

JWV/GAM: Feb. 2013

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

UNITED STATES OF AMERICA)	
)	
v.)	
)	
SCOTT DAVID GRINSTEAD)	

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

At all times material to this Information:

1. Adams Produce Company LLC (“Adams Produce”), a privately held company headquartered in Birmingham, Alabama, was a leading distributor of fresh fruits and vegetables throughout the southeastern United States. Its customers included the United States government, restaurants, hospitals, hotels, and casinos. Adams Produce serviced its customers from multiple distribution centers located in Alabama, Arkansas, Florida, Georgia, Mississippi, and Tennessee. Approximately 400 employees worked for Adams Produce until the company ceased operations and filed a bankruptcy petition in April 2012.

2. Defendant **SCOTT DAVID GRINSTEAD** was the Chief Executive Officer of Adams Produce and was responsible for overseeing all aspects of Adams Produce's business. Adams Produce employed a procedure under which it reimbursed officers and employees for legitimate business expenses incurred in connection with the performance of their employment. Defendant **SCOTT DAVID GRINSTEAD** charged both business and personal expenses using a personal credit card issued to him by American Express.

3. The United States, through the Defense Supply Center Philadelphia ("DSCP"), contracted with distributors of fresh produce, such as Adams Produce, to supply fresh fruits and vegetables to military bases, public school systems, junior colleges, and universities. Adams Produce entered into contracts with the United States government worth millions of dollars. The price paid by the United States for fruits and vegetables supplied by Adams Produce under the contracts depended in large part on the cost to Adams Produce of purchasing produce from its suppliers. Adams Produce was required periodically to submit purchase orders to DSCP proving its costs.

4. T.L.C. is one of the largest distributors of fresh produce in the United States, serving the retail, wholesale, and food service markets. It has offices located across the United States, including one in Marietta, Georgia. Adams

Produce purchased fruits and vegetables from T.L.C.

5. From in or about August 2011, and continuing until in or about December 2011, officers and employees of Adams Produce engaged in a scheme to defraud DSCP by arranging and conducting transactions with T.L.C. designed to create invoices and purchase orders reflecting a higher cost to Adams Produce of purchasing fruits and vegetables than Adams Produce actually incurred. Adams Produce would and did use these false invoices and purchase orders to support the submission, by interstate wire communications between Alabama and other states, of false information and documents to DSCP seeking payment from the government to which Adams Produce was not entitled. These transactions with T.L.C. and the submission of false information and documents to DSCP were intended to increase Adams Produce's profit margins and inflate the income reported on Adams Produce's financial statements.

Count One
Wire Fraud
Title 18, United States Code, Section 1343

1. The United States Attorney repeats and re-alleges the allegations contained in paragraphs 1 and 2 of the Introduction to this Information as though fully set out herein.

Purpose of the Scheme and Artifice

2. From in or about September 2010, and continuing to in or about February 2012, the exact dates being unknown, within Jefferson County in the Northern District of Alabama, and elsewhere, defendant

SCOTT DAVID GRINSTEAD

devised and intended to devise a scheme and artifice to defraud Adams Produce by means of materially false and fraudulent pretenses, representations, and promises.

3. It was a part of the scheme and artifice that defendant **SCOTT DAVID GRINSTEAD** would and did incur charges for personal expenditures on his American Express card, including charges for clothing, jewelry, personal travel for himself and his family, lawn care at his home, and items related to a house on Lake Martin.

4. It was a further part of the scheme and artifice that defendant **SCOTT DAVID GRINSTEAD** caused Adams Produce to wire funds to American Express from an Adams Produce bank account to pay for personal expenditures.

5. It was a further part of the scheme and artifice that defendant **SCOTT DAVID GRINSTEAD** would and did falsely promise to reimburse Adams Produce for money paid to American Express for his personal expenditures.

6. It was a further part of the scheme and artifice that defendant **SCOTT DAVID GRINSTEAD** would and did cause Adams Produce to pay American Express between \$200,000.00 and \$400,000.00 for personal expenditures that he intentionally did not repay in accordance with the Adams Produce procedure regarding reimbursement of business expenses.

THE WIRE COMMUNICATION

7. On or about January 12, 2012, in Jefferson County in the Northern District of Alabama, and elsewhere, defendant

SCOTT DAVID GRINSTEAD,

for the purpose of executing the above-described scheme and artifice and attempting to do so, did transmit and cause to be transmitted in interstate commerce, by means of a wire communication, certain signs and signals, that is, defendant **SCOTT DAVID GRINSTEAD** caused an interstate communication between Alabama and another state to be made when he caused \$71,389.28 to be transferred by computer from an Adams Produce account at PNC Bank to American Express.

All in violation of Title 18, United States Code, Sections 1343.

Count Two
Misprision of Felony
Title 18, United States Code, Section 4

1. The United States Attorney repeats and re-alleges the allegations contained in paragraphs 1 through 5 of the Introduction to this Information as though fully set out herein.

2. In or about October 2011, in Jefferson County in the Northern District of Alabama, and elsewhere, defendant

SCOTT DAVID GRINSTEAD,

having knowledge of the actual commission of a felony cognizable by a court of the United States, to wit, the wire fraud scheme described in paragraph 5 of the Introduction to this Information, did conceal the same by letting the scheme to defraud end slowly rather than ending it immediately so as to avoid raising red flags and better avoid detection by DSCP, and did not as soon as possible make known the same to some judge or other person in civil or military authority under the United States.

All in violation of Title 18, United States Code, Section 4.

Count Three
Failure to File Tax Return
Title 26, United States Code, Section 7203

During the calendar year 2009, **SCOTT DAVID GRINSTEAD**, who was a resident of Birmingham, Alabama, had and received gross income of approximately \$748,801.00. By reason of such gross income, he was required by law, following the close of the calendar year 2009 and on or before April 15, 2010, to make an income tax return to the Internal Revenue Service stating specifically the items of his gross income and any deductions and credits to which he was entitled. Well knowing and believing all of the foregoing,

SCOTT DAVID GRINSTEAD,

on or about April 15, 2010, in Jefferson County within the Northern District of Alabama, and elsewhere, did willfully fail to make an income tax return.

All in violation of Title 26, United States Code, Section 7203.

Count Four
Failure to File Tax Return
Title 26, United States Code, Section 7203

During the calendar year 2010, **SCOTT DAVID GRINSTEAD**, who was a resident of Birmingham, Alabama, had and received gross income of approximately \$1,878,700.00. By reason of such gross income, he was required

by law, following the close of the calendar year 2010 and on or before April 15, 2011, to make an income tax return to the Internal Revenue Service stating specifically the items of his gross income and any deductions and credits to which he was entitled. Well knowing and believing all of the foregoing,

SCOTT DAVID GRINSTEAD,

on or about April 15, 2011, in Jefferson County within the Northern District of Alabama, and elsewhere, did willfully fail to make an income tax return.

All in violation of Title 26, United States Code, Section 7203.

JOYCE WHITE VANCE
UNITED STATES ATTORNEY

/s/
GEORGE A. MARTIN, JR.
Assistant United States Attorney