

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI

FILED

NOV 15 2022

By DAVID CREWS, CLERK Deputy

UNITED STATES OF AMERICA

v.

CRIMINAL CASE NO. 4:22CR148

JOHN R. COLEMAN

18 U.S.C. § 1343

INDICTMENT

The Grand Jury charges that:

COUNT ONE

At all times material to this indictment:

1. Express Grain Terminals, LLC; Express Grain Processing, LLC; and Express Biodiesel, LLC (hereinafter collectively referred to as “Express Grain”) were in the business of purchasing, processing and storing grain. Express Grain was headquartered in Greenwood, Mississippi and had various locations in the Mississippi Delta. Express Grain was a grain warehouse subject to the Mississippi Grain Warehouse Law.

2. The term “grain” as used in the Indictment includes corn, wheat, soybeans and any other crop purchased, stored, processed and sold by Express Grain.

3. JOHN R. COLEMAN, defendant, was an adult resident of Greenwood, Mississippi. COLEMAN was an owner of Express Grain and was the person primarily responsible for the operations of Express Grain.

4. UMB Bank, N.A. was a bank headquartered in Kansas City, Missouri. UMB Bank provided loans to Express Grain. In September 2021, Express Grain owed UMB Bank

approximately \$70 Million in outstanding loans. Each year, UMB Bank required Express Grain to provide the bank with audited financial statements.

5. Horne, LLP was an accounting firm based in Ridgeland, Mississippi that provided audited financial statements to Express Grain. For the years ending 2017, 2018, 2019 and 2020, Horne, LLP provided JOHN R. COLEMAN with audited financial statements that included an introductory letter with a paragraph entitled “Emphasis of Matter Regarding Going Concern.” The “Emphasis of Matter Regarding Going Concern” paragraph indicated that Horne, LLP had substantial doubt about Express Grain’s ability to continue as a going concern.

6. The Mississippi State Board of Agriculture was a state agency that issued annual licenses to grain warehouses, such as Express Grain, pursuant to the Mississippi Grain Warehouse Law. A grain warehouse, such as Express Grain, could not operate a grain warehouse or issue a warehouse receipt without a license from the State Board of Agriculture. Express Grain was required to apply for and obtain a license each year. As part of the application process, Express Grain was required by State law to provide the State Board of Agriculture with a copy of audited financial statements.

7. Individual farmers as well as corporate farm operations (hereinafter “Farmer Victims”) delivered grain to Express Grain for storage and sale. The Farmer Victims made various arrangements with Express Grain and Express Grain was expected to pay for the grain that the Farmer Victims physically delivered to grain elevators. The Farmer Victims relied on Express Grain’s warehouse license issued by the Mississippi State Board of Agriculture.

THE SCHEME

8. From on or about June 2018 until on or about October 2022, in the Northern District of Mississippi, and elsewhere, JOHN R. COLEMAN, defendant, did devise and intend to devise a

scheme to defraud the Farmer Victims, UMB Bank, and the Mississippi State Board of Agriculture, and to obtain money by means of false and fraudulent pretenses, representations and promises; that is, JOHN R. COLEMAN intentionally misled farmers, lenders and the Mississippi State Board of Agriculture to induce them to deliver grain to Express Grain, lend money to Express Grain and provide Express Grain with warehouse licenses despite COLEMAN'S direct knowledge that Express Grain was in severe financial distress. COLEMAN'S fraud caused widespread financial hardship and suffering throughout the Mississippi Delta and elsewhere.

The following were parts of the scheme:

9. In 2018, JOHN R. COLEMAN, without the knowledge of Horne, LLP, made material changes to the Express Grain audited financial statements for the year 2017, including the removal of the "Emphasis of Matter Regarding Going Concern" paragraph.

10. On or about June 7, 2018, in connection with the application for Express Grain's warehouse license, JOHN R. COLEMAN emailed the fraudulently altered financial statements for 2017 to the Mississippi State Board of Agriculture claiming that they were the legitimate financial statements provided to him by Horne, LLP. The "Emphasis of Matter Regarding Going Concern" paragraph that COLEMAN removed would have had a material impact on the Mississippi State Board of Agriculture's decision to renew Express Grain's warehouse license.

11. In 2019, JOHN R. COLEMAN, without the knowledge of Horne, LLP, made material changes to the Express Grain audited financial statements for the year 2018, including the removal of the "Emphasis of Matter Regarding Going Concern" paragraph.

12. On or about July 1, 2019, in connection with the application for Express Grain's warehouse license, JOHN R. COLEMAN emailed the fraudulently altered financial statements for 2018 to the Mississippi State Board of Agriculture claiming that they were the legitimate financial

statements provided to him by Horne, LLP. The “Emphasis of Matter Regarding Going Concern” paragraph that COLEMAN removed would have had a material impact on the Mississippi State Board of Agriculture’s decision to renew Express Grain’s warehouse license.

13. In 2020, JOHN R. COLEMAN, without the knowledge of Horne, LLP, made material changes to the Express Grain audited financial statements for the year 2019, including the removal of the “Emphasis of Matter Regarding Going Concern” paragraph.

14. On or about January 1, 2020, JOHN R. COLEMAN emailed the fraudulently altered financial statements for 2019 to UMB Bank without the “Emphasis of Matter Regarding Going Concern” paragraph.

15. On or about July 22, 2020, in connection with the application for Express Grain’s warehouse license, JOHN R. COLEMAN emailed the fraudulently altered financial statements for 2019 to the Mississippi State Board of Agriculture claiming that they were the legitimate financial statements provided to him by Horne, LLP. The “Emphasis of Matter Regarding Going Concern” paragraph that COLEMAN removed would have had a material impact on the Mississippi State Board of Agriculture’s decision to renew Express Grain’s warehouse license.

16. In 2021, JOHN R. COLEMAN, without the knowledge of Horne, LLP, made material changes to the Express Grain audited financial statements for the year 2020, including the removal of the “Emphasis of Matter Regarding Going Concern” paragraph.

17. On or about February 5, 2021, JOHN R. COLEMAN emailed the fraudulently altered financial statements for 2020 to UMB Bank without the “Emphasis of Matter Regarding Going Concern” paragraph.

18. On or about May 27, 2021, in connection with the application for Express Grain’s warehouse license, JOHN R. COLEMAN emailed the fraudulently altered financial statements for

2020 to the Mississippi State Board of Agriculture claiming that they were the legitimate financial statements provided to him by Horne, LLP. The “Emphasis of Matter Regarding Going Concern” paragraph that COLEMAN removed would have had a material impact on the Mississippi State Board of Agriculture’s decision to renew Express Grain’s warehouse license.

19. On or about September 4, 2021, JOHN R. COLEMAN emailed the fraudulently altered financial statements for 2020 to UMB Bank without the “Emphasis of Matter Regarding Going Concern” paragraph.

20. Throughout the harvest season of 2021, Farmer Victims delivered grain to Express Grain but did not receive payment for the grain. As a result, in September 2021, Express Grain had not paid the Farmer Victims for much of the grain physically stored at Express Grain. JOHN R. COLEMAN sold large amounts of grain to third parties such as FC Stone Merchant Services, LLC and never actually paid the Farmer Victims for the grain they had delivered to Express Grain.

21. On September 22, 2021, UMB Bank requested that JOHN R. COLEMAN provide a “warehouse receipt report” showing the amount of the grain physically held by Express Grain that had been pledged as collateral to UMB Bank as well as amounts that had been pledged or sold to third parties other than UMB Bank.

22. On September 22, 2021, JOHN R. COLEMAN responded to UMB Bank and grossly underreported the amount of grain that had been pledged or sold to entities other than UMB Bank. For example, JOHN R. COLEMAN claimed that 100,000 bushels had been sold to FC Stone Merchant Services, LLC in a purchase and sale agreement, when in reality, 2,780,000 bushels had been sold to FC Stone Merchant Services, LLC, a difference of over \$30 Million. This same grain that had been sold to FC Stone Merchant Services, LLC was also pledged as collateral

to UMB Bank; furthermore, the Farmer Victims that had harvested this grain had not been paid by Express Grain for that same grain.

23. On September 23, 2021, JOHN R. COLEMAN admitted via email to UMB Bank that he had grossly underreported the warehouse receipt report and that he had sold or pledged as collateral millions of bushels of grain and not reported those bushels to UMB Bank.

24. On September 24, 2021, UMB Bank issued a Notice of Default to Express Grain and JOHN R. COLEMAN, demanding immediate payment of approximately \$70,703,260.

25. On September 27, 2021, counsel for UMB Bank provided JOHN R. COLEMAN with Notice of Intent to File a Verified Complaint against Express Grain and COLEMAN.

26. Despite the Notice of Default and Notice of Intent to File a Verified Complaint, on or about September 28, 2021, JOHN R. COLEMAN directed Express Grain to send a widely distributed email to potential customers stating that Express Grain was financially stable. JOHN R. COLEMAN approved the following paragraph of the email:

We are steadily crushing beans, and will start shipping trains of beans so we have ample space for everyone. I also wanted to let you know that we are in good shape financially. We have funding in place from multiple sources to make sure everyone gets paid on time. Stay safe out there and keep those combines rolling!

27. On September 29, 2021, Express Grain filed for Chapter 11 Bankruptcy.

28. In addition to the amounts owed to UMB Bank and other creditors, Express Grain owed approximately \$31 Million in “grain payable,” that is, Express Grain physically held the grain but had not paid for the grain. Express Grain never paid the Farmer Victims for much of the grain that was physically stored at Express Grain in September 2021 while simultaneously pledging that same grain to creditors such as UMB Bank and selling the same grain to third parties such as FC Stone Merchant Services, LLC without the knowledge of the Farmer Victims or UMB Bank.

29. JOHN R. COLEMAN'S fraud and the subsequent Express Grain bankruptcy caused widespread financial hardship for hundreds of Farmer Victims throughout the Mississippi Delta who had not been paid for the grain they had physically delivered to Express Grain.

USE OF THE WIRES

30. On or about September 28, 2021, in the Northern District of Mississippi, JOHN R. COLEMAN, defendant, for the purpose of executing and attempting to execute part of the aforesaid scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, a writing, sign, and signal; to wit, despite his knowledge of Express Grain's imminent financial collapse, JOHN R. COLEMAN directed Express Grain to send a widely distributed email to potential customers stating that Express Grain was financially stable. JOHN R. COLEMAN approved the following paragraph of the email:

We are steadily crushing beans, and will start shipping trains of beans so we have ample space for everyone. I also wanted to let you know that we are in good shape financially. We have funding in place from multiple sources to make sure everyone gets paid on time. Stay safe out there and keep those combines rolling!

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

COUNT TWO

1. The allegations contained in paragraphs 1 through 29 of Count One of this Indictment, are incorporated herein as though wholly set forth herein.

2. On or about June 7, 2018, in the Northern District of Mississippi, JOHN R. COLEMAN, defendant, for the purpose of executing and attempting to execute part of the aforesaid scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, a writing, sign, and signal; to wit, JOHN R. COLEMAN, without the knowledge of Horne, LLP, made material changes to the Express Grain audited financial

statements for the year 2017, including the removal of the “Emphasis of Matter Regarding Going Concern” paragraph and emailed the fraudulently altered financial statements for 2017 to the Mississippi State Board of Agriculture claiming that they were the legitimate financial statements provided to him by Horne, LLP. The “Emphasis of Matter Regarding Going Concern” paragraph that COLEMAN removed would have had a material impact on the Mississippi State Board of Agriculture’s decision to renew Express Grain’s warehouse license.

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

COUNT THREE

1. The allegations contained in paragraphs 1 through 29 of Count One of this Indictment, are incorporated herein as though wholly set forth herein.

2. On or about July 1, 2019, in the Northern District of Mississippi, JOHN R. COLEMAN, defendant, for the purpose of executing and attempting to execute part of the aforesaid scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, a writing, sign, and signal; to wit, JOHN R. COLEMAN, without the knowledge of Horne, LLP, made material changes to the Express Grain audited financial statements for the year 2018, including the removal of the “Emphasis of Matter Regarding Going Concern” paragraph and emailed the fraudulently altered financial statements for 2018 to the Mississippi State Board of Agriculture claiming that they were the legitimate financial statements provided to him by Horne, LLP. The “Emphasis of Matter Regarding Going Concern” paragraph that COLEMAN removed would have had a material impact on the Mississippi State Board of Agriculture’s decision to renew Express Grain’s warehouse license.

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

COUNT FOUR

1. The allegations contained in paragraphs 1 through 29 of Count One of this Indictment, are incorporated herein as though wholly set forth herein.

2. On or about July 22, 2020, in the Northern District of Mississippi, JOHN R. COLEMAN, defendant, for the purpose of executing and attempting to execute part of the aforesaid scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, a writing, sign, and signal; to wit, JOHN R. COLEMAN, without the knowledge of Horne, LLP, made material changes to the Express Grain audited financial statements for the year 2019, including the removal of the “Emphasis of Matter Regarding Going Concern” paragraph and emailed the fraudulently altered financial statements for 2019 to the Mississippi State Board of Agriculture claiming that they were the legitimate financial statements provided to him by Horne, LLP. The “Emphasis of Matter Regarding Going Concern” paragraph that COLEMAN removed would have had a material impact on the Mississippi State Board of Agriculture’s decision to renew Express Grain’s warehouse license.

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

COUNT FIVE

1. The allegations contained in paragraphs 1 through 29 of Count One of this Indictment, are incorporated herein as though wholly set forth herein.

2. On or about September 4, 2021, in the Northern District of Mississippi, JOHN R. COLEMAN, defendant, for the purpose of executing and attempting to execute part of the aforesaid scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, a writing, sign, and signal; to wit, JOHN R. COLEMAN, without the knowledge of Horne, LLP, made material changes to the Express Grain audited financial

statements for the year 2020, including the removal of the “Emphasis of Matter Regarding Going Concern” paragraph and emailed the fraudulently altered financial statements for 2020 to UMB Bank claiming that they were the legitimate audited financial statements for Express Grain.

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

COUNT SIX

1. The allegations contained in paragraphs 1 through 29 of Count One of this Indictment, are incorporated herein as though wholly set forth herein.

2. On or about September 22, 2021, in the Northern District of Mississippi, JOHN R. COLEMAN, defendant, for the purpose of executing and attempting to execute part of the aforesaid scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, a writing, sign, and signal; to wit, JOHN R. COLEMAN claimed in an email to UMB Bank that Express Grain had sold 100,000 bushels of grain in a purchase and sale agreement with FC Stone Merchant Services, LLC, when in truth and in fact, as COLEMAN knew at the time, Express Grain had sold 2,780,000 bushels of grain to FC Stone Merchant Services, LLC, a difference of approximately \$30 Million. This same grain that was sold to FC Stone Merchant Services, LLC was also pledged as collateral to UMB Bank.

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

A TRUE BILL


CLAY JOYNER
United States Attorney

/s/ Redacted Signature
FOREPERSON