



# THE UNITED STATES DEPARTMENT of JUSTICE

United States Attorney's Office  
District of Oregon

FOR IMMEDIATE RELEASE

March 3, 2022

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## **Former Grass Seed Company Owner Charged in Scheme to Defraud Simplot**

PORTLAND, Ore.—On March 2, 2021, a federal grand jury in Portland returned an indictment charging the owner of Ground Zero Seeds, a grass seed production and wholesale company based in Yamhill, Oregon, for his role in a scheme to defraud the J.R. Simplot Company and its former subsidiary the Jacklin Seed Company.

Gregory McCarthy, 68, has been charged with conspiracy to commit wire fraud.

According to the indictment, Jacklin, headquartered in Liberty Lake, Washington, regularly purchased grass seed from Ground Zero. McCarthy was longtime friends with Richard Dunham, a former Jacklin employee who oversaw the company's order-fulfillment and warehousing operations in Oregon. In his position, Dunham had the authority to purchase grass seed from certain Oregon growers over others.

Beginning in April 2015, McCarthy and Dunham 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. Between April 2015 and September 2019, McCarthy caused Ground Zero to pay Dunham more than \$191,789.

In facilitating their scheme, McCarthy and Dunham 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.

McCarthy will be arraigned on March 15, 2022, by a U.S. Magistrate Judge.

If convicted, McCarthy faces a maximum sentence of 20 years in federal prison, a \$380,000 fine, and three years' supervised release.

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

In July 2021, the former general manager of Jacklin was [sentenced](#) to federal prison for a similar fraud scheme targeting Simplot and its customers. Later, in September 2021, ProSeeds Marketing, Inc., a Willamette Valley grass seed distributor, [pleaded guilty](#) after knowingly concealing a scheme to defraud Jacklin.

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

An indictment is only an accusation of a crime, and a defendant is presumed innocent unless and until proven guilty.

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