Exec. To Be Sentenced In Tomato Price-Fixing Scam

Tracie Cone, Associated Press

SACRAMENTO, Calif. (AP) — The meteoric rise of tomato processing company SK Foods in the industry was nothing short of amazing, but it turns out the market share gains were the result of hefty bribes paid to some of the largest manufacturers in the nation.

On Tuesday, former company owner Frederick Scott Salyer, 57, will leave house arrest in Pebble Beach and be sentenced in U.S. District Court in Sacramento after pleading guilty last year to charges he bribed purchasing managers at food giants including Kraft Foods Inc. and Frito-Lay.

Salyer pleaded guilty in March to two charges: racketeering and price fixing. The charges carry 20- and 10-year sentences respectively, but under a plea agreement he's expected to be sentenced to four to seven years behind bars.

That's about how long it took the government to unravel the case and find 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. By then SK Foods had become the second-largest tomato processor in the state.

Buyers from Kraft, PepsiCo Inc.'s Frito-Lay unit, Safeway Inc. and B&G Foods Inc. already have pleaded guilty to accepting bribes in the case. In all, 10 former employees or customers of SK Foods have pleaded guilty.

California produces 90 percent of the U.S.' canning tomatoes, and Salyer operated processing plants in Lemoore and Williams in California's Central Valley. By the time federal agents raided the business in 2008, SK Foods had captured 14 percent of the processed tomato market.

Food companies lost more than $2 million through overpayments as the result of price fixing, federal investigators said. In addition, companies often bought moldy and outdated tomato products as well as some falsely labeled as organic.

Salyer admitted that SK Foods routinely falsified lab test results. Prosecutors said there's no evidence that consumers became ill after eating outdated or moldy tomatoes.

As part of his plea, Salyer agreed to forfeit at least $3.25 million in foreign bank accounts where prosecutors said he moved money after SK Foods filed for bankruptcy. Court documents show he moved money to Andorra, a small country in the Pyrenees Mountains between France and Spain that has no extradition treaty with the U.S., and made a down payment on a condo there.

Salyer has been under house arrest at his Pebble Beach estate while awaiting sentencing. He's the product of one of the West's oldest land dynasties, a multi-generation enterprise that started with cotton farming and branched into tomatoes under Salyer and his father.

The judge will decide whether Salyer immediately is taken into custody.

Source URL (retrieved on *04/19/2015 - 5:58pm*):
http://www.impomag.com/news/2013/02/exec-be-sentenced-tomato-price-fixing-scam?qt-digital_editions=0&qt-recent_content=1