



Department of Justice

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Eastern District of California

FOR IMMEDIATE RELEASE
Wednesday, November 4, 2009
www.usdoj.gov/usao/cae
Docket #: Cr. S. 09-468-LKK

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SECOND FORMER SK FOODS EXECUTIVE CHARGED IN TOMATO INDUSTRY CORRUPTION CASE

SACRAMENTO, Calif. — United States Attorney Lawrence G. Brown announced today that former executive and Senior Vice President for the Monterey-based SK Foods, L.P., ALAN SCOTT HUEY, 53, of Monterey, has been charged with participating in a conspiracy involving honest services fraud and causing the introduction and delivery for introduction of adulterated and misbranded food into interstate commerce with the intent to defraud and mislead.

HUEY has agreed to plead guilty to the conspiracy charge and to cooperate in the government's ongoing investigation. He is expected to appear in U.S. District Court in Sacramento in the near future to enter his guilty plea. HUEY's plea agreement is subject to court approval.

This case is the product of a joint and extensive investigation by the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigation, and the United States Department of Justice's Antitrust Division.

According to Assistant United States Attorneys Benjamin B. Wagner, Sean C. Flynn, and Anne E. Pings, who are prosecuting the case together with Barbara Nelson, Richard Cohen and Lara Kroop of the San Francisco Field Office of the Antitrust Division, a one-count felony information (a charging instrument) was filed today in U.S. District Court in Sacramento against HUEY, who between 2004 and 2008 served as Vice President for Strategic Planning, and Senior Vice President for Sales and Marketing for SK Foods, L.P. During that period, SK Foods was a grower, processor, and distributor of tomato products and other food products for sale to food product manufacturers, food service distributors and marketers and retail outlets nationwide.

HUEY is the latest individual, and the second SK Foods senior executive, to be charged in connection with the government's tomato industry probe. According to the information, and HUEY's publicly filed plea agreement, between January 2004 and April 2008, HUEY was responsible for overseeing and managing SK Foods' inventory of processed tomato products and other food products, to include the shipment of those products to SK Foods' customers across the United States. In today's court documents, HUEY admitted that at the instruction and direction of a senior leader of SK Foods, HUEY routinely falsified, and directed other SK Foods employees to falsify, the various grading factors and data contained on Certificates of Analysis and other quality control documents that accompanied customer-bound shipments of tomato product that was produced, purchased and sold by SK Foods.

Specifically, the quality control documents were falsified so that they reflected mold count levels in SK Foods' tomato product as being below the applicable U.S. Food and Drug Administration Food Defect Action Level in many instances when, in fact, those levels were

significantly above the federal threshold. On other occasions, HUEY and his co-conspirators intentionally falsified quality control documents so that they reflected natural tomato soluble solids levels that were higher than what the product actually contained. In other instances, they altered dates of production of the tomato product. In today's filings, HUEY admitted also that as a result of his and his co-conspirators' actions, over a four-year period SK Foods routinely shipped adulterated and/or misbranded tomato product to at least 45 different customer victims in 22 different states. HUEY is the most senior SK Foods executive charged to date in the course of the investigation.

One SK Foods employee whom HUEY and his co-conspirators directed in this fashion was former Records and Business Analyst, JENNIFER LOU DAHLMAN, 48, of Lemoore, Calif. DAHLMAN pleaded guilty on February 18, 2009, to causing the shipment to SK Foods' customers of processed tomato products that were adulterated and unsaleable domestically due to their excessive mold content. DAHLMAN further admitted to routinely falsifying the various grading factors and results of required laboratory testing contained on the Certificates of Analysis and other quality control documents. DAHLMAN is cooperating in the government's ongoing investigation.

Former SK Foods Vice President JEFFREY SHERMAN BEASLEY pleaded guilty to participating in honest services and mislabeling conspiracies on August 25, 2009. BEASLEY is also cooperating in the government's ongoing investigation.

Mold is a natural byproduct of tomato products, but the federal government sets limits on the amount of mold that may be present in domestically-sold tomato paste. The product shipped by SK Foods did not constitute a health hazard, and the government's ongoing investigation has not uncovered any wrongdoing on the part of SK Foods' unwitting customers.

Today's filings also detail how certain leaders, employees and associates of SK Foods, engaged in a scheme to defraud and deprive certain of SK Foods' customers of their respective rights to the honest services of certain of their own employees through acts of bribery, which were intended to ensure that those customers – including Kraft Foods Inc., Frito-Lay Inc., and B&G Foods Inc. – purchased processed tomato products from SK Foods rather than from its competitors, and that those customers paid an inflated price for such products. The bribes also induced customer purchasing agents to disclose to SK Foods the bidding and other proprietary information of certain of its competitors. HUEY and his co-conspirators used the proprietary information to set tomato product prices, often higher than they would have otherwise.

ROBERT L. WATSON, 59, of White Plains, N.Y., JAMES RICHARD WAHL, 58, of Dallas, Texas, and ROBERT TURNER, 59, of Randolph, N.J., former purchasing managers at Kraft, Frito-Lay and B&G Foods, respectively, have already pleaded guilty to receiving illicit payments from former SK Foods' sales broker and director RANDALL LEE RAHAL, 61, of Ramsey, N.J. RAHAL also pleaded guilty in December 2008 to participating in racketeering, bid rigging and contract allocation conspiracies, among other charges. WATSON was sentenced in federal court in Sacramento on August 11, 2009, to two years and three months in prison to be followed by two years of supervised release. He was also ordered to pay \$1,858,000 in restitution to his former employer, Kraft. The other defendants are awaiting sentencing.

In a related case, ANTHONY RAY MANUEL, 57, of Turlock, California, formerly an employee of Morning Star Packing Company and then of SK Foods, pleaded guilty on January 27, 2009 to embezzling approximately \$975,000 from Morning Star and to filing a false tax return.

“The effect of this conspiracy was to provide lower quality processed tomato products at inflated prices,” said Brown. “This office will continue to vigorously prosecute those who commit this type of widespread fraud in the American marketplace.”

HUEY faces a maximum statutory penalty on the conspiracy charges of five years in prison and a criminal fine of \$250,000. However, the actual sentence will be dictated by the Federal Sentencing Guidelines, which take into account a number of factors, and will be imposed at the discretion of the court.

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