactors.com (last visited June 2, 2018).

[26] Thompsons Limited, available at: http://www.thompsonslimited.com/contact-us/#tab-id-14 (last visited June 15, 2018).

[27] *Lansing Trade Group and The Andersons Acquire Thompsons Limited*, (May 31, 2013); available at: https://ltg.com/who-we-are/news/lansing-trade-group-and-the-andersons-acquire-thompsons-limited (last visited June 2, 2018).

[28] Forbes, America's Largest Private Companies; available at: https://www.forbes.com/companies/lansing-trade-group/ (last visited June 2, 2018).

Between 2015 and May 2018, Zivana is listed as consignee for 139,603 metric tons of corn, which positions it as a major player in grain imports as it is the third most frequently listed consignee for the time period, behind only Perdue Agribusiness and Diasub. (*See Exhibit B.)*

Zivana is not listed as a certified operation in the NOP database, and neither is Feed Factors. Lansing Trade Group's effective date of certification is June 19, 2017.

How many metric tons of "organic corn" and "organic soybeans" flowed into the U.S., imported through a supply chain where shippers, importers, and/or consignees were uncertified entities, and entirely outside the ambit of U.S. organic regulatory control?

Indeed, a troubling loophole exists in the U.S. organic regulations, and, despite calls to close it, the deficiency remains. Some commodity brokers and importers are not required to be certified under U.S. organic regulations, which has allowed organic products to pass through uncertified brokers and distributors, leaving these entities outside the scrutiny of certification. Because the regulations only require a certified operation to verify organic status by tracing back to the last organic certificate holder, an audit-trail gap is created when an uncertified entity is inserted into the supply chain.

Dating back to 2010, the National Organic Standards Board (NOSB) passed a recommendation asking the NOP to articulate their interpretation of existing regulations as to which entities must be certified.[29] The NOSB recommended that the regulations require that grain brokers, traders and distributors be certified if the grains are not packaged and are received from one container or vessel and transported in another.

Almost four years later, the NOP adopted Instruction 5031, which interpreted the regulations to require operations that handle (sell, package, or process) unpackaged grain, other than for transport, be certified. However, the NOP declined to use "ownership" of the product alone as a criterium requiring certification.[30]

U.S. regulations have allowed a porous supply chain where uncertified consignees that never handle the product coordinate trade amongst related corporate entities, some of which could also escape certification requirements. Almost a decade later, the NOP has not exhibited effective enforcement authority or pressed for regulatory changes that ensure every entity in the global supply chain be certified.

The NOP's *Integrity Database* indicates that Diasub's effective date of certification was August 10, 2017 and that it surrendered its certification, less than a year later, on May 15, 2018. According to NOP database searches, Diasub's certifier, EcoCert S.A., updated the NOP on June 7, 2018 that Diasub had surrendered its certification. The database shows that Tiryaki's profile

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[29] National Organic Standards Board Compliance Accreditation and Certification Subcommittee Excluded Operations in the Supply Chain Proposal (Aug. 29, 2017); available at: https://www.ams.usda.gov/sites/default/files/media/CACSExcludedOperationsNOPFall2017.pdf (last visited June 2, 2018).

[30] National Organic Program Handbook, Instruction 5031, available at: https://www.ams.usda.gov/sites/default/files/media/5031.pdf (last visited June 2, 2018).

was updated on June 8, 2018 and that Tiryaki surrendered its organic certification effective January 19, 2017.

The effective date of certification for Sunrise Foods International, Inc. (Saskatchewan) is November 1, 2017. Three divisions of Sunrise Foods International surrendered their organic certifications in July and September of 2016 (Delaware, Oregon, and Washington).
The circumstances surrounding both Diasub's and Tiryaki's surrender of their organic certifications point to egregiously lackluster regulatory oversight by not only the NOP, but also by accredited certifiers.

When a certified entity surrenders or otherwise loses its organic certification, the following question must be asked: Has the decertified entity created, acquired or otherwise positioned another affiliate to use its organic certification for the purpose of gaming the organic system, and perpetuating the related/decertified entity's trade in organics?

Certifiers, and the NOP, must investigate corporate relationships to ensure newly formed or acquired entities, which retain or acquire certification, are not utilized by decertified companies to continue the same dubious trade practices that resulted in the decertification of their affiliates.

There are current restrictions in the regulations preventing "shopping for a certifier" when an operation is the subject of some enforcement action.[31] That same scrutiny very well might not take place when a certified entity sidesteps the prohibition by "surrendering" its certification and then shifts operations under a different chartered corporation.[32] Entities that import organic grains into the U.S. should be required to disclose the nature of both their corporate and trade relationships as a precondition to organic certification.

By the end of 2017, it is clear that Tiryaki and its affiliates have a strong hold on bulk vessel shipments of U.S. organic grain imports. Fewer than ten companies have controlled all bulk shipments of imported organic corn from 2015 to the present with just three, Tiryaki, Diasub, and Zivana being involved in at least 65% of the bulk shipments of organic corn between 2015 and 2017. Lansing's affiliates have imported approximately 9% of total organic cracked corn for these years.

These multinational, multibillion dollar companies and their affiliates dominate organic grain imports. In addition, industry sources have informed Cornucopia that Tiryaki is the primary supplier of organic grain for Feed Factors, the Lansing subsidiary.

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[31] 7 C.F.R. § 205.402(3) requires that certifiers verify that an applicant who previously applied to another certifying agent and received a notice of a noncompliance (or a denial of certification) submit documentation showing the actions the applicant has taken to correct the noncompliance.
[32] 7 C.F.R. § 205.404(d) provides that a certified operation's organic status continues until its surrendered by the organic operation. 7 C.F.R. § 205.402(3)(c) provides that if an "applicant" withdraws its application at any time prior to the issuance of a noncompliance, a noncompliance will not be issued. The regulation, however, does not address the effect of surrendering its previously approved organic certification.

In total, these five companies, Tiryaki, Diasub, Zivana, Lansing, and Feed Factors, are responsible for over 60 % of bulk vessel shipments of organic corn and cracked from 2015 to mid-May 2018.

For the first quarter of 2018 alone, 85% of the bulk vessel shipments of organic corn and cracked corn are attributable to Tiryaki and its affiliates. (*See Exhibit B)*

Import data for bulk shipments of organic soybeans tells a similar story. For the first quarter of 2018, Tiryaki and its affiliates remain dominant, with their imports comprising over 83,000 metric tons of organic soybeans, which amounts to approximately 60% of bulk shipments for the time period. (*See Exhibit B.)*

Who is Tiryaki?

Tiryaki is the leading trader and supply chain manager of agro commodities in Turkey. The company has production and warehousing activities in 14 regions with 18 facilities, and revenues in excess of $1 billion U.S. dollars.[33]

Cornucopia has obtained recent financial filings which show Tiryaki's ownership interest in at least 14 other companies, including operations in Russia.[34] The NOP Integrity database shows Tiryaki's presence in every element of the supply chain, as the company has either itself been identified or names of its employees have been listed as contacts for farms and handling operations in Russia and Kazakhstan.

As noted, in a dramatic series of events in recent weeks, at least five of the operations in which Tiryaki has an ownership interest, or farms with which the company or its employees have been associated, have surrendered their organic certificates. **The farms surrendering their organic certification include those from which the corn aboard the Mountpark was harvested.** Reasonable inferences suggest that the organic integrity of the 25,000 metric ton shipment was compromised given that these operations surrendered their organic certification on the heels of the rejected shipment.

The corn carried aboard the Mountpark originated from the following farms, which have now, only weeks after the vessel arrived in U.S. waters, surrendered their organic certification: Azarnof Nikolay Viktorovic (Russian); Taiynsha-Astyk LLP (Kazakhstan); and WeTrade Agro SRL (Moldova).

In addition to these operations, five more Tiryaki affiliated operations surrendered their organic certification. On May 10, 2018, CIS Limited, a Russian company in which Tiryaki claims a 99%

[33] Tiryaki webpage (About Us); available at: http://www.tiryaki.com.tr/who-we-are/about-us/ (last visited 6-02-2018).
[34] Tiryaki Agro Gida Sanayi Ticaret Anonim Sirketi, 1.07.2017 – 31.12.2017 Donemi Yillik Faaliyet Raporu (Yearly Activity Report); Available at: https://www.kap.org.tr/en/Bildirim/673940 (last visited 6-02-2018).

interest, surrendered its organic certification, as did the Alexander Sokolov Farm, which is also located in Russia.

Although Sokolov is not listed in Tiryaki's 2017 financial records Zihni Guder, an Organic Agricultural Production Manager, for Tiryaki was identified as the farm's point of contact in the NOP Integrity database. Mr. Guder was also listed as the contact for Mirad Abdrahimov, an operation in Kazakhstan that surrendered its certification on May 10, 2018. Two other Russian operations, Nikolay Ivanovich Kovalenko and Sergey Bukin, also surrendered their organic certification on May 10, 2018. Both of these operations identified Tiryaki's Guder as the point of contact.

The rash of Tiryaki associated operations that simultaneously surrendered their organic certification status in May 2018 were not the first to do so. NOP database records show that in 2016 three Russian operations that appear to be affiliated with Tiryaki surrendered their organic certification and an additional operation was suspended.[35] Since 2016, a dozen operations with a documented connection to Tiryaki have surrendered their organic certification or had it suspended.

The question becomes what gave rise to the surrender of these certificates? And, why the timing of the surrender on the heels of the U.S. governmental authorities' rejection of the Mountpark shipment? How much corn was harvested from these Russian and Eastern European farms and sold as organic in the U.S. to unsuspecting consumers who bought products, like eggs, dairy products, or meat that were potentially not organic and paid the premium, and how did this grain make its way to the U.S.?

Like many traders, Tiryaki uses free trade zones such as the one in Trazbon, Turkey, to move commodities throughout the supply chain. Free trade zones are used by legitimate businesses, and, at times, by illicit actors. Because free trade zones are outside of a country's customs borders, financial incentives, such as exemptions from certain duties and taxes, can result in a reduction in trade controls. The reduction in trade controls can also create a climate conducive to money laundering, commodity laundering, and various illegal activities.[36] Organic grains are also moving through free trade zones in the UAE, the location of the corporate headquarters of Diasub. Since 2018, over 75% of bulk shipments of organic corn have been reported as originating in the UAE. (*See Exhibit A, Chart of Origination of Bulk Shipments, 2014-2018.)*

There are two types of free trade zones in Turkey: semi-private and private. In private free trade zones, the land is owned by the operator company and goods can remain in free trade zones for an unlimited period of time. Free trade zones are often used to facilitate the trade of agricultural commodities.

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[35] The NOP database identifies the following operations: Sergey Vilademirovich (Tiryaki Russia—suspended 11/09/2016; Sergy Bukin (Tiryaki Russia—surrendered 12/01/2016); Valeriy Victorovich Borisov (Tiryaki Russia—surrendered 11/09/2016); Tiryaki RU Ltd (surrendered 5/20/2016).
[36] Financial Action Task Force Report, *Money Laundering Vulnerabilities of Free Trade Zones* (March 2010); available at: http://www.fatf-gafi.org/media/fatf/documents/reports/ML%20vulnerabilities%20of%20Free%20Trade%20Zones.pdf

In 2012, the Turkish government seized purportedly "organic" rice in Mersin, a province where one of Turkey's twenty-one free trade zones is located. Several individuals were arrested in connection with the shipment.[37] Tiryaki's 2017 financial filings reference a 2012 controversy involving a shipment of GMO rice that it had imported from Russia to be use in animal feed.[38]

Tiryaki's enormous footprint in the agricultural commodities trade shows no signs of shrinking. It has been reported that the European Bank for Reconstruction and Development (ERBD) and the Dutch development bank, FMO, are providing a $65 million loan to enable Tiryaki to increase its organic production volume and export markets. The ERBD has been a shareholder in Tiryaki since 2012 and has contributed $46.5 million in financing.[39]

Tiryaki also has a partnership with Investcorp, a Bahrain-based manager of alternative investment products. Investcorp reports it has made investments of close to $1.6 billion in the Middle East and North Africa, including Turkey.[40] In 2012, Investcorp had $11.5 billion in assets under its management.[41] The equity group has made capital investments in Tiryaki exceeding $50 million.[42] Two of Tiryaki's board members are also managing directors of Investcorp.[43]

Can Cracking Corn Cover Corruption?

When it comes to importing organic corn into the U.S., why might a company find it advantageous to ship through Turkey, in addition to the financial advantages a Turkish free zone could offer?

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[37] Three Arrested Over GMO Rice in Southern Turkey (April 9. 2013); available at: http://www.hurriyetdailynews.com/three-arrested-over-gmo-rice-in-southern-turkey-44546; (last visited June 2, 2018).

[38] Tiryaki Agro Gida Sanayi Ticaret Anonim Sirketi, 1.07.2017 – 31.12.2017 Donemi Yillik Faaliyet Raporu (Yearly Activity Report); available at: https://www.kap.org.tr/en/Bildirim/673940 (last visited 6-02-2018).

[39] European Bank for Reconstruction and Development, *ERBD Boosts Leading Turkish Agricultural Firm*, Tiryaki Agro (March 29, 2018) available at: http://www.ebrd.com/news/2018/ebrd-boosts-leading-turkish-agricultural-firm-tiryaki-agro.html (last visited June 2, 2018).

[40] Investcorp Holds its MENA and Turkey CEO Conference for the First Time in the Gulf; https://www.investcorp.com/news-and-media/article/investcorp-holds-its-mena-and-turkey-ceo-conference-for-the-first-time-in-t (last visited June 2, 2018).

[41] Investcorp acquire minority stake in Turkish food producer (Jan. 6, 2014); available at https://www.reuters.com/article/investcorp-turkey/investcorp-acquires-minority-stake-in-turkish-food-producer-idUSL6N0KH09620140107 (last visited June 2, 2018).

[42] Investcorp to invest $50 million in Tiryaki AGro, Turkey's leading agro trader; (Sept. 29, 2010) available at: https://www.investcorp.com/news-and-media/article/investcorp-to-invest-50-million-in-tiryaki-agro-turkeys-leading-agro-trader (last visited June 2, 2018).

[43] Tiryaki Board of Directors; available at: http://www.tiryaki.com.tr/who-we-are/board-of-directors/; Investcorp Management, available at; https://www.investcorp.com/docs/uploads/investor-presentations/Senior_management_Updated_Oct_2014.pdf (last visited June 2, 2018).

According to a EUROPOL report, some Turkish companies have been involved in relabeling or repackaging product as organic, even though the product does not meet organic standards.[44]

The source of concern is that the organic commodities are not really harvested in Turkey but are harvested in other Eastern European countries where reported organic acreage, or lack thereof, cannot possibly support organic production export numbers.

An analysis of available data on production numbers in Romania and Turkey, for example, are highly indicative of fraud. Cornucopia undertook an analysis of the production numbers in these countries, compared to reported exports, and found gross inconsistencies. Based on available data sources, in the year 2015, the U.S. imported over three and half times as much organic corn as Turkey produced. (*See Exhibit E, Comparison of Production and Import Data: Romania and Turkey.)*

The only logical conclusion is that the "organic" product cannot be authentic or that the lack of consistent, consolidated, and uniform reporting standards creates such ambiguity the data cannot be accurately evaluated.

Data on organic acreage in Russia is equally problematic. The Research Institute of Organic Agriculture, an independent, non-profit that focuses on organic farming data collection, reports that in 2016 there were 4,852.60 hectares (11,861 acres) of Russian land dedicated to organic corn production. Not only is there no yield data for Russia, the country does not collect data on organic agriculture.[45] (*See Exhibit F, Organic Acreage for Russia, Moldova, and Kazakhstan.)*

The question becomes whether U.S. laws should even allow organic grains harvested in countries without sufficient regulatory controls or data collection.

Additionally, there is no requirement that certifiers collect and report aggregate production, and there is no tracking of acreage or yield data from which reasonable yield estimates can be derived on a country-by-country basis.

For an unscrupulous actor intent on shipping uncertified corn grown in prohibited countries, shipping corn seed through Turkey could provide an end-run around government oversight to import uncertified organic commodities or to mix uncertified commodities with certified.

Two quarantine regulations specify the conditions under which raw corn seed (shelled corn kernels), conventional or organic, can be imported in the United States.[46] Generally, an importer must obtain a permit from the USDA to bring corn seed into the United States, with the sole exception of corn originating in New Zealand.

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[44]Europol, 2017 Situation Report on Counterfeiting and Piracy in the European Union; available at: https://www.europol.europa.eu/publications-documents/2017-situation-report-counterfeiting-and-piracy-in-european-union (last visited June 2, 2018).

[45] Mitusova, Y. and Buyvolova, Eurasian Center for Food Security, *Development of Organic Agriculture in Russia*, (Jan. 2018).

[46] 7 CFR § 319.24 and § 319.41.

The USDA issues permits to import corn seed for purposes other than planting (i.e., for livestock feed) from Argentina, Canada, Paraguay, Romania, Turkey, and Uruguay. However, importation of corn seed from all other countries, such as Russian, Moldova, and Kazakhstan, is prohibited.

So as not to be considered corn "seed," and outside the prohibition, the corn must undergo sufficient "processing." What constitutes sufficient processing depends upon the makeup of the shipment as determined by a USDA agricultural specialist. The determination of whether shipments contain too many whole kernels to be considered sufficiently "processed" is at the discretion of USDA agricultural specialists. Agricultural specialists use the definitional parameters contained in the "Miscellaneous and Processed Products Manual" in rendering their decisions.[47]

An unscrupulous actor desiring to import uncertified "organic" corn and grown in prohibited countries might find it advantageous to institute the following plan:

Obtain a permit from the USDA to import corn seed into the U.S. from Turkey. On shipping documents, identify uncertified corn grown in Russia, or another prohibited country, as originating in Turkey. Import the corn under the terms of the USDA permit allowing Turkish corn and identify it as of Turkish origin.

If all goes as planned, the permit diffuses questions that might otherwise arise about where the corn was grown. After all, a permit exists for Turkish corn, and the shipping documents indicate Turkish origin. Because the U.S. does not require that certifiers issue uniform and comprehensive transaction certificates identifying the farm, nor is complete trace-back required from a fully certified supply chain, the regulations invite fraud.

Better yet, to ensure the corn gets across the U.S. border, it might be prudent to crack it. If border inspections reveal that the corn was grown in a prohibited country, the "cracking" status provides cover because there are no country-based restrictions on its import as long as it is sufficiently processed.

Worst case scenario, if the corn's fake organic status is uncovered, the corn, if sufficiently processed, can still cross U.S. borders and be sold as conventional. While this is not an ideal scenario for the unscrupulous trader that wants a premium on fraudulent organics, at least the product can still be sold and has salvage value. Indeed, "cracking" adds a layer of cover in an environment where incoming shipments, particularly of unprocessed corn, are increasingly scrutinized.

To date, of the scores of massive ships that have reached our shores, it does not appear U.S. government officials have initiated the investigation of the organic status of any bulk shipments for purposes of ferreting out organic fraud. Aside from the incident uncovered by the *Post*, no bulk shipment has been publicly disclosed to have been investigated for compliance with organic regulations.

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[47] Miscellaneous and Processed Products Import Manual, available at: https://www.aphis.usda.gov/import_export/plants/manuals/ports/downloads/miscellaneous.pdf (last visited June 2, 2018.

Organizations such as OFARM and Cornucopia, and U.S. organic farmers suffering at the hands of importers gaming the system, have implored the USDA to employ stricter enforcement, and have had to resort to conducting their own investigations and reporting suspicious shipments of corn to the USDA.

One reported shipment was the freighter Diana Bolten heading for Bellingham, Washington in September 2017.[48]

The Diana Bolten, carried a shipment of over 19,000 metric tons of whole corn seed, and was shipped by Diasub, FZE, Tiryaki's organic division. It has been reported that the corn shipment ran into trouble in Bellingham when APHIS inspectors examined the shipment and discovered the corn seed originated in Kazakhstan, a prohibited country. It appears the vessel was diverted to Stockton, California and the corn never reached U.S. soil for distribution.

Ever since the Diana Bolten debacle, the shipments of organic corn by Tiryaki or its affiliates have been labeled "cracked." Notably it was "cracked corn" imported by Sunrise Foods, (Tiryaki's recently acquired affiliate), which became the subject of the lawsuit involving the Mountpark, on which Cornucopia released the details publicly in a news release in April 2018.

Court records show that APHIS informed Sunrise that cracked corn would be denied entry into the U.S. if it was harvested in a prohibited country and if one whole kernel occupies the shipment. "No whole kernels" and no processing "after the fact."[49]

If the processing standard disallowing any whole kernels is adhered to, as APHIS officials indicated, millions of dollars of organic corn imports originating in countries like Russia, Moldova, and Kazakhstan could be affected.

Will the next wave of imported corn be crushed?

Reclaiming Organic Grain Markets/Rescuing Confidence

Without stronger regulatory controls and vigilant enforcement, the future of curbing import fraud remains bleak, as do opportunities for incentivizing new domestic grain producers to enter the organic market.

U.S. organic regulations must, at a minimum (1) require all entities in the supply chain be certified; (2) require certifiers to report aggregate production areas and yields; (3) require certified entities to complete full audit tracebacks; (4) require uniform and standardized transaction certificates that identify the producers and require these documents follow the shipment; and (5) require pesticide residue and GMO testing of any bulk shipment of "organic"

[48] Bobbe, John. "Three years and farm losses totaling hundreds of millions of dollars later!" The Milkweed, (Dec. 2017, p. 11).
[49] 3-16-2018 Email from Norm Mullaly (APHIS State Operations Coordinator) to Matt Nicoletti (Penny-Newman).

grain, that meets certain minimum volume or monetary value thresholds, and is presented for import at ports, docks, and border crossings of the United States.

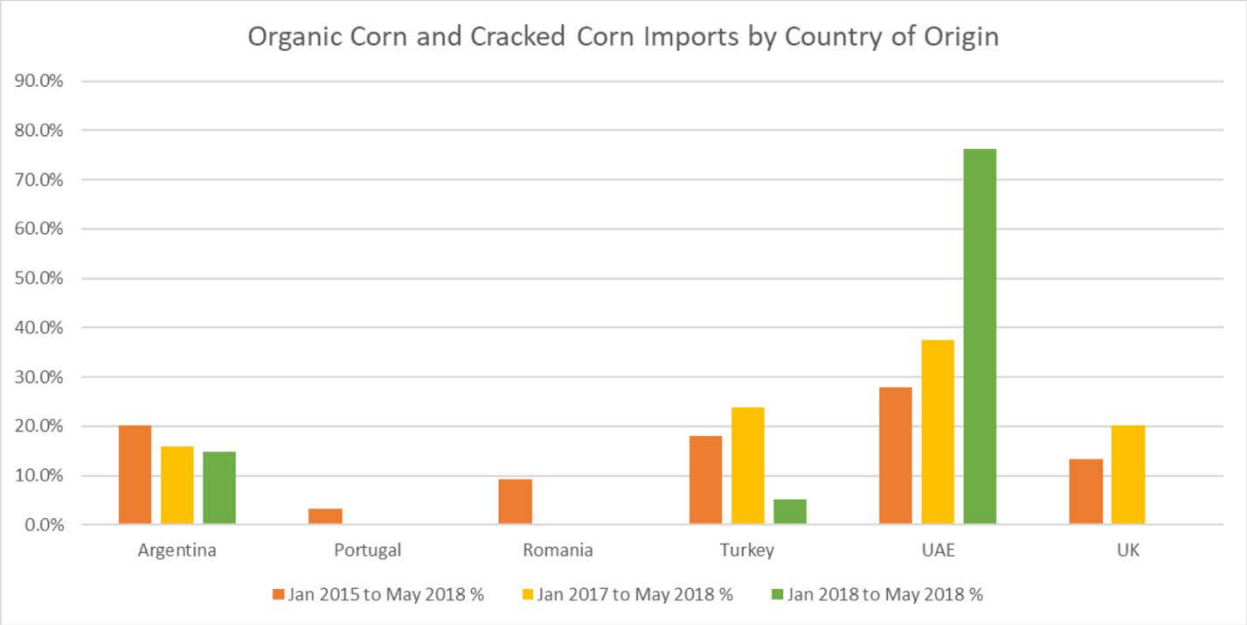
Sophisticated and complicated supply chains coupled with regulatory and enforcement failures leave U.S. markets vulnerable and discourage new U.S. producers from transitioning to organic. If new domestic grain producers do not enter the market, having been shut out in recent years by the voluminous competition from imports, the U.S. will remain beholden to importing organic grain grown overseas and continue to line the pockets of the mighty few.

Whether fraud can be shown or not in a particular transaction, the open U.S. market tainted by failed import controls, has created an endemic feeling of distrust. While domestic producers welcome fair competition, it's difficult to accept the current market where more questions exist than answers—where overseas production numbers cannot be reconciled with import numbers.

Until stronger enforcement engenders confidence, the old adage "figures don't lie, but liars will figure" will continue to overshadow imports of organic grain into the U.S. However, legislative reform backed by unrelenting enforcement mechanisms could promote a renewed confidence that can help ensure the system is falling into place, and no longer falling apart.

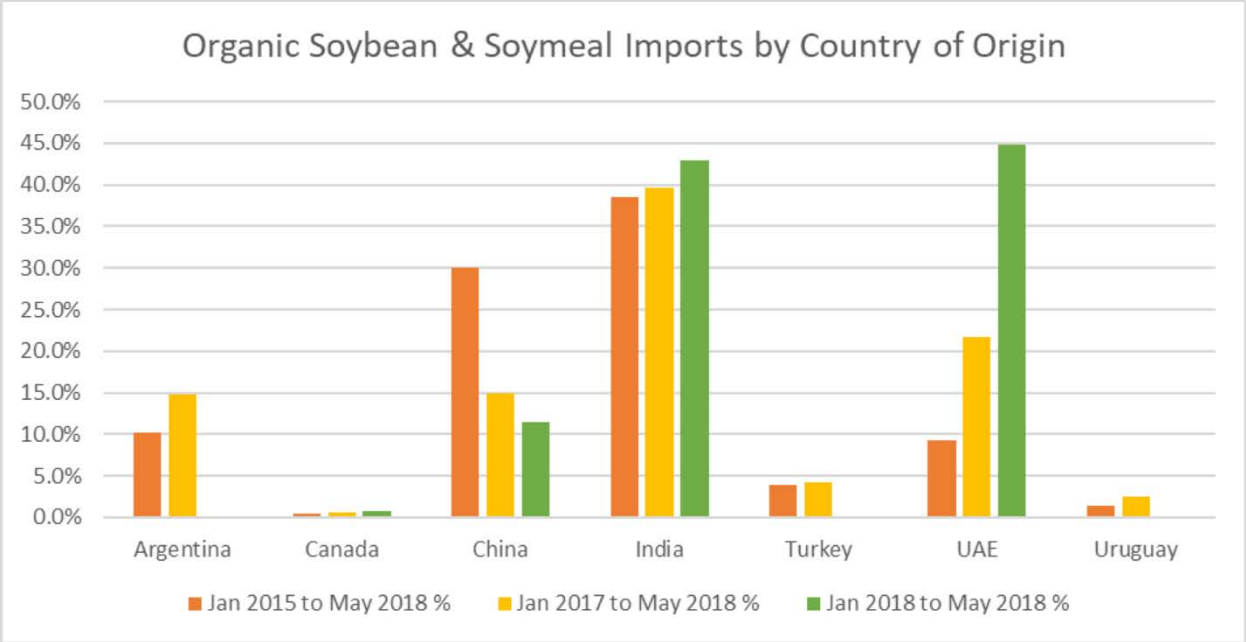
EXHIBIT A

Country of Origin—Bulk Shipments of Organic Corn & Organic Cracked Corn



Organic Corn and Cracked Corn Imports by Country of Origin						
Listed Country of Shipment Origin	Jan 2015 to May 2018 (MT)	%	2017 to May 2018 (MT)	%	Jan 2018 to May 2018 (MT)	%
Argentina	153,929	20.1%	74,741	16.0%	24,544	14.9%
Austria	179	0.0%	50	0.0%		0.0%
Bahamas	239	0.0%	19	0.0%	19	0.0%
Belgium	2,357	0.3%	624	0.1%		0.0%
Brazil		0.0%		0.0%		0.0%
Bulgaria	7,521	1.0%		0.0%		0.0%
Canada	21	0.0%		0.0%		0.0%
Chile	441	0.1%		0.0%		0.0%
China	1,180	0.2%	567	0.1%	337	0.2%
Colombia	779	0.1%		0.0%		0.0%
Hong Kong	76	0.0%		0.0%		0.0%
Iraq	12,505	1.6%		0.0%		0.0%
Italy	3,964	0.5%	3,052	0.7%	1,454	0.9%
India	13,459	1.8%	1,164	0.2%	1,164	0.7%
Mexico	252	0.0%	252	0.1%	125	0.1%
New Zealand	5,886	0.8%		0.0%		0.0%
Panama	684	0.1%	486	0.1%	270	0.2%
Portugal	25,233	3.3%	1,105	0.2%	117	0.1%
Romania	71,067	9.3%		0.0%		0.0%
Saint Martin	88	0.0%		0.0%		0.0%
South Korea	4,165	0.5%	570	0.1%	555	0.3%
Spain	7,855	1.0%	3,715	0.8%	2,178	1.3%
Turkey	137,876	18.0%	111,925	23.9%	8,471	**5.1%**
UAE	213,297	27.9%	175,269	37.5%	125,669	**76.2%**
UK	102,315	13.4%	94,363	20.2%		0.0%

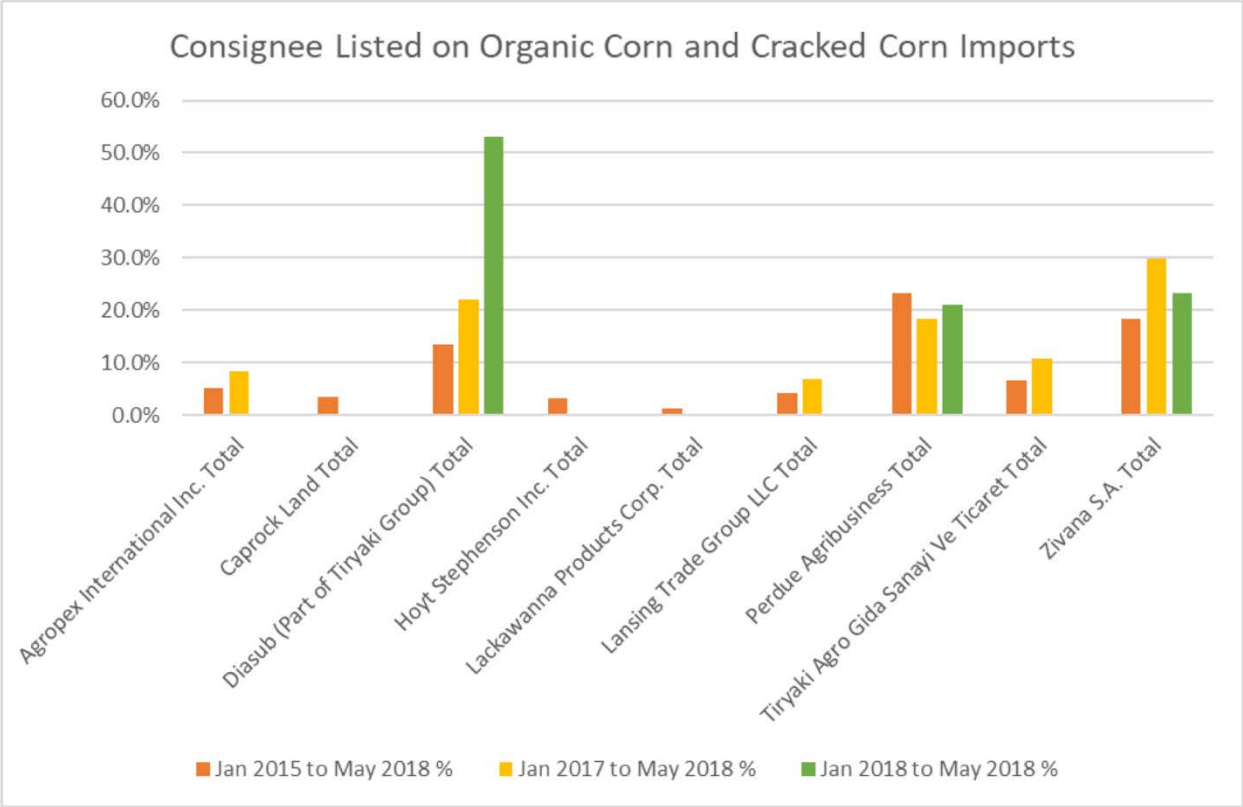
Country of Origin—Bulk Shipments of Organic Soybeans



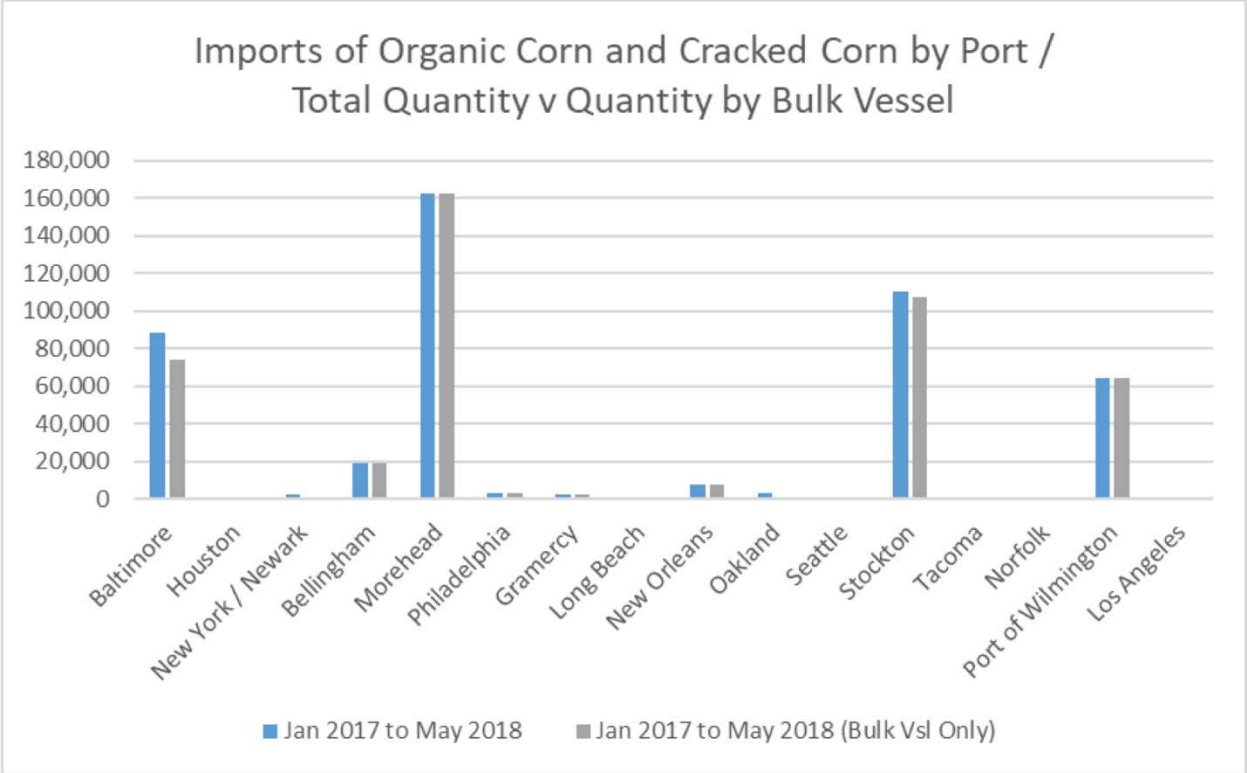
Organic Soybean and Soymeal Imports by Country of Origin						
Listed Country of Origin (Major Origins)	**Jan 2015 to May 2018**	**Jan 2015 to May 2018 %**	**Jan 2017 to May 2018**	**Jan 2017 to May 2018 %**	**Jan2018 to May 2018**	**Jan2018 to May 2018 %**
Argentina	115,666	10.2%	70,829	14.7%	0	0.0%
Canada	4,536	0.4%	2,728	0.6%	1,269	0.8%
China	338,864	30.0%	71,674	14.9%	17,860	11.5%
India	434,588	38.5%	190,397	39.6%	66,605	42.9%
Turkey	43,930	3.9%	20,368	4.2%	66	0.0%
UAE	105,039	9.3%	104,529	21.7%	69,579	**44.8%**
Uruguay	15,784	1.4%	11,883	2.5%	20	0.0%

EXHIBIT B

CONSIGNEES OF BULK SHIPMENTS OF ORGANIC CORN & CRACKED CORN

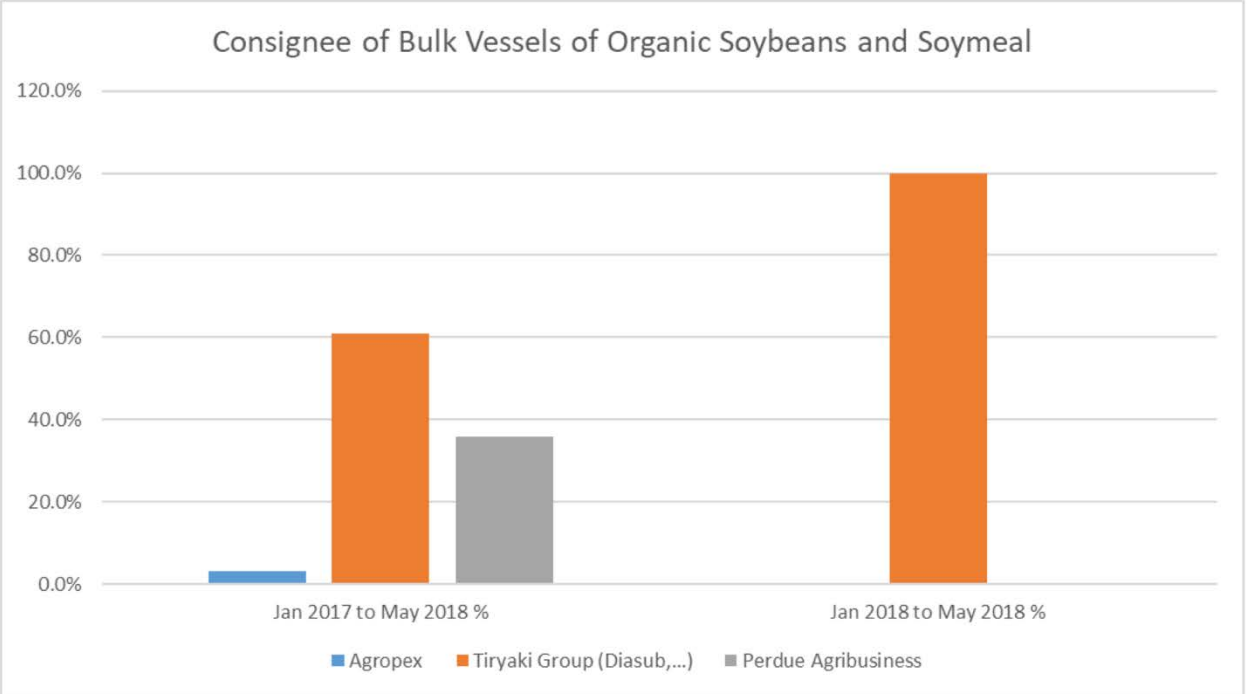


Consignee of Bulk Vessels of Organic Corn and Cracked Corn Imports						
Consignee of Bulk Vessel Corn / Cracked Corn	**Tonnes (Corn Via Bulk Vessel Jan 2015 to May 2018)**	**%**	**Tonnes (Corn Via Bulk Vessel Jan 2017 to May 2018)**	**%**	**Tonnes (Corn Via Bulk Vessel Jan 2018 to May 2018)**	**%**
Agropex International Inc	38,860	7.0%	38,860	11.7%		0.0%
Diasub (part of Tiryaki Group)	146,724	26.4%	47,201	14.2%	84,323	**58.5%**
Lansing Trade Group	50,046	9.0%	31,500	9.5%		**0.0%**
Zivana	139,603	25.1%	139,603	42.0%	38,340	**26.6%**
Hoyst Stephenson	24,400	4.4%	0	0.0%		0.0%
Perdue Agribusiness	155,679	28.0%	75,486	22.7%	21,448	14.9%
Totals	555,312	100.0%	332,650	100.0%	144,111	100.0%
Consignee Companies with an Association on Importing of Bulk Vessel Corn	**Tonnes (Corn Via Bulk Vessel Jan 2015 to May 2018)**	**%**	**Tonnes (Corn Via Bulk Vessel Jan 2017 to May 2018)**	**%**	**Tonnes (Corn Via Bulk Vessel Jan 2018 to May 2018)**	**%**
Agropex International Inc	38,860	7.0%	38,860	11.7%	0	0.0%
Tiryaki Group (Diasub,Sunrise Foods Int'l), & Zivana, & Lansing Trade Group	336,373	**60.6%**	218,304	**65.6%**	122,663	**85.1%**
Hoyst Stephenson	24,400	4.4%	0	0.0%		0.0%
Perdue	155,679	28.0%	75,486	22.7%	21,448	14.9%
Totals	555,312	100.0%	332,650	100.0%	144,111	100.0%



CONSIGNEES OF BULK SHIPMENTS OF ORGANIC SOYBEANS (2015-MAY 2018)

Consignee of Organic Soybeans and Soymeal Imports			
Consignee (Listed)	**Jan 2015 to May 2018**	**Jan 2017 to May 2018**	**Jan 2018 to May 2018**
Tiryaki Group (Sunrise Foods Int'l, Diasub) & Zivana	210,834	170,794	**95,110**
Perdue	183,009	105,932	10,039
Caprock	125,395	41,404	10,287
Bushman	58,081	5,270	0
Cashton Farm Supply	52,020	23,008	8,749
Consignee (Listed)	**Jan 2015 to May 2018 %**	**Jan 2017 to May 2018 %**	**Jan 2018 to May 2018 %**
Tiryaki Group (Sunrise Foods Int'l, Diasub) & Zivana	20.9%	39.1%	**61.2%**
Perdue	16.2%	22.0%	6.4%
Caprock	11.1%	8.6%	6.5%
Bushman	5.1%	1.1%	0.0%
Cashton Farm Supply	4.6%	4.8%	5.5%



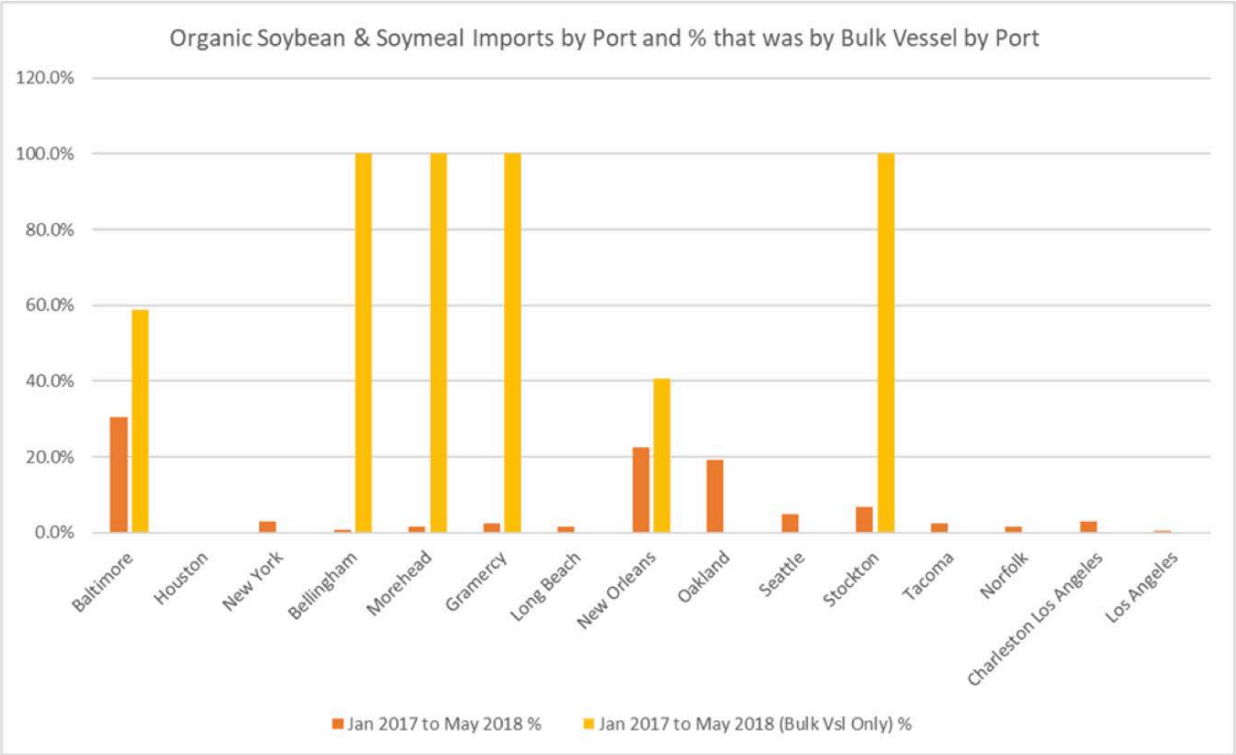

Organic Soybean & Soymeal Imports by Port and % that was by Bulk Vessel by Port
120.0%
100.0%
80.0%
60.0%
40.0%
20.0%
0.0%
Baltimore
Houston
New York
Bellingham
Morehead
Gramercy
Long Beach
New Orleans
Oakland
Seattle
Stockton
Tacoma
Norfolk
Charleston Los Angeles
Los Angeles
Jan 2017 to May 2018 %
Jan 2017 to May 2018 (Bulk Vsl Only) %

EXHIBIT C

BULK SHIPMENTS OF ORGANIC CORN IMPORTS BY MONTH

Vessel Arrival Month	MT
May-18	17,400
Apr-18	20,600
Mar-18	45,423
Feb-18	21,448
Jan-18	39,240
Dec-17	21,752
Nov-17	0
Oct-17	58,115
Sep-17	55,911
Aug-17	0
Jul-17	31,966
Jun-17	21,000
May-17	15,753
Apr-17	17,860
Mar-17	46,395
Feb-17	0
Jan-17	19,272
Dec-16	0
Nov-16	24,444
Oct-16	10,264
Sep-16	0
Aug-16	8,961
Jul-16	0
Jun-16	39,923
May-16	21,000
Apr-16	0
Mar-16	0
Feb-16	0
Jan-16	6,498
Dec-15	0
Nov-15	0
Oct-15	0
Sep-15	0
Aug-15	0
Jul-15	0
Jun-15	0
May-15	12,050

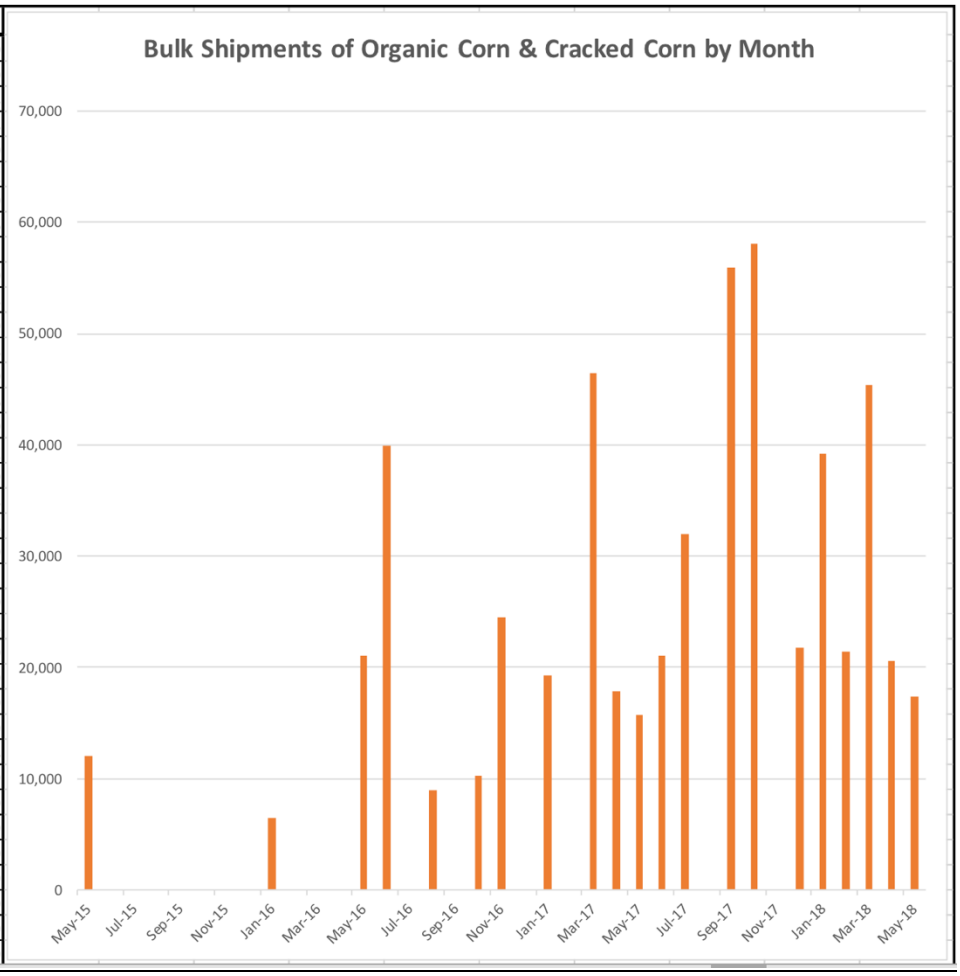
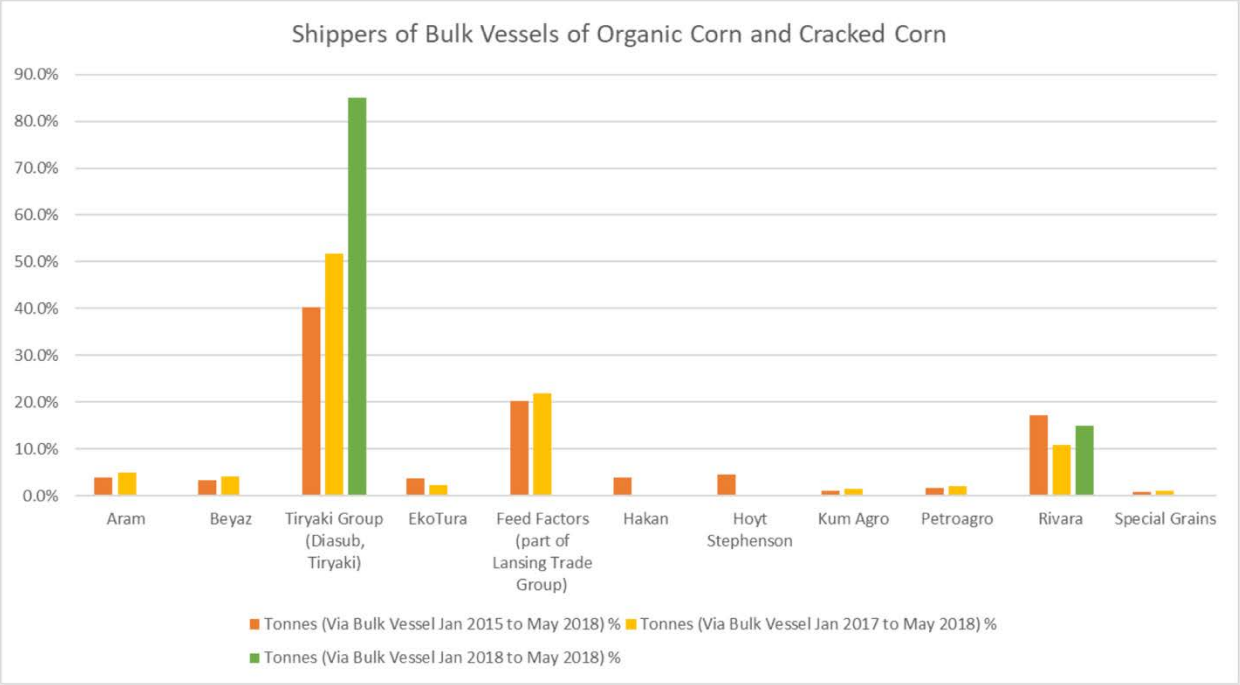
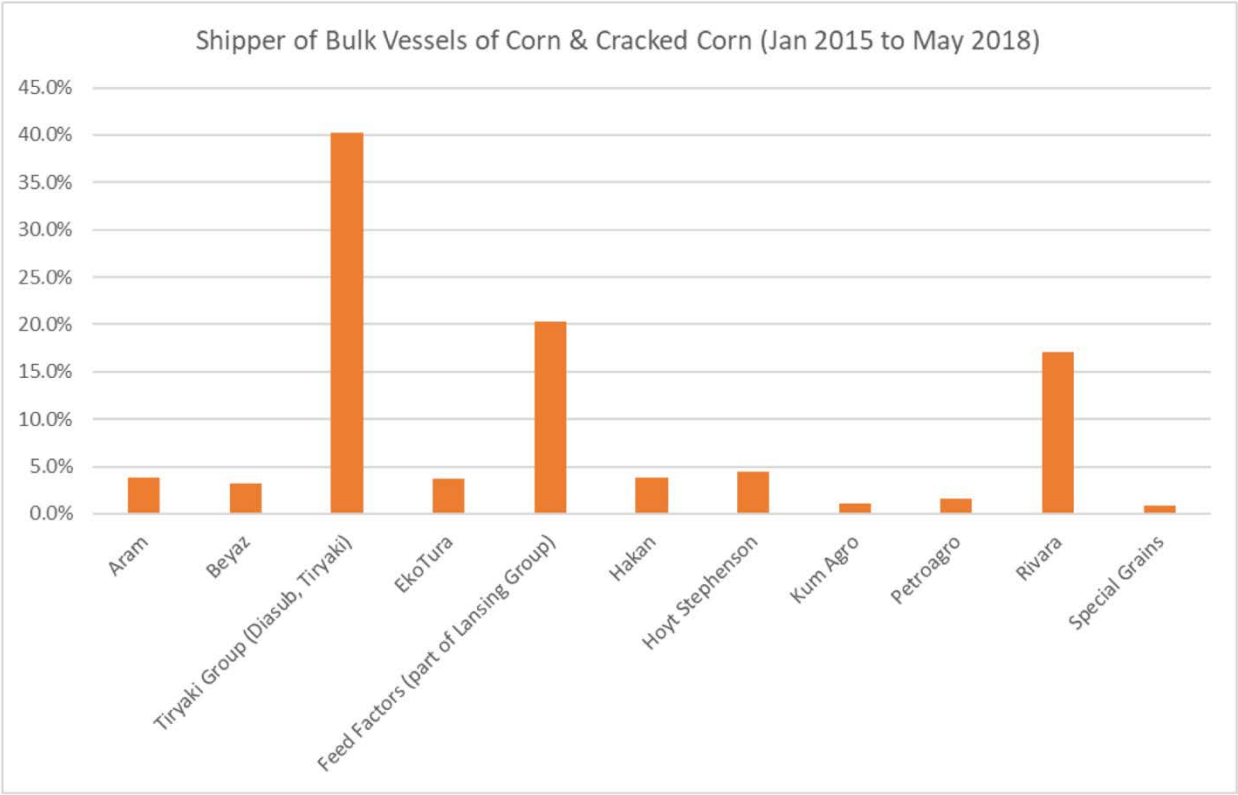


EXHIBIT D

SHIPPERS OF ORGANIC CORN & CRACKED CORN





Shippers of Bulk Vessels of Organic Corn & Cracked Corn	
Reported Shipper of Bulk Vessel Corn & Cracked Corn (Jan 2015 to May 2018)	**% of Bulk Corn & Cracked Corn Vessels**
Aram	3.8%
Beyaz	3.2%
Tiryaki Group (Diasub, Tiryaki)	**40.2%**
EkoTura	3.6%
Feed Factors (part of Lansing Group)	20.3%
Hakan	3.8%
Hoyt Stephenson	4.4%
Kum Agro	1.1%
Petroagro	1.6%
Rivara	17.1%
Special Grains	0.8%

EXHIBIT E

ORGANIC CORN PRODUCTION AND IMPORT DATA: TURKEY AND ROMANIA

The following information is included to show the inadequacy in organic acreage and organic trade reporting and the necessity that the USDA require certifiers to collect and report acreage and yield data. While organic corn data alone, for Turkey and Romania, strongly indicates that fraud is occurring in these areas, the lack of consistent, consolidated, and uniform reporting standards, illustrates the underlying problem.

To conduct this analysis, it was necessary to compile information from three separate data sources. The organic hectares information was available through The Research Institute of Organic Agriculture (German: ***Forschungsinstitut für biologischen Landbau***, in short: **FiBL**). FiBL is an independent, non-profit, research institute that focuses data *collection* on organic farming. FiBL is one of the most frequently quoted sources in scientific, technical, and descriptive papers on organic agriculture.

U.S. import data was retrieved through the USDA's Foreign Agricultural Service (FAS). The FAS tracks organic imports of certain commodities, including (1) organic soybeans except seed; (2) organic durum wheat not seed; and (3) organic yellow dent corn, except seed. The imports are tracked by "values in thousands of dollars." The database is searchable by value and quantity of commodity imported.

The production data is available through Eurostat. Eurostat is the statistical office of the European Union whose job is to provide statistical information to the institutions of the EU. Eurostat's database includes statistics on organic crop production by country, for certain categories of organic crops including (1) cereals for the production of grain (including seed, excluding rice); (2) wheat and spelt; and (3) grain maize & corn-cob-mix. The data is compiled yearly and recorded as tonnage produced.

Using this information, as shown in the charts below, the numbers indicate that the United States is importing more organic corn than these countries are producing. Accurate production and yield data are critical in a risk-based system designed to ferret out bad actors and identify areas of enhanced enforcement activities.

CORN HECTARES ORGANIC LAND: TURKEY AND ROMANIA

FiBL—Organic Data Network

Item Element

Country

Year

Country	Year	Item / Element	Grain maize and corn cob mix			
			Organic area [ha]	Organic area fully converted [ha]	Organic area share [%]	Organic area under conversion [ha]
Romania	2012		33'759.00	15'610.00	1.24	18'149.00
	2013		32'199.45	17'895.38	1.28	14'304.07
	2014		27'860.62	17'824.79	1.11	10'035.83
	2015		23'137.00	15'077.00	0.89	8'060.00
	2016		16'643.00	11'238.00	0.65	5'405.00
Turkey	2012		5'310.99	2'140.48	0.85	3'170.51
	2013		6'082.90	3'089.69	0.92	2'993.20
	2014		4'572.87	2'029.11	0.70	2'543.76
	2015		5'037.73	2'677.71	0.73	2'360.02
	2016		3'183.27	1'930.36	0.47	1'252.91

ORGANIC CORN IMPORTS in METRIC TONS from TURKEY AND ROMANIA

FAS—U.S. IMPORTS

Partner			Product	UOM	2013 Value	2013 Qty	2014 Value	2014 Qty	2015 Value	2015 Qty	2016 Value	2016 Qty	2017 Value	2017 Qty	Jan - Feb 2017 Value	Jan - Feb 2017 Qty	Jan - Feb 2018 Value	Jan - Feb 2018 Qty
Romania	1	+	Organic Yellow Dent Corn, Except Seed	MT	545,300	917.7	11,603,619	28,541.1	53,459,652	148,184.3	13,907,333	55,927.9	7,428,820	24,608.0	0	0.0	257,400	528.0
Turkey	1	+	Organic Yellow Dent Corn, Except Seed	MT	0	0.0	6,796,836	15,028.0	36,355,387	105,738.6	117,817,892	399,287.1	80,362,575	260,819.1	18,508,315	68,221.9	294,837	748.0
Grand Total				MT	545,300	917.7	18,400,455	43,569.1	89,815,039	253,922.9	131,725,225	455,215.0	87,791,395	285,427.1	18,508,315	68,221.9	552,237	1,276.0

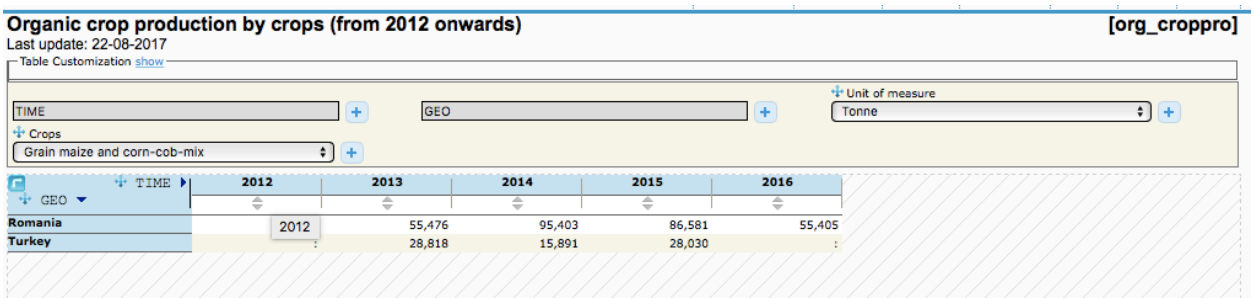
Notes:

1. Data Source: U.S. Census Bureau Trade Data
2. All zeroes for a data item may show that statistics exist in the other import type. Consumption or General.
3. Organics-Selected: The organic product group only includes selected codes.
4. Total Organics-Selected: This total represents the sum of all available organic codes in a given year. When comparing this statistic between years, note that the total can be affected by codes that have been added or subtracted.
5. Users should use cautious interpretation on QUANTITY reports using mixed units of measure. QUANTITY line items will only include statistics on the units of measure that are equal to, or are able to be converted to, the assigned u commodities.
6. Product Group : Organics-Selected

UOM Conv. Factor Name Edit

ORGANIC CORN PRODUCTION IN TURKEY AND ROMANIA

EUROSTAT



Conclusions

Turkey/Corn (Assuming Corn = Grain-Maize Corn Cob Mix) (MT = Metric Tons)

	2013	2014	2015
US Imported (MT)	0	15,028	105,738
Value of Import	0	7 million	36 million
Turkey Produced (MT)	28,818	15,891	28,030
Hectares fully Converted	3089.69	2029.11	2677.71

Conclusion: If the data sources are accurate and "corn" is "corn," then the numbers indicate that in 2015, the US imported far more organic corn from Turkey than Turkey produced. Fraud is indicated.

Romania/Corn (Assuming Corn = Grain-Maize Corn Cob Mix) (MT = Metric Tons)

	2013	2014	2015
US Imported (MT)	917.7	28,541	**148,184**
Value of Import	1 million	12 million	**53 million**
Romania Produced (MT)	55,476	95,403	**86,581**
Hectares Fully converted	17,895.38	17,824.79	**15,077.00**

Conclusion: Assuming "corn" can be fairly compared between the databases, the data shows the U.S. imported over 1.7 times the amount of corn Romania produced. Fraud is indicated.

EXHIBIT F

ORGANIC CORN AND SOYBEAN ACREAGE: RUSSIAN FEDERATION, MOLDOVA, KAZAKHSTAN

FiBL Statistics

ABOUT WORLD EUROPE DATA INFO CONTACT/SITE INFO

Country

Year

		Item	Grain maize and corn cob mix				Soybeans			
		Element	Organic area [ha]	Organic area fully converted [ha]	Organic area share [%]	Organic area under conversion [ha]	Organic area [ha]	Organic area fully converted [ha]	Organic area share [%]	Organic area under conversion [ha]
Country	Year									
Kazakhstan	2011						6'528.00	6'528.00	9.33	
	2012		100.00	100.00	0.10		9'393.90	6'528.00	11.14	2'865.90
	2013		100.00	100.00	0.09		9'393.90	6'528.00	9.11	2'865.90
	2014		100.00	100.00	0.08		9'393.90	6'528.00	8.07	2'865.90
	2015		100.00	100.00	0.07		9'393.90	6'528.00	8.86	2'865.90
	2016		100.00	100.00	0.07		9'393.90	6'528.00	8.85	2'865.90
Moldova	2015		112.20		0.02		1'498.31	1'444.41	2.27	
	2016		1'440.50	1'200.50	0.31	240.00	532.50	332.50	1.48	200.00
Russian Federation	2011		135.00		0.01					
	2012		151.00		0.01	16.00	512.00		0.04	512.00
	2013		99.00			99.00	40.50			40.50
	2014		99.00			99.00	40.50			40.50
	2015		481.00	382.00	0.02	99.00	7'084.50		0.34	7'084.50
	2016		4'852.60	554.60	0.17	99.00	31'550.50	7'044.00	1.49	40.50

ADDENDUM

The following statement was provided on July 16, 2018 by Josh Green, the CEO of Panjiva, Inc.:

To whom it may concern,

In the preceding report, Cornucopia relied on data from Panjiva that linked grain shipments to Zivana S.A. After carefully reviewing the data, we have concluded that the shipments did not in fact have any connection to Zivana S.A.

The linkage was the result of a mistake made by Panjiva when attempting to determine which companies were associated with these shipments. We're constantly working to improve the process by which we systematically make these determinations across hundreds of millions of records. But in this case we simply got it wrong, and we apologize.

Josh Green
CEO, Panjiva