



Grain fraud investigator John Bobbe stood for a portrait on his farmland in Scandinavia, Wis.

**Story by Adam Belz • Photos by Aaron Lavinsky • Star Tribune**

SCANDINAVIA, Wis.

**T**he massive freighter left a port on the coast of Turkey in April, bound for the United States with a cargo of grain for farmers to feed to organic livestock.

From a desk at his farm in rural Wisconsin, John Bobbe was suspicious.

He wasn't convinced that the cargo of the M.V. Andalucia, en route from the Black Sea to North Carolina, was legitimate. The ship's itinerary, the owner of the grain, and the fact that the European Union had stopped recognizing the grain's likely organic certifier stoked his doubts. He fired an e-mail to the U.S. Department of Agriculture, as he has done often over the past four years trying to turn back a rising tide of counterfeit imported organic grain.

"This thing gets more bizarre as you go along," Bobbe said. "The problem is that consumers are being potentially defrauded, and the price for farmers is going down."

Sales of organic food have more than doubled in the United States in the past 10 years, to \$48 billion a year, but U.S. acreage devoted to organic grain has not kept up. Less than 1% of row crops in the country are certified organic, so U.S.

organic grain farmers can't produce enough feed for the animals that supply organic eggs, milk and meat.

Into this void have stepped a small number of importers, the largest based in the Black Sea region and Middle East, and fake organic grain has become a major problem.

Consumers pay more for organic foods but may be buying products that were tainted in their growing and feeding. U.S. farmers get less for genuine organic grain when fake imports flood the market. Grain brokers, livestock farms and grocery chains are all at risk.

Even so, the premium prices and profits brought by organic products give the industry reason to downplay or ignore the problem.

"Everybody in the supply chain is profiting from cheaper fake organic grain. The profits are huge," said Anne Ross, a lawyer who monitors organic imports (<https://www.cornucopia.org/wp-content/uploads/2018/06/Turkish-Infiltration-Organic-Grain-Imports.pdf>) at the Cornucopia Institute, an organic watchdog. "Grain buyers aren't incentivized to seek the truth. They are casual accessories to the fraud."

With organic soybeans and corn fetching two or three times the price of conventional grain, incentives for fraud abound. The penalties are small, and oversight relies on paperwork that can be falsified. The U.S. Department of Agriculture's National Organic Program, the main government regulator, is playing catch-up to the industry's rapid growth.

Agency officials say that while they have eyes and ears at ports through other federal agencies, inspecting all ships at U.S. ports for organic integrity would require thousands of new inspectors and isn't practical. The National Organic Program instead focuses on rooting out fraud at farms in countries such as Ukraine and Russia with the help of organic certifiers.

The agency traces the paperwork of shipments back to organic farms to verify the grain is organic, and it has ramped up unannounced visits and farm inspections. That has caused 180 operations in the Black Sea region to surrender their organic certifications since 2016, the agency says (<https://www.ams.usda.gov/sites/default/files/media/NOPEenforcementUpdateMay2019.pdf>).

Bobbe, a 67-year-old who chooses his words carefully, has watched the problem grow from a closet-like home office at his little farm near Stevens Point, Wis.

He's uncovered millions of bushels worth of suspect organic grain destined for the United States as director of OFARM (<https://www.ofarm.org/>), a Minnesota-based umbrella group for organic farmer cooperatives in the Midwest. Even since retiring in February, he's kept up the pressure, following up on tips from abroad, sending e-mails, coordinating with organic groups and overseas watchdogs, trying to push the National Organic Program to swifter action.

He has become a nuisance to the organic industry and its regulators, but a hero to organic farmers.

"Unless the rank and file out here in the country stay on top of it, they'll get lost in the dust, and that's what John is making sure doesn't happen," said Carmen Fernholz, an organic corn and soybean farmer west of Montevideo, Minn.

'It's our reputation'

Fraudulent organic grain keeps slipping through the cracks. Just last year, a Missouri man was charged in federal court with selling \$140 million in fake organic grain over nearly a decade.

The case is ongoing. None of the grain buyers, all of whose organic credibility would have been undone by the fraud, have been identified in court documents.

“The single biggest threat to the organic seal is the loss of consumer confidence due to fraud,” said Ken Dallmier, president of Clarkson Grains in Cerro Gordo, Ill.

His company decided nearly a decade ago to stop importing organic grain, because there was no way to be confident of its integrity. “It’s our reputation,” Dallmier said, “and we want to make sure that we’re the strong part of the supply chain.”

American farmers sacrifice time and money to switch from conventional to organic row crops.

In a process they call “the transition,” they must eliminate most herbicides and pesticides from their farms. Then they must grow grain using organic methods for three years before they can sell it as organic.

A misstep, or chemical drift onto their crops from a neighboring farm, can force them to start the three-year process over.

The financial payoff comes when the grain is certified organic. A bushel of organic soybeans fetches about \$18.70 per bushel, well over double the price for conventional soy. Organic corn fetches \$8.88 per bushel, about twice the price for conventional corn. And organic grain prices are down dramatically from peaks in 2012, thanks in part to imports holding down demand.

Meanwhile, the organic industry keeps growing, from about \$2 billion in sales in 2002, to about \$50 billion last year.

“It’s gone from a farmers market, roadside-stand kind of industry, to a global supply chain in the blink of an eye,” said Betsy Rakola, organic compliance director at the U.S. Department of Agriculture (USDA). “If you read our law and if you read our regulations, you can tell [that] the folks they were thinking about when they wrote the rules were those small farms. We are catching up, capacity-wise. The industry is as well.”

In 2009, the National Organic Program was an eight-person organization with a \$1 million budget. Now its head count is 40 with a \$14 million budget.

“If this sounds complicated, it is,” Rakola said. “Overseeing a global supply chain with 40 people is no joke.”

## Corn on Lake Michigan

Bobbe grew up on a farm but backed his way into the organic world. For a decade, he taught at a vocational school in Door County, Wis., and showed farmers how to apply pesticides and fertilizers. He even had a pesticide applicator’s license.

But his view of conventional farming shifted.

“Door County today is, I wouldn’t say an agricultural wasteland, but there’s more people that I worked with that are out of farming than are still left there,” he said. “Those that are left followed the conventional trend and have gotten pretty big. As I look back, did I teach them a lot of things? Yep. But was it necessarily the right thing?”



Even since retiring this year, J up the pressure as a watchdog farmers.



John Bobbe works his small f Point, Wis., but he works case

During his years teaching at a Franciscan college in Manitowoc, he learned more from all over the world. about protecting the environment — water quality, wind and solar energy and climate change. Trips to Poland and Armenia, where he tried to help farmers improve their operations without the help of massive, modern, expensive farm equipment, sealed his interest in organic agriculture.

“I decided that I wanted to do something,” Bobbe said. “Part of it was the Franciscan ethic.”

In the early 1990s, Bobbe helped organize farmers in Wisconsin who wanted to plant cover crops in the winter to limit soil and chemical erosion into the Great Lakes. When a friend of his was elected president of the National Farmers Organization, Bobbe helped build a network of farmers who shared ideas on how to market their organic grain. Many of those farmers later became members of OFARM, the group Bobbe headed until February.

## Red flags

The first big clue that something wasn't right in the organic grain market came in 2016, when Bobbe learned that farmers just outside Chicago couldn't get anyone to haul their corn to a port on Lake Michigan. A ship full of organic corn was already docked there, and truckers in the region who handle organic grain were busy moving its 450,000 bushels of corn.

He and others traced the ship to Istanbul. “The flags started to go up,” Bobbe said.

Turkey is a country with less than 5,000 acres of organic corn and less than 1,000 acres of organic soybean production, according to the Europe-based [Research Institute of Organic Agriculture \(https://statistics.fibl.org/europe/area-europe.html\)](https://statistics.fibl.org/europe/area-europe.html).

Yet it's the source of an outsized share of organic grain shipments into the United States. That's because Turkey is a waypoint for other countries around the Black Sea, including Ukraine, Romania, Russia and Georgia.

Bobbe and other advocates for U.S. farmers in 2016 did some back-of-the-envelope math on the amount of organic grain grown in the region, and the amount being imported from there, and surmised something wasn't right.

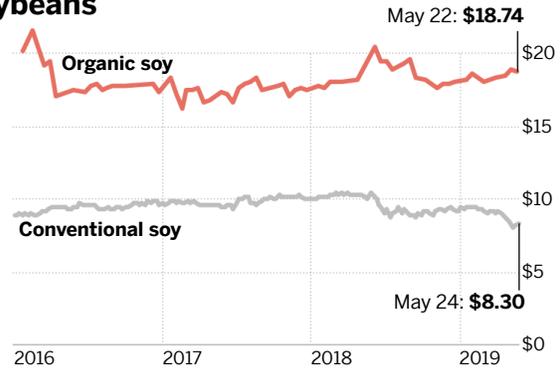
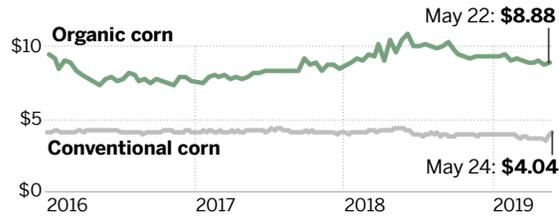
The next year, the [Washington Post reported \(https://www.washingtonpost.com/business/economy/the-labels-said-organic-but-these-massive-imports-of-corn-and-soybeans-were/2017/05/12/6d165984-2b76-11e7-a616-d7c8a68c1a66\\_story.html?utm\\_term=.bc595122d7b9\)](https://www.washingtonpost.com/business/economy/the-labels-said-organic-but-these-massive-imports-of-corn-and-soybeans-were/2017/05/12/6d165984-2b76-11e7-a616-d7c8a68c1a66_story.html?utm_term=.bc595122d7b9) about a shipment of 36 million pounds of supposedly organic soybeans that was fumigated on the way from Ukraine via Turkey to California. Crops are no longer organic, and can't be used to feed organic livestock, once they're fumigated. But more than half of the shipment was sold to organic livestock farmers.

The USDA later [revoked organic certification \(https://www.ams.usda.gov/sites/default/files/media/BeyazAgroRevocation06012017.pdf\)](https://www.ams.usda.gov/sites/default/files/media/BeyazAgroRevocation06012017.pdf) for Beyaz Agro, the Turkish company behind the shipment, and Hakan Organics, a related company based in Dubai. Rakola said the companies were already under investigation when the Post article was published, but the USDA couldn't legally say anything about it until the case was closed.

Meanwhile, another Turkish firm, Tiryaki, gained organic market share. The \$1.5 billion company advertises itself as the “world's largest producer of grain, pulses and oilseeds in the certified organic agriculture field.” Its Dubai-based subsidiary Diasub was the owner of the M.V. Andaluca's cargo.

### Futures price difference for corn and soybeans

The price per bushel for organic corn and soybeans is typically double that of conventionally grown corn and soybeans.

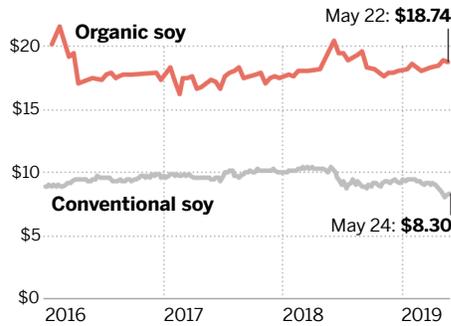
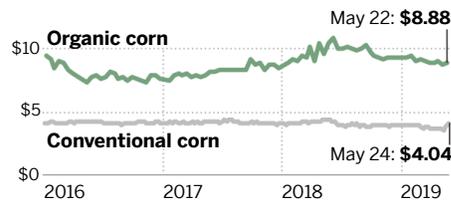


Source: U.S. Department of Agriculture, Thomson Reuters

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## Suspicious but not proof

Bobbe has bird-dogged Tiryaki for years but has less to show for it than he'd like. He's filed complaints about 11 of the company's ships; two have been turned away at U.S. ports.

One, the M.V. Diana Bolten, came to Bobbe's attention when a contact in England said the ship had been turned away there and was on its way to Bellingham, Wash., in September 2017 with a cargo of 42 million pounds of organic corn.

The USDA's Animal and Plant Health Inspection Service blocked the shipment on grounds that the corn was from Kazakhstan, a nation from which whole corn is prohibited because of fear of pest contamination. Officially the USDA's action had nothing to do with whether the corn was organic.

Another Tiryaki ship was turned away in April 2018, when a 55 million-pound shipment of organic corn on the M.V. Mountpark was halted off the coast of California, again, because the corn was from a prohibited country.

Sunrise Foods International, the company receiving the grain in the U.S. on Tiryaki and Diasub's behalf, sued the USDA over the delay. It argued that, because the corn was cracked, it should have been allowed into the country. The ship was never allowed to unload in the U.S., and Sunrise, based in Saskatchewan, ultimately dropped the lawsuit. Again, the organic integrity of the shipment was never publicly questioned by the USDA.

Tiryaki did not respond to requests for comment.

Tiryaki and Diasub have had trouble sticking with a single organic certifier since. Tiryaki surrendered its organic certification with EcoCert in early 2017. Diasub surrendered its certification with EcoCert in May 2018, just after the Mountpark was turned away.

Both companies turned to Control Union, a Dutch organic certifier, at the end of May 2018. Less than a year later, in March, Control Union also ran into trouble. The European Union yanked its right to certify organic products ([https://eur-lex.europa.eu/eli/reg\\_impl/2019/446/oj](https://eur-lex.europa.eu/eli/reg_impl/2019/446/oj)) from Russia, Turkey, the United Arab Emirates, Kazakhstan and Moldova.

The E.U. cited "irregularities" with products from those countries and Control Union's inability "to demonstrate the traceability and organic status of those products."

## VOYAGE OF THE ANDALUCIA

### ORIGINATES IN GEORGIA

The ship left Georgia and spent three days in Samsun, a small port on the north coast of Turkey. It stopped in Istanbul and then set course for Morehead City, N.C., with a cargo of grain.



### ARRIVES AT MOREHEAD CITY, N.C.

The ship unloaded and, despite pleas from organic groups, was not inspected by Customs and Border Protection or the U.S. Department of Agriculture. Two days after its grain was unloaded, the certifier for the company that owned the shipment lost its accreditation.

Sources: Maritime Traffic, Star Tribune reporting, ESRI

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## Path of the Andalucia

The M.V. Andalucia departed Georgia, on the east shore of the Black Sea, and spent three days in April at Samsun, a port on the north coast of Turkey. It then stopped in Istanbul before setting sail for Morehead City, N.C.

After spotting the ship on a publicly available tracking program, Bobbe sent an e-mail to Rakola explaining his suspicions and reminding her that prices for organic grain in the U.S. had been dropping.

But by the time the Andalucia docked in North Carolina on May 7, Bobbe had heard nothing from Rakola. The president of the local longshoremen's union, reached by the Star Tribune that day, said organic corn was being unloaded from the ship.

Meanwhile, someone at the Organic Farmers Association tipped off an inspector from the North Carolina Department of Agriculture about the ship. That inspector, in a May 3 e-mail obtained by the Star Tribune, said that he had the "full intention" of being in Morehead City on May 6 to "evaluate the ship and hopefully understand just exactly what service will be best needed." He said he had contacted the USDA and awaited instruction.

But on May 9, the inspector told the Star Tribune he had not inspected the ship.

"That is a federal matter with the United States Department of Agriculture, and I am at no more liberty to speak of such a matter," he said, hanging up the phone.

A spokesman for U.S. Customs and Border Protection declined to give any information about the ship "due to trade privacy restrictions," and referred questions to the USDA.

The National Organic Program deemed the shipment legitimate. Rakola said the paperwork connecting the grain to organic farms in the Black Sea region checked out.

Testing grain on the freighter, or any ship that arrives at a U.S. port, is not a good use of the USDA's resources, she said. Organic and conventional grain are indistinguishable in appearance. Fumigants dissipate quickly and pesticide

residue often doesn't stick to grain in testable amounts through a lengthy voyage, said Rakola, a native of Eden Prairie. Testing grain for genetic modification is cost-prohibitive, the National Organic Program says.

"We don't currently inspect every shipment of peppers, every truckload of grapes or every boat of corn," Rakola said. "That's just not the system Congress set up. It's a public-private process-based system, and that traceability means anything that comes in with an organic certification can be sold as organic."

Bobbe says he wishes the USDA would act more vigorously when he and others tip them off, even to inspect the paperwork on board, but Rakola said she needs better evidence before she can stop a ship.

"Whenever we get a complaint that has some evidence, that could tell me why a shipment or why a product is suspect, we investigate," Rakola said. "We are very confident when we are able to trace it back, that the system works. The system does work. That's why it's grown to \$50 billion in retail sales over 20 years."

Days after the Andaluca's grain moved into the United States, Bobbe sat hunched over a computer in his office. He figured out that the ship had offloaded its cargo in Morehead City and was by then anchored off the coast of Delaware.

His phone rang. It was Kate Mendenhall, the president of the Organic Farmers Association. He stepped outside for better reception and stood on the driveway. A tractor disced a field to the west. A chain saw echoed in the woods to the south.

"Customs and Border Protection has no way of knowing whether it's organic or not," Bobbe said, commiserating with Mendenhall.

Later it emerged that the USDA had followed the E.U.'s lead and de-accredited Control Union, suspending it for one year from certifying organic products from a dozen countries, including Turkey. That decision had been the result of a fall 2018 audit of the certifier, [the National Organic Program said](https://www.ams.usda.gov/sites/default/files/media/NOPAP146_19CUCNoticeofSuspension.pdf) ([https://www.ams.usda.gov/sites/default/files/media/NOPAP146\\_19CUCNoticeofSuspension.pdf](https://www.ams.usda.gov/sites/default/files/media/NOPAP146_19CUCNoticeofSuspension.pdf))

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It came two days after the Andaluca started unloading in North Carolina.

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**Adam Belz** is the agriculture reporter for the Star Tribune. He previously spent one-and-a-half years reporting at Minneapolis City Hall and four years covering economics. Before that, he reported for the Des Moines Register and Cedar Rapids Gazette.

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