

# **EXHIBIT D**



1400 Independence Avenue, S.W.  
Room 2648-S, STOP 0268  
Washington, D.C. 20250-0268

## **REVOCAION OF CERTIFICATION**

June 1, 2017

**Via Registered Email**

Goksal Beyaz,  
Beyaz Agro Ith. Ihr. San. Ve Tic. A.S.  
Budak Mah 10031 Nolu Sok No 42 Yasem Is  
Merkezi Kat 10 D 1016 1017 Sehitkamil  
Gaziantep, Turkey  
[goksal.beyaz@beyazagro.com](mailto:goksal.beyaz@beyazagro.com)

Dear Mr. Beyaz:

The United States Department of Agriculture (USDA) National Organic Program (NOP) enforces the Organic Foods Production Act of 1990, as amended (7 U.S.C. §§ 6501-6522) (OFPA), and its implementing regulations at 7 C.F.R. part 205 Section 2106(a)(1)(B) of the OFPA (7 U.S.C. § 6505(a)(1)(B)) states that “no person may affix a label to, or provide other market information concerning, an agricultural product if such label or information implies, directly or indirectly, that such product is produced or handled using organic methods, except in accordance with [the OFPA].” The OFPA further requires that, to be sold or labeled as organic, an agricultural product must be produced only on certified organic farms. In addition, section 205.105(a) of the USDA organic regulations (7 C.F.R. § 205.105(a)) states that products sold as organic must be produced and handled without the use of synthetic substances prohibited by the regulations.

Because Beyaz Agro has not appealed the April 28, 2017 Notice of Noncompliance and Proposed Revocation, Beyaz Agro’s organic certification is revoked.

### **FACTUAL BACKGROUND**

The NOP received complaints that non-organic grains and oilseeds are being imported from Turkey and fraudulently sold as organic in the United States. In the course of investigating these complaints, the NOP identified violations of the USDA organic regulations involving soybean shipments managed by Beyaz Agro, a certified organic grain and oilseed handling operation, and two related entities: Hakan Organics based in Dubai, United Arab Emirates and Agropex, based in Broadway, Virginia. This investigation related to a shipment of 16,250 metric tons of soybeans, which arrived in the United States aboard the M/V “Four Diamond” on November 12, 2016. The soybeans had been previously exported from Ukraine to Turkey and were then re-exported from Turkey to the United States. However, before leaving Ukraine, the soybeans had

been fumigated with aluminum phosphide. Aluminum phosphide is a prohibited substance under the USDA organic regulations. Upon arrival in the United States, the fumigated soybeans were sold as USDA organic. This action violated the OFPA and the USDA organic regulations.

### **USDA NATIONAL ORGANIC PROGRAM INVESTIGATIVE FINDINGS**

The NOP investigation revealed that Beyaz Agro and its CEO, Goksal Beyaz who also serves as the General Coordinator<sup>1</sup> for Hakan Organics and acts on its behalf, violated the OFPA by selling fumigated soybeans from Ukraine in the United States while representing them as organically produced and handled.

Hakan Organics, headquartered in the United Arab Emirates, imported four shipments of soybeans from Ukraine to Turkey under four phytosanitary certificates issued by the State Veterinary and Phytosanitary Service of Ukraine. These phytosanitary certificates do not indicate that the soybeans were organically produced, but they do show that the soybeans were fumigated with aluminum phosphide prior to entering Turkey. Hakan Organics stored the soybeans at its warehouses in Turkey and the four shipments of soybeans were consolidated into a single shipment, under a single Turkish phytosanitary certificate, that referenced the original four Ukrainian phytosanitary certificates.

Beyaz Agro, in Turkey, applied to accredited certifying agent Kiwa-BCS for organic transaction certificates. However, Beyaz Agro gave Kiwa-BCS false information about the soybeans. Specifically, it provided two certificates of inspection that were issued by bio.Inspecta AG, a USDA-accredited certifier, which identified Russia as the country of dispatch for 26,243,840 KG of organic soybeans. The application for an organic transaction certificate also included commercial invoices, bills of lading, and marine survey certificates that identify 16,250,000 KG of organic soybeans in bulk to be shipped to the United States in three holds aboard the vessel M/V Four Diamond. Beyaz Agro copied Goksal Beyaz and Hakan Organics Import/Export Specialist Mustafa Patpat on the application request. Based on this false information, Kiwa-BCS issued Beyaz Agro three organic transaction certificates, which listed the soybeans as organic. Beyaz Agro used these certificates to re-export the Ukrainian soybeans to the United States as organic soybeans.

Beyaz Agro nominally sold the soybeans to Hakan Organics affiliate Agropex and gave it the three organic transaction certificates issued by Kiwa-BCS. It also gave Agropex copies of the same commercial invoices, bills of lading, and marine survey certificates that it used in the application to Kiwa-BCS, but this version of the documents identified the soybeans as non-GMO not organic. The soybeans were shipped to the United States on the M/V Four Diamond. Agropex stored the soybeans with Penny Newman Grain Company in Stockton, CA, a certified organic handler. Agropex represented to sales agent Global Natural LLC that the soybeans were organic. Under a contract with Hakan Organics and signed by Goksal Beyaz, Global Natural

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<sup>1</sup> As evidenced by business cards provided by the Hakan Organics DMCC booth to USDA NOP personnel at the BioFach trade show in Nuremberg, Germany in February 2017

arranged the sale of the soybeans to certified organic handlers in the United States for \$(b) (4) (US Dollars).

NOP investigators subsequently obtained the commercial invoices, bills of lading, and marine survey certificates associated with these soybeans from Agropex and found discrepancies between Agropex's documents and those that Beyaz Agro provided to Kiwa-BCS, suggesting that these documents had been altered.

Through the phytosanitary certificates issued by Ukraine and Turkish authorities, the records of the certifying agent, and the records of Agropex, the NOP was able to positively trace the fumigated soybeans, which Agropex sold and represented as organic in the United States, to the fumigated soybeans purchased by Hakan Organics in Ukraine and re-exported through Turkey.

### **VIOLATIONS OF THE OFPA AND USDA ORGANIC REGULATIONS**

Details of the regulatory violations are as follows.

1. Beyaz Agro sold soybeans treated with prohibited substances as organic, in violation of 7 C.F.R. § 205.272

*7 C.F.R. §205.272: The handler of an organic handling operation must implement measures necessary to ... protect organic products from contact with prohibited substances.*

Between March and October, 2016, Hakan Organics imported soybeans in bulk into Turkey from four exporters in Ukraine, as demonstrated in four Ukrainian phytosanitary certificates: 75/15-036/BX-500973 (31 March 2016); 75/14-040/BX-083763 (08 May 2016); 75/15-010/BX-468423 (04 May 2016); and 60/15-6054/XX-181135 (08 October 2016). The Ukrainian phytosanitary certificates show that each of the four shipments of soybeans was fumigated with aluminum phosphide, a prohibited substance under the USDA organic regulations. The phytosanitary certificates clearly identified Ukraine as the country of origin for the soybeans. Hakan Organics was identified on the phytosanitary certificates as the consignee in Turkey and therefore is a responsible, notified party.

In preparation for re-export, the soybeans in bulk from the four shipments were consolidated under one phytosanitary certificate issued by the Turkish authorities, No: EC/TR B 0140061 dated October 27, 2016. Block 10 of Turkish certificate EC/TR B 0140061 referenced the four phytosanitary certificates issued by Ukraine. The four loads of bulk soybeans were then consolidated and re-exported in a single shipment aboard bulk carrier M/V "Four Diamond" in Holds 1, 3, and 5. The soybeans in each hold were shipped under phytosanitary certificates, No: 0140369, No: 0140368, and No: 0140367 respectively. Each of these phytosanitary certificates had an attachment that linked the certificate to the preceding certificate "This phytosanitary certificate is issued instead of phytosanitary certificate No: EC/TR B 0140061." The Turkish Ministry of Food, Agriculture, and Livestock has confirmed that the Ukrainian phytosanitary certificates are for the same loads of soybeans as

the Turkish certificates. The State Services of Ukraine on Food Safety and Consumer Protection has confirmed it issued the four Ukraine phytosanitary certificates and that the certificates are valid.

2. In applying for an Organic Transaction Certificate, Goksal Beyaz and Beyaz Agro, acting for Hakan Organics, presented fraudulent information to an organic certifying agent of the USDA Secretary of Agriculture, in violation of section 2120 of the OFPA (7 U.S.C. § 6519(c)(2)).

*7 U.S.C. § 6519(c)(2): Any operation that makes a false statement under this chapter to the Secretary, a governing State official, or a certifying agent shall be punished in accordance with section 1001 of title 18.*

On November 12, 2016, Beyaz Agro, presented incomplete and false information to its organic certifying agent to obtain an organic transaction certificate for the load of fumigated Ukrainian soybeans to be shipped on M/V “Four Diamond.” Beyaz Agro emailed an application for the certificate to USDA-accredited certifying agent Kiwa-BCS and copied Goksal Beyaz and Hakan Organics Import/Export Specialist Mustafa Patpat on the request. Beyaz Agro requested the organic transaction certificate in order to provide documentation of the organic status of products for shipment to and sale in the United States. The application included two certificates (HR-023-16 and HR-024-16) of inspection for import of products from organic production that were issued by bio.Inspecta AG, a USDA-accredited certifier, which identified Russia as the country of dispatch for 26,243,840 KG of organic soybeans.

The transaction certificate application also included commercial invoices, bills of lading, and marine survey certificates that identify 16,250,000 KG of organic soybeans in bulk to be shipped to the United States in three holds aboard the vessel M/V Four Diamond. The marine survey certificates sent to Kiwa-BCS in the application state: “organic soybeans” and had a “Farmer Code (Lot number) HRU-001, HRU-002”, which matched the inventory records showing the false Russian origin in the transaction certificate request. However, the commercial invoices and bills of lading from Beyaz Agro to Kiwa-BCS were different from those observed by NOP personnel during a visit to Agropex on March 16, 2017. The invoices observed at Agropex listed the product as “non-GMO soybeans.”

When applying to Kiwa-BCS, Beyaz Agro omitted any documents that would indicate “Ukraine” as the true country of origin of the soybeans, such as the Certificate of Origin or the Phytosanitary Certificate. Providing such information may have alerted Kiwa-BCS to the possibility that the soybeans may have been fumigated and thereby ineligible for organic certification. Instead, Beyaz Agro presented certification documents indicating the soybeans had been sourced from Russia.

On November 15, 2016, Kiwa-BCS issued Beyaz Agro three organic transaction certificates (DE-25457-25, 26, and 27) based on the application.

3. Beyaz Agro sold the non-organic, fumigated soybeans through Hakan Organics affiliate Agropex, to Global Natural in violation of both 7 C.F.R. § 205.100(c)(2) and 7 C.F.R. § 205.105 (a).

*7 C.F.R. §205.100(c)(1): Any operation that: (1) Knowingly sells or labels a product as organic, except in accordance with the Act, shall be subject to a civil penalty of not more than the amount specified in § 3.91(b)(1) of this title per violation.; and*

*7 C.F.R. §205.105 (a): To be sold or labeled as “100 percent organic,” “organic,” or “made with organic (specified ingredients or food group(s)),” the product must be produced and handled without the use of synthetic substances and ingredients, except as provided in §205.601 or §205.603.*

Beyaz Agro provided Agropex commercial invoices, bills of lading, and marine survey certificates that identified the soybeans as non-GMO but did not identify the soybeans as organic. They also provided the fraudulently obtained organic transaction certificates issued by Kiwa-BCS to represent the soybeans as certified organic. Soybeans from M/V “Four Diamond” were sold through Agropex as organic even though the soybeans were not produced or handled in compliance with the OFPA and its accompanying regulations.

Agropex used the fraudulently obtained organic transaction certificates to subsequently identify the soybeans as organic and to store the soybeans as organic at certified organic handler Penny Newman Grain Company, Stockton, California. Subsequently, Global Natural LLC, on behalf of Hakan Organics, Goksal Beyaz, Beyaz Aggro, and Agropex, arranged for the sale of the non-organic soybeans to certified organic handlers in the United States.

## **REVOCATION OF ORGANIC CERTIFICATION**

Section 2120 of the OFPA (7 U.S.C. § 6519(c)) and 7 C.F.R. §§ 205.660(b)(1) and 205.662(a) and (f)(2) authorize the NOP’s program manager to order revocation of the certification of a certified operation and all of its responsibly connected persons, including any other person who is a partner, officer, director, holder, manager or owner of 10 percent or more of the voting stock of said operation if an inspection, review, or investigation of the certified operation reveals any noncompliance with the OFPA. As described above, Beyaz Agro violated the OFPA by 1) representing fumigated, non-organic soybeans as organic for sale in the United States and 2) presenting fraudulent documents to a USDA-accredited certifier to obtain organic certification documents. Accordingly, on April 28, 2017, the NOP issued Beyaz Agro a combined Notice of Noncompliance and Proposed Revocation due to Beyaz Agro’s knowing and willful violations of the USDA organic regulations.

On May 23, 2017, you, Goksal Beyaz, sent a letter to the NOP acknowledging that Beyaz Agro exported conventional, fumigated soybeans from Ukraine instead of the organic, Russian soybeans represented in organic certification documents. On May 29, 2017, you submitted a written declaration of withdrawal of your USDA organic certification to two USDA-accredited

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certifying agents, BCS-Kiwa and Control Union. On May 30, 2017, you further submitted a written declaration of withdrawal of your USDA organic certification to the NOP, as well as a statement of your intent to waive your rights to appeal the USDA's proposed revocation of Beyaz Agro's organic certification.

Per its May 29 and May 30, 2017 submissions, Beyaz Agro has not appealed the proposed revocation. Accordingly, Beyaz Agro's USDA organic certification is hereby revoked, in accordance with 7 C.F.R. § 205.662(f)(2). Beyaz Agro and all of its responsibly connected persons, including any other person who is a partner, officer, director, holder, manager or owner of 10 percent or more of the voting stock, are hereby directed to cease and desist all sale and handling of products represented as organic. Be advised that failure to cease and desist, and comply with the USDA organic regulations, may result in a civil penalty of \$11,000 per violation (7 U.S.C. § 6519).

Beyaz Agro's certification status will be updated shortly in the NOP's online [Organic Integrity Database](#) to reflect the revocation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Miles V. McEvoy". The signature is stylized with a large, sweeping underline.

Miles V. McEvoy  
Deputy Administrator  
National Organic Program

cc: NOP Accreditation and International Activities Division  
[NOPACAAverseActions@ams.usda.gov](mailto:NOPACAAverseActions@ams.usda.gov)  
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