

Tomato Exec Sentenced to 6 Years in Prison

TRACIE CONE, Associated Press

SACRAMENTO, Calif. (AP) — Frederick Scott Salyer has been described as one of the most influential men in California's agriculture industry, but on Tuesday he learned that he'll soon become just another inmate in the federal prison system.

Salyer, who built a small canning company into one of the biggest tomato processors in California, was sentenced to six years in prison for engaging in a price-fixing scam that authorities said involved bribing purchasing managers at food giants including Kraft Foods Inc. and Frito-Lay.

"I hope this case sends a message to the people in the agriculture industry that it's critically important they keep fraud out of the industry," said U.S. Attorney Benjamin Wagoner after the sentencing. "Obviously this is a tremendous fall from power. He was one of the richest and most influential people in agriculture."

Salyer, 57, pleaded guilty last year in U.S. District Court to racketeering and price fixing in a years-long scheme that investigators said increased the price of food and allowed moldy products to reach U.S. consumers.

"I regret my mistakes and the harm I caused," Salyer said before sentencing. "I've been stripped of my business and my pride."

The charges against Salyer carried maximum sentences of 20 and 10 years, respectively, but the terms were reduced as part of a plea agreement. He also was sentenced to three years of probation.

Salyer will remain at his Pebble Beach mansion, where he has been under house arrest on \$6 million bond, until he begins serving his sentence on April 9. His attorney Elliot Peters described him in court as an alcoholic whose judgment was impaired as he made decisions about the business.

"He drinks and drank too much," Peters said.

Court documents say he consumes two bottles of wine or a half-dozen tumblers of vodka a day.

Judge Lawrence K. Karlton recommended that Salyer serve his time at a minimum security prison camp in Lompoc in Santa Barbara County. He also must receive alcohol counseling.

"The U.S. must rely on food producers to assure standards are met," Karlton said. "It seems important to send a message. 'You'll go to prison for a significant amount of time. Don't take those bribes. Don't even think about it.'"

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After the sentencing, a teary-eyed Salyer declined comment.

Buyers from Kraft, PepsiCo Inc.'s Frito-Lay unit, Safeway Inc. and B&G Foods Inc. have pleaded guilty to accepting bribes in the case. Two of the 10 co-defendants have been sentenced, and Wagoner said none of the others would receive more than six years.

Salyer is the product of one of the West's oldest land dynasties, a multi-generation enterprise that started with cotton farming and branched into tomatoes at SK Foods under Salyer and his father.

Choking back tears, Salyer told the judge before sentencing that in 1996 he hocked all he owned to buy the company from his father. During the next decade, the company grew quickly.

By the time federal agents raided SK Foods in 2008, it had undergone a meteoric rise and captured 14 percent of the processed tomato market.

It became the second-largest tomato processor in the state due to the growth that amazed rivals until it was alleged that the market share gains were the result of hefty bribes paid to officials at some of the largest manufacturers in the nation.

SK Foods declared bankruptcy in 2009.

The government found that Salyer and 10 co-conspirators manipulated the price and quality of millions of pounds of processed tomatoes by dispersing about \$100,000 in bribes. In some instances, quality tests were faked to allow moldy tomatoes to be processed into paste, salsa and ketchup. Other times the company falsely labeled products as organic.

Prosecutors said there's no evidence that consumers became ill after eating outdated or moldy tomatoes.

Food companies lost more than \$2 million through overpayments as a result of price fixing, federal investigators said.

California produces 90 percent of U.S. canning tomatoes. Salyer operated processing plants in Lemoore and Williams in California's Central Valley.

As part of his plea, Salyer agreed to forfeit at least \$3.25 million in foreign bank accounts where prosecutors said he transferred money after SK Foods filed for bankruptcy.

Court documents show he had moved money to Andorra, a small country in the Pyrenees Mountains between France and Spain, and made a down-payment on a condo there. The nation has no extradition treaty with the U.S.

A hearing to determine whether he has the resources to pay a fine will be held March 12.

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Associated Press writer Don Thompson contributed to this report.

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