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Bribes Let Tomato Vendor Sell Tainted Food

By [WILLIAM NEUMAN](#)

Robert Watson, a top ingredient buyer for [Kraft Foods](#), needed \$20,000 to pay his taxes. So he called a broker for a California tomato processor that for years had been paying him bribes to get its products into Kraft's plants.

The check would soon be in the mail, the broker promised. "We'll have to deduct it out of your commissions as we move forward," he said, using a euphemism for bribes.

Days later, federal agents descended on Kraft's offices near Chicago and confronted Mr. Watson. He admitted his role in a bribery scheme that has laid bare a startling vein of corruption in the food industry. And because the scheme also involved millions of pounds of tomato products with high levels of mold or other defects, the case has raised serious questions about how well food manufacturers safeguard the quality of their ingredients.

Over the last 14 months, Mr. Watson and three other purchasing managers, at Frito-Lay, [Safeway](#) and B&G Foods, have pleaded guilty to taking bribes. Five people connected to one of the nation's largest tomato processors, SK Foods, have also admitted taking part in the scheme.

Now, federal prosecutors in California have taken aim at the owner of SK Foods, who they say spearheaded the far-reaching plot. The man, Frederick Scott Salyer, was arrested at [Kennedy Airport](#) in New York City on Feb. 4 after getting off a flight from Switzerland. He was indicted last week on racketeering, fraud and obstruction of justice charges.

The scheme, as laid out by federal prosecutors, has two parts. Officials say that Mr. Salyer and others at SK Foods greased the palms of a handful of corporate buyers in exchange for lucrative contracts and confidential information on bids submitted by competitors. This most likely drove up ingredient prices for the big food companies.

In addition, prosecutors say that for years, SK Foods shipped its customers millions of pounds of bulk tomato paste and puree that fell short of basic quality standards — with falsified documentation to mask the problems. Often that meant mold counts so high the sale should have been prohibited under federal law; at other times it involved breaching specifications in the sales contracts, such as acidity levels or the age of the product.

The scope of the tainted shipments was much broader than the bribery scheme, touching more than 55 companies. In some cases, companies detected problems and sent the products back — but in many cases, according to prosecutors, they did not, and the tainted ingredients wound up in food sold to consumers.

Prosecutors said that no one was sickened by the mold-tainted products and that they were not a health risk.

Benjamin B. Wagner, the United States attorney in Sacramento, whose office has led the investigation, said he was also looking at allegations of collusion and price fixing involving SK Foods and other tomato processors.

"If you have a couple of people who are willing to bend the rules and they set that tone from the top, that can spread very quickly in that company and in that niche of the industry, and that's what happened here," Mr. Wagner said.

Malcolm Segal, a lawyer for Mr. Salyer, said his client had done nothing wrong. "The allegations against Mr. Salyer are unsupported except by individuals who have pled guilty and who are seeking a personal benefit in the sentencing process," Mr. Segal said.

Randy W. Worobo, an associate professor of food microbiology at [Cornell University](#), said companies should learn from the SK Foods case that they must do a better job of monitoring their ingredients.

"There's been a lot of hype about inferior-quality products being made in China and then sold to the U.S. consumer," Mr. Worobo said. "This is exactly the same thing, but it's based in the U.S."

Prosecutors say that Mr. Salyer ran the fraud along with Randall Rahal, a New Jersey businessman who acted as a broker for SK Foods, negotiating deals with many of the firm's largest customers.

It was Mr. Rahal who made the contacts with the four buyers who took bribes. He was caught on a wiretap in April 2008, promising to help Mr. Watson with his tax payment, according to court papers. In another conversation, reported by a witness, Mr. Rahal explained the art of ascertaining whether a person would be susceptible to bribery.

According to court papers, Mr. Rahal recounted how he would drop a \$100 bill on the floor, then bend to pick it up, saying: "You must have dropped this. Is it yours?" If the person said yes, Mr. Rahal considered him receptive. Mr. Rahal pleaded guilty to racketeering, price fixing and money laundering charges in December 2008 and has been cooperating with investigators. His lawyer, Christopher D. Adams of New Jersey, did not respond to requests for comment.

Mr. Rahal is accused of bribing ingredient buyers as early as 1998. One of those he is said to have drawn in was a New Jersey buyer named Robert C. Turner Jr., who began taking bribes while working as a purchasing manager at Nabisco. In 2004 he went to work for B&G Foods, the maker of Ortega Mexican foods and other products, in Parsippany, N.J. Mr. Turner continued to take bribes as he rose to become B&G's director of purchasing.

Mr. Turner, an Eagle Scout, confessed to taking more than \$65,000 in bribes in all. He pleaded guilty last May to mail fraud charges related to bribe checks he received in the mail. Mr. Turner's lawyer, John A. Azzarello of New Jersey, said Mr. Turner was not aware that SK Foods was shipping tomatoes with high mold counts and other defects.

In one case in 2007, Mr. Turner raised the price B&G paid on a contract to finance his own kickback. In that deal, B&G agreed to buy 13 million pounds of peppers from SK Foods at 22 cents a pound. But at Mr. Rahal's urging, Mr. Turner added an extra penny a pound. The pair agreed to "split the penny," meaning that each of them would pocket half a cent a pound, for a total of \$65,000 apiece.

Kraft, the nation's largest food manufacturer, appears to have been among the biggest companies skimmed by the bribes. Court papers say that Kraft bought about 230 million pounds of processed tomatoes from SK Foods from 2004 to 2008, as Mr. Watson took \$158,000 in bribes.

Mr. Watson did not cooperate with investigators and is so far the only person sentenced in the case. He is serving a 27-month prison term and has been ordered to make \$1.8 million in restitution to Kraft. A request to meet with Mr. Watson in prison was submitted to his lawyer, Thomas J. Organ of Illinois, who did not respond to follow-up calls.

The products Mr. Watson bought often came at inflated prices, according to prosecutors. When they arrived, they were sometimes tainted with mold.

In 2007, faced with a product shortage, Mr. Salyer allegedly ordered subordinates to ship 3.4 million pounds of moldy tomato paste to Kraft. It was accompanied by documentation falsely claiming that it met federal mold limits.

Renee Zahery, a Kraft spokeswoman, said the company was a victim of SK Foods' fraud and stressed that there were no health risks in using the moldy paste.

She said that while the company did a variety of tests on the ingredients it used, for mold it relied on the tests by suppliers.

"We do not duplicate those efforts," Ms. Zahery said in an e-mail exchange. "We take our responsibility for quality seriously and believe the SK Foods situation was an anomaly."

Another Kraft spokeswoman, Susan Davison, said that in 2007 and 2008, Kraft sent a quality expert to monitor SK Foods' operations because of other quality concerns, like excessive tomato skins in their products.

Ms. Zahery said that the company tested all its finished products for possible [food safety](#) hazards and that no problems were found with products made with SK Foods ingredients.

Michael P. Doyle, the director of the Center for [Food Safety](#) at the [University of Georgia](#), said there had been several cases in recent years in which ingredient suppliers were suspected of falsifying documentation to mask quality or safety faults in foods, especially with imports. He said that should make companies more aggressive in testing, not only to guard against pathogens but also to check quality.

“As a consumer I wouldn’t want to have moldy tomatoes in my tomato ketchup or my tomato products,” Dr. Doyle said.

Mr. Wagner, the federal prosecutor, said SK Foods employees who shipped out falsely labeled products were aware of how alert each food company was, or was not. “They had a pretty good sense of who you can fool and in what way,” Mr. Wagner said.

SK Foods was forced into bankruptcy by its creditors last May. Its two processing plants were bought by Olam International of Singapore, which operates them as Olam Tomato Processors.

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