



April 4, 2019

Ms. Michelle Arsenault  
National Organic Standards Board  
USDA-AMS-NOP

**Docket:** AMS-NOP-18-0071

**RE:** Oversight Improvements to Deter Fraud – An Update on the Organic Trade Association’s Organic Fraud Prevention Solutions Program

Dear Ms. Arsenault:

Thank you for this opportunity to update the National Organic Standards Board (NOSB) on the Organic Trade Association’s organic fraud prevention program that was launched March 5. We are excited to share the progress of a private sector initiative designed to complement the work of NOSB, the National Organic Program (NOP) and accredited certifying agencies, and reinforce the organic regulations.

The Organic Trade Association (OTA) is the membership-based business association for organic agriculture and products in North America. The Organic Trade Association is the leading voice for the organic trade in the United States, representing over 9,500 organic businesses across 50 states. Our members include growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, consultants, retailers and others. The Organic Trade Association’s mission is to promote and protect organic with a unifying voice that serves and engages its diverse members from farm to marketplace.

**Organic Fraud Prevention Solutions – Ensuring Global Organic Supply Chain Integrity**

Food fraud, or the act of defrauding buyers of food or ingredients for economic gain, has plagued the food industry throughout history. Although it is not known conclusively how widespread food fraud is in the United States or worldwide, it is now estimated to be a \$50 billion industry for the total food market -- about the same size as the entire 2017 U.S. organic market. Although the act of adulterating food for economic gain dates back to at least the Middle Ages, its presence in the global organic supply chain is more recent, and poses a significant threat to the integrity of the organic brand.

For the past two years, the Organic Trade Association has prioritized significant time and resources into organic fraud prevention solutions that will help mitigate and prevent the occurrence inside and outside of the United States. Our work to address organic fraud is taking place on several fronts ranging from our legislative efforts and Farm Bill priorities, to our member task force action and work with NOSB to shape a major piece of NOP enforcement rulemaking slated for fall 2019, to our major private-sector initiative that has evolved into an industry-wide fraud prevention program that launched on March 5, 2019. The new program is based on the Organic Trade Association’s [Organic Fraud Prevention Guide](#) that provides businesses engaged in organic trade with a risk-based process for developing and implementing an organic fraud prevention plan. It also provides detailed information on what to do when you suspect or detect fraud, and the process for filing a complete and effective complaint to USDA’s National Organic Program. See **Appendix A** to read the [Executive Summary](#) of the Guide.

Before diving into the details of the organic fraud prevention program, let's take a look at the steps taken to get here.

### ***GOSCI Task Force and Best Practices Guide***

In May 2017, the Organic Trade Association convened a Global Organic Supply Chain Integrity (GOSCI) Task force of 48-member companies to develop a best-practices guide to preventing fraud specifically for the organic industry. In an effort to both acknowledge and utilize the extensive fraud prevention strategies already developed by Michigan State Food Fraud Think Tank and the Global Food Safety Initiative (GFSI), the task force adopted a model that highlights the motivation behind fraud (i.e. the root cause) to better understand the detection and prevention activities that need to be developed based on a company's susceptibility or exposure to food fraud risk. The GFSI model is a smart and practical approach because it was built to be a starting point consistent with other quality management practices such as HACCP (Hazard Analysis and Critical Control Points), lending itself to a fraud prevention program that can be adopted into existing internal quality management systems. While the traditional HACCP-type food safety approach is applied at manufacturing steps, food fraud vulnerabilities are company-wide, and must be applied cross-functionally and within the overall organization. The name of the game is to think like a criminal!

The Organic Fraud Prevention Guide developed by the task force is aimed at buyer responsibility and the assessment of factors that create vulnerabilities in an organic supply chain. Accordingly, the Guide provides businesses engaged in the organic trade with a systematic risk-based approach for identifying appropriate fraud mitigation measures, and developing and operationalizing a written Organic Fraud Prevention Plan. It also includes information on what to do when you suspect or detect fraud, along with resources and helpful tools for identifying and deterring fraud.

### ***GOSCI 'Pilot Project'***

Following the creation of the Guide, the trade association launched a pilot program. The pilot was an intensive-focused exercise running from June – September 2018 in which 13 OTA member companies "test drove" in their specific businesses the fraud prevention strategies described in the Guide. Participants concentrated on one product or ingredient, and developed fraud mitigation measures based on the results of a vulnerability assessment that identifies weak points in a supply chain that increase exposure to fraud. Pilot participants informed the final version of the Guide, and helped set the stage for implementing a corresponding program. Collaborating partners in the project included USDA-NOP, the Accredited Certifiers Association (ACA) and NSF International.

### ***Organic Fraud Prevention Solutions***

With a tested and completed fraud prevention guide in hand, the Organic Trade Association has developed an organic fraud prevention program in which organic businesses may voluntarily enroll. The name of the program is *Organic Fraud Prevention Solutions*. The **mission** of the program is to assure the authenticity of organic products by mitigating the occurrence of organic fraud. The **goal** of the program is to establish a framework and formal process for businesses to create continuously improving internal programs for achieving organic integrity throughout their associated supply chains. The program requires training, registration and the development of an organic fraud prevention plan, followed by confirmation by an accredited certifier and public acknowledgment of enrollment on the Organic Trade Association's Find.Organic Business Directory (coming soon). Organic Fraud Prevention Solutions is not a certification or verification program nor is it a product label. Instead, the program serves as a business-to-business

marketing advantage designed to improve internal quality assurance programs. It is also designed to complement and reinforce USDA's organic standards and the work of the accredited certifying agencies.



### ***Why is the program important?***

Organic fraud cannot be tolerated in the organic supply chain, inside or outside the United States. Anytime there is fraud anywhere in organic in the organic system, it takes value out of the organic label. Everyone plays a role in preventing organic fraud. It is critical that organic businesses have robust systems and measures in place that adequately support the promise of providing organic products that people can trust. Organic Fraud Prevention Solutions, as adopted by businesses engaged in organic trade, will become the industry standard reference for excellence and achieving integrity across complex organic global supply chains.

### ***Why should companies enroll?***

To strengthen supplier verification systems and prevent organic fraud. Organic companies that want to prevent organic fraud in their supply chain and be publicly recognized for having implemented an Organic Fraud Prevention Plan need to successfully complete the program. Leadership and commitment from organic businesses will drive adoption of the program. The more companies that join, the stronger the organic supply chain will become.

### ***Who can participate in the program?***

Organic Fraud Prevention Solutions is currently open for pre-enrollment only. To enroll, a company must be an Organic Trade Association member and either certified organic or listed with a USDA recognized Material Review Organization such as OMRI (Organic Material Review Institute). Eligible operations include, farmers, handlers, processors, distributors, traders, retailers and input manufacturers. There are also opportunities for accredited certifiers, consultants and advisors that would like to partner in the program. Enrollment for non-Organic Trade Association members will begin in 2020.

### ***How much time and resources will it take?***

Time and resource commitment depend on the size, scope and complexity of the organic business. The program is designed to foster continuous improvement and provide each company with a reasonable entry point. Companies should expect to form a multi-disciplinary organic fraud prevention team with a designated and qualified lead to carry out a vulnerability assessment. Each company will be required first to perform a prefilter or initial screening assessment followed by a more detailed assessment on high-risk ingredients or products. Quality departments are best positioned to take the lead in conducting the pre-filter and vulnerability assessment, but will be best supported by procurement, legal, and Human Resources. The program requires ongoing annual management.

***What does the enrollment process involve?***

Enrollment initiates the process and signs the eligible company up for the first offered training that will take place in late summer or early fall. The enrollment steps are: 1) pre-enrollment and receipt of the Organic Fraud Prevention Guide; 2) training; 3) registration (fee required); 4) initial screening and vulnerability assessment; 5) vulnerability assessment review; 6) developing and implementing organic fraud mitigation measures; 7) collating an Organic Fraud Prevention Plan; 8) updating your existing Organic System Plan; 9) obtaining confirmation from your certifier; and 10) enrollment completion and public recognition. The process is integrated into the organic certification cycle and maintained annually.

***Why do I need another seal or certification/verification?***

As mentioned earlier, the program is NOT a certification or verification program, and it does not involve a consumer-facing label. The program serves as a business-to-business marketing advantage designed to improve internal quality assurance programs. Companies that successfully complete and maintain annual enrollment will be publicly recognized.

***But wait, isn't enforcement USDA's job?***

USDA's National Organic Program is, in fact, responsible for oversight and enforcement of the organic regulations. However, the Organic Fraud Prevention Solutions is designed to complement and reinforce USDA's organic standards and the work of the accredited certifying agencies.

***Early Adopters of Organic Fraud Prevention Solutions***

USDA certified organic companies that have already enrolled in the program are:

- **Albert Lea Seed House Inc.** (handler, seeds)
- **Ardent Mills** (milling/flour/grain)
- **Bridges Produce, Inc.** (distributor/produce)
- **Coyuchi Inc.** (home textiles, retail, GOTS certified)
- **DFI Organics** (trader, food ingredients)
- **Doudlah Farms** (producer/livestock/eggs)
- **Global Organics Ltd.** (handler/importer)
- **Grain Millers, Inc.** (handler/processor/grains)
- **Grund America** (home textiles, GOTS certified)
- **Handsome Brook Farm** (livestock/eggs)
- **Hibernia Misiones S.A.** (milling/sugar)
- **Ingredion Inc.** (processor/sweeteners, starches, nutrition ingredients)
- **I Was Thinking** (importer/handler/co-packer, grains, seeds, legumes, sweeteners)
- **Lundberg Family Farms** (food manufacturer/grains/rice)
- **Monin, Inc.** (manufacturer/flavors)
- **Mosher Products Inc.** (broker/grain/feeds)
- **Naturepedic Organic Mattresses** (home textiles manufacturer/retailer, GOTS certified)
- **Organically Grown Company** (distributor/produce)
- **Organic Valley CROPP Cooperative** (producer/handler/livestock/dairy/meat)
- **Pipeline Foods, LLC** (handler/supply chain solutions/feed grains/oilseeds)
- **J.M. Smucker Company** (processor/multi-ingredient)
- **Stonyfield** (producer/handler/livestock/dairy)
- **The Forest Farmers** (producer/maple/birch/tree syrups)
- **True Organic Products, Inc.** (manufacturer/fertilizer)

- **Wolf, DiMatteo & Associates** (consultant, pre-enrolled as a Trusted Advisor\*)
- **Miles McEvoy, Lacewing LLC** (consultant, pre-enrolled as a Trusted Advisor\*)

*\* Trusted Advisors are a category of professional that may qualify and partner with Organic Fraud Prevention Solutions and work with enrolled companies to develop an Organic Fraud Prevention Plan. Trusted Advisors are experts in organic certification as well as in conducting vulnerability assessments and organic fraud mitigation plans.*

***How do I pre-enroll in the program?***

The most efficient method is to [pre-enroll online](https://ota.com/OrganicFraudPrevention) through the Organic Trade Association's Organic Fraud Prevention Solutions [web page](https://ota.com/OrganicFraudPrevention): <https://ota.com/OrganicFraudPrevention>

***In the Media***

Organic Fraud Prevention Solutions is picking up attention in the media. We appreciate the support and encourage everyone to please spread the word!

<https://www.globenewswire.com/news-release/2019/03/06/1748918/0/en/Organic-Trade-Association-launches-Organic-Fraud-Prevention-Solutions-program.html>

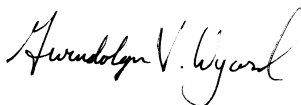
<https://www.feednavigator.com/Article/2019/03/20/US-organic-body-launches-fraud-prevention-program>

<https://www.foodbusinessnews.net/articles/13425-smucker-others-join-organic-fraud-prevention-program>

<https://www.fooddive.com/news/organic-trade-group-uses-volunteer-program-to-tackle-fraud/550030/>

<https://associationsnow.com/2019/03/two-years-in-the-making-organic-trade-association-launches-anti-fraud-program/>

Respectfully submitted,

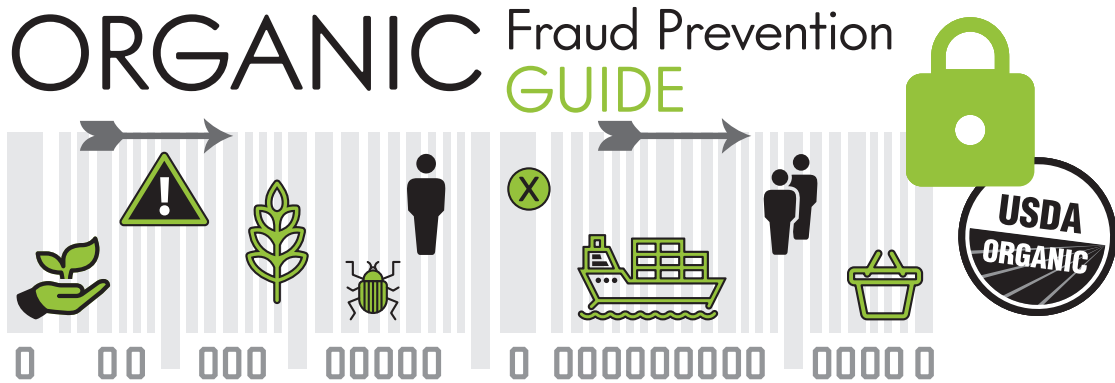


Gwendolyn Wyard  
Vice President, Regulatory and Technical Affairs

cc: Laura Batcha  
Executive Director/CEO  
Organic Trade Association

**Appendix A** – Organic Fraud Prevention Guide: [Executive Summary](#)

# EXECUTIVE SUMMARY



## ENSURING GLOBAL ORGANIC SUPPLY CHAIN INTEGRITY

A Guide to Developing an  
Organic Fraud Prevention Plan



An Organic Trade Association Resource



# Ensuring Global Organic Supply Chain Integrity

## I. INTRODUCTION

- A. Purpose of this Guide**
- B. Definition of Organic Fraud**
- C. Structure of the Guide and Summary**

## II. THE ORGANIC SUPPLY CHAIN UNDER THE NATIONAL ORGANIC PROGRAM

- A. Participants, Roles and Responsibilities**
- B. The Certification and Approval Process**
- C. The Organic Supply Chain**
- D. Challenges and Gaps in the Supply Chain**

## III. DEVELOPING AND IMPLEMENTING AN ORGANIC FRAUD PREVENTION PLAN (OFPP)

### **A. Vulnerability Assessment: Identifying Gaps and Weaknesses**

- i. Definitions
- ii. Vulnerability Factors
- iii. Carrying out the Vulnerability Assessment Process
- iv. Using the Organic Vulnerability Assessment Tool
- v. Examples of Medium to High Vulnerabilities

### **B. Mitigation Measures: Designing a Mitigation Strategy**

- i. Create a Supplier Verification Approval Program
- ii. Establish Best Practices for Receiving Organic Ingredients/ Products
- iii. Establish Best Practices for Imports or High-Risk Products
- iv. Establish Best Practices for Ensuring Supply Chain Traceability and Mass Balance
- v. Establish Labeling Best Practices

### **C. Monitoring and Verification: Effectively Implementing Mitigation Measures**

- i. Internal Audits
- ii. Testing: A Tool For Verifying Compliance
- iii. Tracking and Compliance Verification Technologies
- iv. Implementing the Organic Fraud Prevention Plan
  - 1. Effective Training and Communication Strategy
  - 2. Updating the Organic System Plan

# A Guide to Developing an Organic Fraud Prevention Plan

## IV. ALERT SYSTEM – MONITORING AND REPORTING ORGANIC FRAUD

### A. What to Do When You Suspect or Detect Fraud

### B. How to File a Complaint with NOP

- i. Complaint Template

## V. ACKNOWLEDGMENTS AND FURTHER READING

### A. Acknowledgments

- i. Global Organic Supply Chain Integrity Task Force
- ii. USDA National Organic Program
- iii. Food Fraud Think Tank and GFSI Food Fraud Initiative

### B. Resources and Further Reading

- i. Standards
- ii. USDA Guidance Documents / Instruction / Policy
- iii. Self-Assessment Tools
- iv. Alerts and Databases
- v. Testing
- vi. General Resources

## VI. APPENDIX A

### Uncertified Handler Declaration

## VII. APPENDIX B

### Organic Fraud Vulnerability Assessment Tool

## VIII. APPENDIX C

### Complaint Template



## OVERVIEW

The success of the organic sector relies on consumer trust of the United States Department of Agriculture's (USDA) Organic seal. The organic certification system, under the oversight of USDA's National Organic Program (NOP), is designed to deliver organic products that are uniformly certified to a single federal standard by a third-party USDA accredited certifying agent (ACA). Organic certification is also designed to create a linked system of compliance providing complete source-to-sale traceability of organic products and accountability of each operation in the global supply chain. To date, the organic label remains the only regulated eco-claim with third-party certification, federal oversight and enforcement.

Recent activities and USDA investigations have revealed products fraudulently labeled as organic and gaps in the complex organic supply chain, specifically as it relates to organic imports. Compromised supply chains due to fraud can erode consumer trust in the integrity of the organic brand. Strong action is needed to improve the effectiveness of controls throughout the organic product supply chain. In addition to the number of steps currently being taken to strengthen NOP oversight of imported organic products, further actions include oversight and training of ACAs, improved collaboration with other agencies to better oversee organic products at U.S. Ports of Entry, and encouraging the private sector to be proactive and take responsible steps for improving systems that will help mitigate and avoid the risk of fraud.

Everyone has a role in organic fraud prevention. It is critical that producers, handlers, processors, distributors, traders and holders of organic brands have systems and measures in place that adequately support the promise of providing organic food that people can trust. This Best Practices Guide, as adopted by businesses engaged in organic trade, will become the industry standard reference for achieving integrity across complex organic supply chains.

### Purpose of the Best Practices Guide

The purpose of this Guide is to provide businesses engaged in the organic trade with a risk-based approach for developing and implementing a written Organic Fraud Prevention Plan (OFPP) to assure the authenticity of organic products by minimizing vulnerability to organic fraud and mitigating the consequences of occurrence.

By outlining systematic approaches to the organic certification process and verification procedures carried out by ACAs and certified operations, the Guide's recommended practices are intended to establish an industry standard for businesses to create continuously improving internal programs and processes for achieving organic integrity throughout their associated supply chains.

### DEFINITION OF ORGANIC FRAUD

For the purposes of this Guide, organic product fraud can be defined as an intentional misleading or deceptive action carried out for illicit financial gain. Fraudulent acts may include adulteration, substitution, falsified records and the deliberate mislabeling of goods, as well as false statements made on applications, organic system plans, and during

inspections. Of primary concern are intentional and economically motivated substitutions and the fraudulent mislabeling of organic products, including fabrication of fraudulent organic certificates. Such misrepresentation may occur at any point along the value chain from the product source to selling point.

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## STRUCTURE OF THE BEST PRACTICES GUIDE

**This booklet presents a systematic approach to developing and operationalizing a written organic fraud prevention plan that can be summarized by a five-step process:**

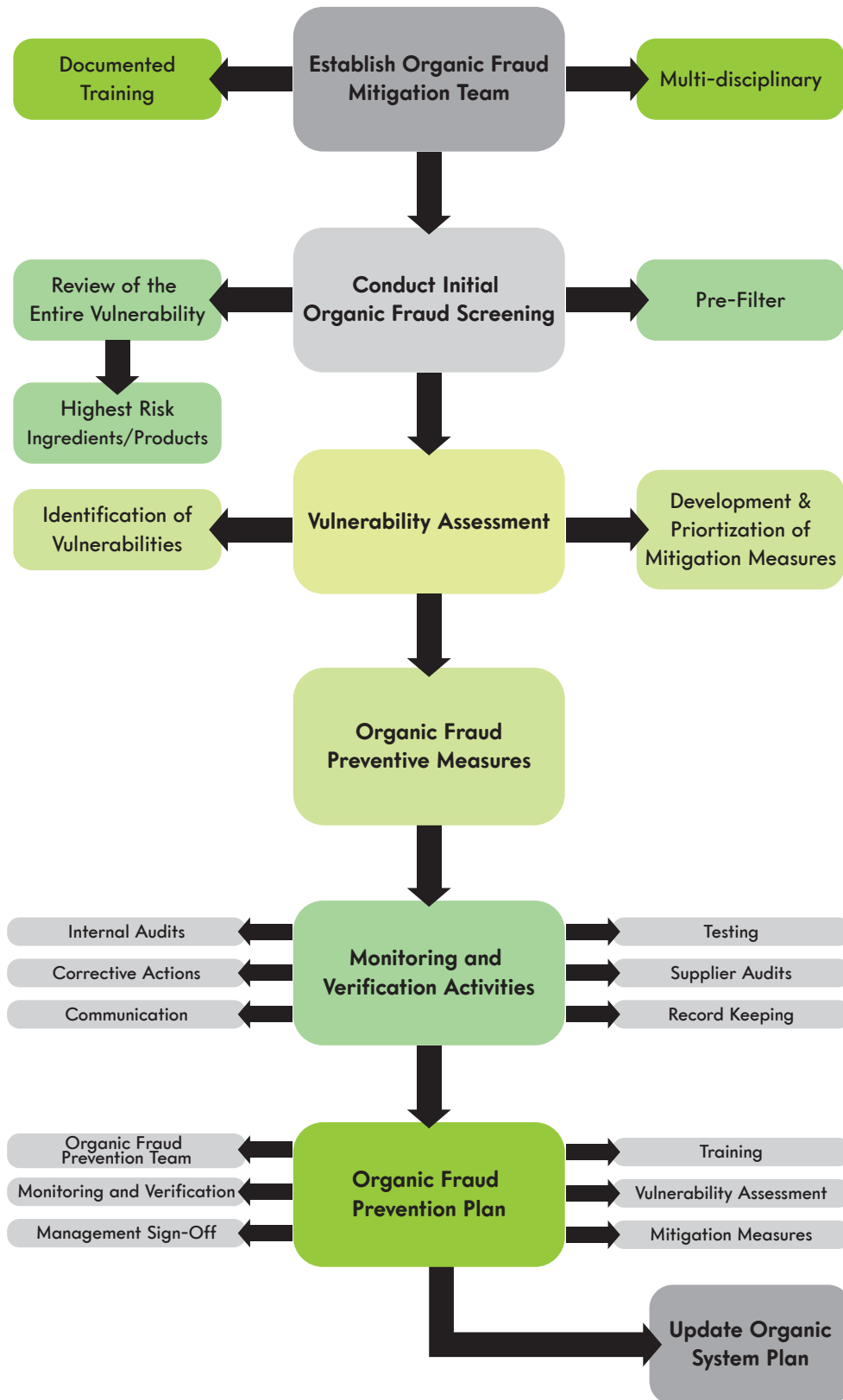
- Conduct a vulnerability assessment, including
  - Know your products and risks (history, economic and geographical factors)
  - Know your suppliers (manufacturer, broker, certified/uncertified, history)
  - Know your supply chain (length, complexity, supply and demand)
  - Know your existing verification measures and identify the gaps
- Design and implement internal mitigation measures including a robust supplier approval program that involves internal audits and second-party supplier audits
- Ensure practices are effective through monitoring practices and verification tools such as internal audits and control testing
- Document the vulnerability assessment, mitigation measures and monitoring practices in an Organic Fraud Prevention Plan
- Integrate mitigation measures into the Organic System Plan (OSP)

### **In Summary, this Guide:**

- Provides businesses engaged in organic trade with a risk-based approach for developing best practices for improving the resilience and overall integrity of global organic supply chains
- Is intended for individual businesses engaged in the selling, buying, producing, processing or packaging of certified organic products
- Provides background on the participant's responsibilities and organic requirements for a simple and complex organic supply chain
- Aims to set a standard industry practice that complements and reinforces the organic certification process and verification procedures carried out by ACAs and MROs as authorized by USDA-NOP
- Presents a process for carrying out a vulnerability assessment to design and implement appropriate mitigation practices that can be integrated into the annual organic certification system
- Provides guidance on developing and implementing a written organic fraud prevention plan to assure the authenticity of organic products by minimizing vulnerability to organic fraud and mitigating the consequences of occurrence
- Recommends monitoring procedures and verification tools that will ensure the practices and procedures are effectively implemented
- Includes detailed information on what to do when you suspect or detect fraud and the process for filing a complaint to the National Organic Program
- Provides additional resources and helpful tools for identifying and or deterring fraud.



## DEVELOPING AN ORGANIC FRAUD PREVENTION PLAN



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## DEFINITIONS

### **Mitigation Measure:**

Measure taken to decrease vulnerability to organic fraud in a given supply chain.

### **Mitigation Strategy:**

Selected set of mitigation measures aimed at preventing food fraud in a given supply chain that are incorporated into the Organic Fraud Prevention Plan.

### **Organic Critical Control Points (OCCP):**

A step or procedure at which controls can be applied to prevent the organic integrity of an organic ingredient or product being compromised. Control points are essential components of an Organic System Plan, and identify the places in a product process flow or in the supply chain where the organic integrity of a product could be compromised.

### **Organic Fraud:**

For the purposes of this Guide, organic product fraud can be defined as an intentional misleading or deceptive action carried out for illicit financial gain. Fraudulent acts may include adulteration, substitution, falsified records and the deliberate mislabeling of goods, as well as false statements made on applications, organic system plans, and during inspections. Of primary concern are intentional and economically motivated substitutions and the fraudulent mislabeling of organic products, including fabrication of fraudulent organic certificates. Such misrepresentation may occur at any point along the value chain from the product source to selling point.

### **Organic Fraud Prevention Plan:**

A company plan that documents the vulnerability assessment, mitigation measures and verification procedures that will be performed and maintained to verify that the plan is effectively implemented.

### **Organic System Plan:**

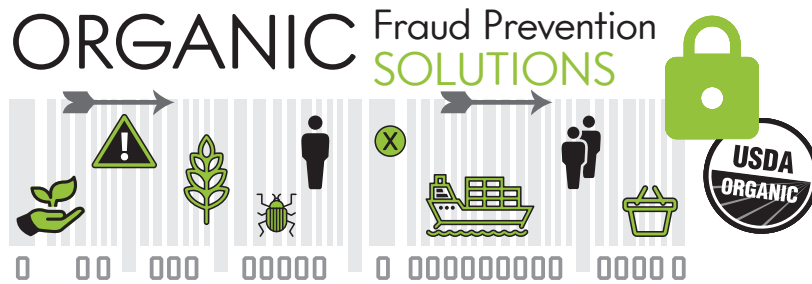
A plan of management of an organic production or handling operation that has been agreed to by the producer or handler and the certifying agent, and that includes written plans concerning all aspects of agricultural production or handling described in Title 7 CFR 205 (National Organic Program Regulations.)

### **Vulnerability Assessment (or vulnerability characterization):**

Within a food fraud management system, the step aimed at reviewing and assessing various factors that create vulnerabilities in a supply chain (i.e. weak points where fraud has greater chances to occur).

- Note: A *vulnerability* is a weakness or gap in protection efforts. *Risk* – The potential for loss, damage or destruction of an asset as a result of a threat exploiting a *vulnerability*. *Risk* is the intersection of assets, threats, and *vulnerabilities*.

The Organic Trade Association has developed the **Organic Fraud Prevention Solutions** private-sector program to help protect your business, and grow consumer confidence in organic.



**Organic Fraud Prevention Solutions** improves your internal quality assurance programs.

- ✓ It helps **prevent organic fraud** in your supply chain
- ✓ It provides a **business-to-business marketing advantage**

The program provides step-by-step training and resources.

- 🔒 Identify **weaknesses** and gaps
- 🔒 Design internal **mitigation** measures
- 🔒 Implement **monitoring** and verification tools
- 🔒 Update your **Organic System Plan**

The program complements and reinforces the U.S. Department of Agriculture's Organic standards and the work of the accredited certifying agencies.

- ✓ It is a quality assurance program, **not a certification** or verification program

**Organic Fraud Prevention Solutions** is designed and tested by the organic sector. It minimizes vulnerabilities for organic farmers, handlers, traders, processors, distributors and retailers.

**Organic Fraud Prevention Solutions** is open for enrollment\*

- ✓ Be **publicly recognized** as an Organic Fraud Prevention Solutions enrollee
- ✓ Receive the comprehensive Organic Fraud Prevention **Best Practices Guide**
- ✓ Secure your **training slot** (free to Organic Trade Association members)
- ✓ Receive **business-critical updates** on program developments and fraud news

*An Organic Trade Association Resource*

\*Pre-enrollment is available for Organic Trade Association members. All program participants must be certified organic or listed by a USDA recognized Material Review Organization.

Learn More: [OTA.com/OrganicFraudPrevention](http://OTA.com/OrganicFraudPrevention)



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