

US peanut executives responsible for salmonella outbreak found guilty

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24 September 2014

On Friday, three food industry executives were found guilty on dozens of felony corruption charges, including conspiracy and obstruction of justice, in a federal trial stemming from the salmonella outbreak of 2008-09. The outbreak was caused by contaminated peanut products shipped from a facility in Blakely, Georgia owned by the now-defunct Peanut Corporation of America (PCA). The trial was the first time that corporate executives were charged with felonies in federal court in a food-poisoning case.

Stewart Parnell, former owner and CEO of PCA was found guilty on 67 corruption counts. He could spend more than three decades in prison if given the maximum sentence. Parnell's brother, food broker Michael Parnell, was found guilty on 30 counts and faces a maximum sentence of 20 years. The quality control manager for the Blakely facility, Mary Wilkerson, was also found guilty on a single count of obstruction of justice, for which she faces up to 10 years in jail and a \$250,000 fine.

At its peak, PCA accounted for 2.5 percent of processed peanuts in the United States, generating \$25 million in revenue in 2007. The company primarily marketed towards "institutional food" customers such as schools and prisons, as well as low-end food processors catering to impoverished workers. Michael Parnell, as owner of the peanut brokerage firm PP Sales, acted as a middleman for the company's dealings with corporate customers.

From September of 2008 to the beginning of 2009, the salmonella outbreak spread to 46 US states, resulting in 714 confirmed cases and nine deaths, but likely sickening as many as 22,000 people, according to the Center for Disease Control and Prevention. Children and the elderly were hit particularly hard.

In January of 2009, investigators from the Food and

Drug Administration (FDA) traced the outbreak to contaminated peanut products sold by PCA to major food conglomerates, which had made their way into over 430 different food products across the United States. The ensuing scandal forced the company to file for Chapter 7 bankruptcy that February. The outbreak resulted in one of the largest product recalls in American history, which extended to Canada and Europe.

According to internal PCA documents, management was fully aware that its product was contaminated, but chose to ship it anyway due to cost concerns. When internal testing returned positive for contaminants, the company simply ran the test again in order to acquire a negative result.

Indeed, in an internal email, Stewart Parnell replied to an employee who reported that salmonella had been identified in a batch of peanuts, "I go thru this about once a week. I will hold my breath [while the shipment is re-tested]... again."

The company facilities routinely violated government regulations. The Blakely facility was infested with roaches and mold, with holes in the ceiling through which rainwater and bird feces could fall onto the production floor. The company's Texas processing facility, in addition to operating under similar conditions, was operating without a license and was unknown to the state government.

In the two-month-long trial, the government called 46 witnesses and presented over 1,000 pieces of evidence. The defense team's case, by contrast, was so meager that it filled only 104 minutes. Nevertheless, the defendants, particularly Michael Parnell, were able to beat several charges.

Although the defendants face lengthy maximum sentences, it is far from clear at this point how much

they will actually serve. After the verdict, the defense attorneys announced their intention to appeal.

Moreover, there is every reason to doubt the government's desire to continue pursuing this case. Claims that the conviction represents a "warning" to would-be violators are entirely fraudulent. In the first place, the fact that this is the first instance of such violators actually being brought to court speaks volumes about the sordid relations between American corporations and the government. Moreover, government prosecutors declined to pursue charges related to the deaths of nine people from eating food containing PCA's contaminated products.

The federal agencies charged with regulating the food industry have no meaningful independence from the industry they are ostensibly supposed to regulate. Indeed, for years prior to the outbreak Stewart Parnell sat on the USDA's Peanut Standards board, a collection of corporate executives tasked by the government with creating quality standards for their own industry! The FDA, for its part, has little to no enforcement power and its inspection regime is completely threadbare, relying heavily on self-reporting. The Blakely facility had not been inspected by the FDA even once since PCA began using it to process peanuts. However, the agency had known about contamination problems at PCA for years. In the year prior to the outbreak, a PCA shipment of chopped peanuts bound for Canada was turned back at the border when metal fragments were discovered interspersed with the peanuts.

In the aftermath of the 2008-09 salmonella outbreak, the Obama administration announced that it would push for regulatory reforms. As usual, this has turned out to be a total fraud. The Food Safety Modernization Act, signed into law in 2011, is underfunded and behind schedule, after the administration dragged its feet for two years in implementing the new FDA rules. More importantly however, the Act still limits the FDA to mechanisms which depend upon the voluntary cooperation of the industry.

The testing and enforcement mechanisms of the government as a whole continue to be whittled down by the Obama administration, carrying out the dictates of industry executives. To cite one example, the USDA's Microbiological Data Program was shut down at the end of last year. The program, whose existence long

irked the agricultural industry, conducted 80 percent of federal produce testing.

The paltry reforms passed after the 2008-09 salmonella outbreak have not apparently even led to a safer peanut supply. Agribusiness firm Hain Celestial Group announced a recall in August of its peanut and almond butter products, which are carried in major groceries throughout the country. Over 300 people were confirmed to have been sickened by the contaminated foods.



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