

ELECTION 2012 IT'S THE DEBT, STUPID P. 48
PLUS: WHY INVESTORS WANT ROMNEY BUT BET ON OBAMA P. 56

NOVEMBER 2012

Bloomberg Markets

TOXIC

A silver fork and knife are crossed over the word "TOXIC". The fork is positioned vertically, with its tines pointing upwards. The knife is positioned diagonally, with its blade pointing towards the top right. The handles of both utensils are dark and polished.

MILLIONS OF AMERICANS GET SICK
FROM EATING FOOD
THAT INSPECTORS SAY IS SAFE.





DANGER ON YOUR DINNER PLATE



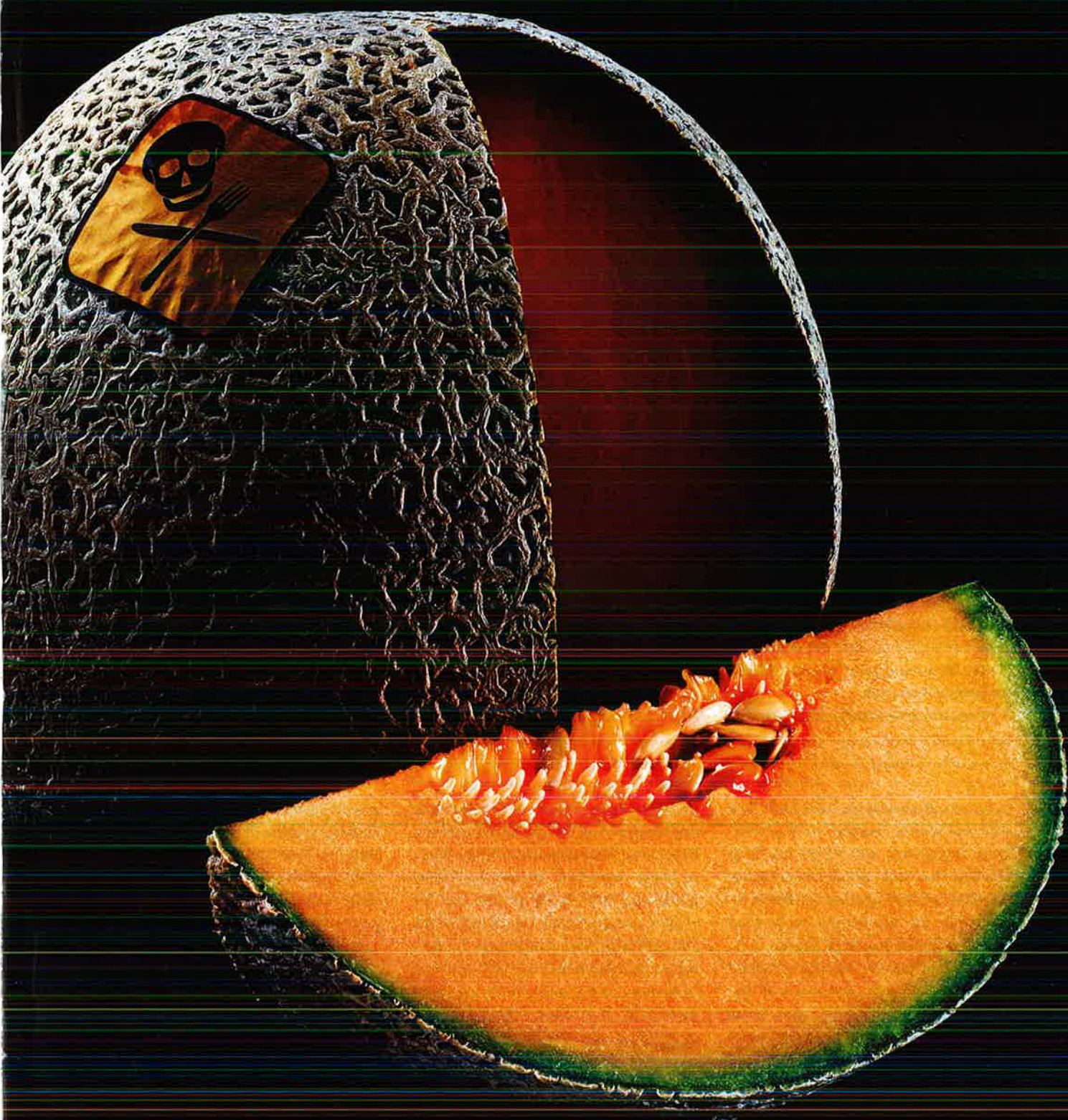
BY STEPHANIE ARMOUR, JOHN LIPPERT AND MICHAEL SMITH

PHOTOGRAPH BY JAMIE CHUNG

26 / BLOOMBERG MARKETS / COVER STORY



**FOR-PROFIT COMPANIES HAVE QUIETLY TAKEN
OVER MUCH OF THE FDA'S ROLE IN MAKING
SURE WHAT AMERICANS EAT IS SAFE. THEY'VE
FAILED TO STOP ILLNESSES AND DEATHS.**





DANGER
ON YOUR
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PLATE

WILLIAM BEACH LOVED

cantaloupe—so much so that starting in June last year he ate it almost every day. By August, the 87-year-old retired tractor mechanic from Mustang, Oklahoma, was complaining to his family that he was fatigued, with pain everywhere in his body. On Sept. 1, 2011, Beach got out of bed in the middle of the night, put his clothes on and walked into the living room. His wife, Monette, found him collapsed on the floor in the morning. At the hospital, blood poured from his mouth and nose, splattering sheets, bed rails and physicians. He died that night, a victim of *Listeria monocytogenes*, a bacterium that can lead to a blood infection and damage to the brain and spinal cord.

Beach was one of 33 people killed by listeria that was later traced by the U.S. Food and Drug Administration and state officials to contaminated cantaloupes from one Colorado farm. It was the deadliest outbreak of foodborne disease in the U.S. in nearly 100 years. “He died in terror and pain,” says his daughter Debbie Frederick.

About seven weeks after Beach started eating cantaloupes, a private, for-profit inspection company awarded a top safety rating to Jensen Farms, the Granada, Colorado, grower of his toxic fruit. The approval meant retailers such as Wal-Mart Stores Inc. and Wegmans Food Markets Inc. could sell Jensen melons. The FDA, a federal agency nominally responsible for overseeing most food safety, had never inspected Jensen.

During the past two decades, the food industry has taken over much of the FDA’s role in ensuring that what Americans eat is safe. The agency can’t come close to vetting its jurisdiction of \$1.2 trillion in annual food sales. In 2011, the FDA inspected 6 percent of domestic food producers and just 0.4 percent of importers.

The FDA has had no rules for how

often food producers must be inspected. The food industry hires for-profit inspection companies—known as third-party auditors—who aren’t required by law to meet any federal standards and have no government supervision. Some of these monitors choose to follow guidelines from trade groups that include ConAgra Foods Inc., Kraft Foods Inc. and Wal-Mart. The private inspectors that companies select often check only those areas their clients ask them to review. That means they can miss deadly pathogens lurking in places they never examined.

Food sickens 48 million Americans a year, with 128,000 hospitalized and 3,000 killed, the Centers for Disease Control and Prevention estimates. The rate of infections linked to



Debbie Frederick at her home in Glendale, Arizona, says her father died in terror after eating toxic cantaloupes. She holds a photo of William Beach at age 33, left.



foodborne salmonella, which causes the most illnesses and deaths, rose 10 percent from 2006 to 2010. The U.S. had 37 recalls of fruits and vegetables in 2011, up from two in 2005. Many of the victims of contaminated food are those with underdeveloped or weakened immune systems, such as children and the elderly.

What for-hire auditors do is cloaked in secrecy; they don’t have to make their findings public. **BLOOMBERG MARKETS** obtained four audit reports and three audit certificates through court cases, congressional investigations and company websites. Six audits gave sterling marks to the cantaloupe farm, an egg producer, a peanut processor and a ground-turkey plant—either before or right after they supplied toxic food. Collectively, these growers and processors were responsible for tainted food that sickened 2,936 people and killed 43 in 50 states.

“The outbreaks we’re seeing are endless,” says Doug Powell, lead author of an Aug. 30, 2012, study on third-party



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2010 that expanded the role of auditors—and foreign governments—in vetting producers and distributors of food bound for the U.S.

The Food Safety Modernization Act, which passed Congress with bipartisan support, will allow the FDA to certify private companies to audit producers of imported food on its behalf. President Barack Obama signed the bill into law in January 2011. The law mandates that these auditors submit their reports to the agency. These rules don't apply to domestic inspection companies, which still won't be approved by the FDA and don't report their findings. Under the 2011 law, the FDA will require high-risk producers to be inspected every five years starting in 2016, according to the agency's website.

Sometimes, what passes for inspection in the food industry isn't inspection at all; it's more like bookkeeping. In many cases, auditors award top safety ratings without testing the production

Sarah Lewis in Freedom, California, says she still suffers side effects from her salmonella infection from eggs two years ago.



TOXIC FOOD

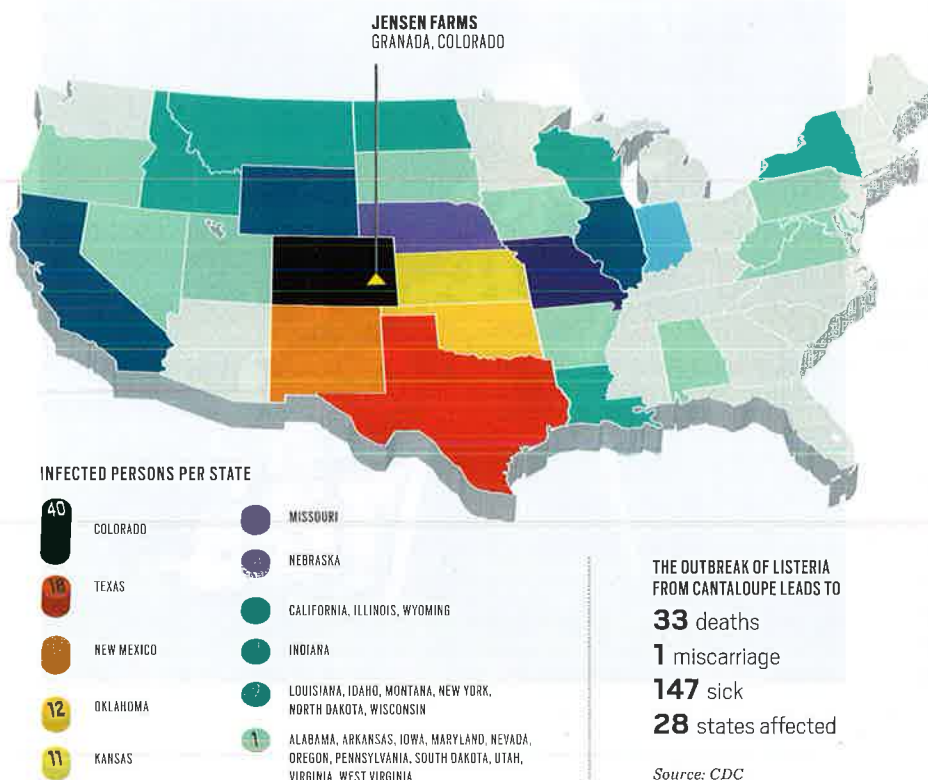
Six different foodborne crises in the past six years have sickened 3,246 Americans and killed 46.

| FOOD | CANTALOUPE | PEANUT PRODUCTS | SHELL EGGS | GROUND TURKEY | SPINACH | PAPAYA |
|-----------------------|---|---|---|--|---|---|
| |  |  |  |  |  |  |
| SOURCE | JENSEN FARMS IN GRANADA, COLORADO | PEANUT CORP. OF AMERICA IN LYNCHBURG, VIRGINIA | WRIGHT COUNTY EGG IN GALT, IOWA, AND HILLDALE FARMS OF IOWA IN NEW HAMPTON, IOWA | CARGILL IN WAYZATA, MINNESOTA | EARTHBOUND FARM IN SAN JUAN BAUTISTA, CALIFORNIA | AGROMOD PRODUCE, FARM IN TAPACHULA, MEXICO |
| PATHOGEN | LISTERIA | SALMONELLA | SALMONELLA | SALMONELLA | E. COLI O157:H7 | SALMONELLA |
| OUTBREAKS | 147 ILL AND 33 DEAD IN 28 STATES | 714 ILL IN 46 STATES, 9 DEAD | 1,939 ILLNESSES | 136 ILL AND 1 DEAD IN 34 STATES | 205 SICK AND 3 DEAD IN 26 STATES | 106 ILL IN 25 STATES |
| WHEN | 8/11 TO 11/11 | 9/08 TO 2009 | 5/1/10 TO 11/30/10 | 2/27/11 | 8/2/06 | 1/1/11 TO 8/25/11 |
| AUDIT [AUDITOR, DATE] | BIO FOOD SAFETY FOR PRIMUSLABS (JAMES DILORIO, 7/25/11) | AIB INTERNATIONAL (EUGENE HATFIELD, 3/27/08) | AIB INTERNATIONAL [NOT PUBLICLY AVAILABLE] | FOOD SAFETY NET SERVICES, ISACERT [NA] | PRIMUSLABS, NSF COOK & THURBER [NA] | NOT PUBLICLY AVAILABLE |

Sources: CDC and state health departments

LETHAL CANTALOUPE

A Colorado melon farm was audited by a for-profit inspection company in 2011 with top safety ratings, just before its fruit was causing the deadliest outbreak of foodborne disease in the U.S. in nearly 100 years.



► **JULY 2011** Jensen Farms installs a used potato washer for cantaloupes after auditing firm Bio Food Safety suggested that the farm replace its cleaning equipment.

► **JULY 25, 2011** PrimusLabs subcontractor Bio Food Safety scores Jensen 96 out of 100. That allows retailers such as Kroger, Wal-Mart and Wegmans to buy the cantaloupes.

► **AUG. 20, 2011** William Beach, 87, who has been eating cantaloupes since June, feels pain throughout his body. He dies on Sept. 1.

► **SEPT. 10, 2011** The FDA and Colorado Department of Public Health and Environment inspect Jensen Farms. By Sept. 19, their samples show listeria that matches the outbreak strain.

► **SEPT. 14, 2011** Jensen issues a voluntary recall of their whole cantaloupes.

► **OCTOBER 2011** FDA names possible causes of outbreak, including the used potato equipment Jensen Farms installed in July 2011. The machinery was difficult to clean.

monitors called *Audits and Inspections Are Never Enough*. Powell, a professor of food safety at Kansas State University, says Americans are at risk whenever they go to a supermarket. "You need to be in a culture that takes food safety seriously. Right now, what we have is hidden. The third-party auditor stickers and certificates are meaningless."

In some cases, for-hire auditors have financial ties to executives at companies they're reviewing. AIB International Inc., a Manhattan, Kansas, auditor that awarded top marks to producers that sold toxic food, has had board members who are top managers at companies that are clients. Executives of Flowers Foods Inc., which makes Tastykake, and Grupo Bimbo SAB in Mexico City, which makes

Entenmann's pastries, Sara Lee baked goods and Wonder Bread, serve or have served on AIB's board.

"There's a fundamental conflict," says David Kessler, a lawyer and physician who was FDA commissioner from 1990 to 1997. "We all know about third-party audit conflicts. We've seen it play out in the financial world. You can't be tied to your auditors. There has to be independence." (See "Unhealthy Conflicts," page 42.)

As flawed as the inspection system is in the U.S., it's more problematic with imported food, especially coming from countries with lower sanitary standards, says Michael Doyle, director of the University of Georgia's Center for Food Safety. In some emerging markets,

farms growing food for export to the U.S. aren't inspected at all. The U.S. will import half of its food by 2030, up from 20 percent today, Doyle says. **BLOOMBERG MARKETS** visited growers in China, Mexico and Vietnam and found unsanitary conditions for produce, fruit and fish exported to the U.S.

The FDA is trying, so far without success, to wrest back control of food inspection from the industry. In 2008, the agency estimated that it would need another \$3 billion—quadrupling its \$1 billion annual budget for food safety—to conduct inspections on imported and domestic food, the FDA's former food safety chief David Acheson says. Instead, the food industry lobbied for, and won, enactment of a law in December



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facility for bacteria, says former auditor Jeffrey Kornacki, who now owns Kornacki Microbiology Solutions, a laboratory in McFarland, Wisconsin. Sometimes, auditors don't set foot in the production area of the companies they report in audits as safe, Kornacki says.

Kornacki says he got a lesson on the limits of auditing 15 years ago, when he spent a day and a half studying whether a food factory was following its own safety guidelines. Kornacki gave the plant, which he declined to identify, a score of 95 out of 100. The manager thanked him and then asked him a question. "Can you help me find the source of this salmonella in our plant?" the manager asked. Kornacki says he didn't know there was salmonella at the facility. "Most companies won't let third-party auditors look for pathogens," Kornacki says. "They don't want your results shutting them down."

Auditors evaluate their clients using standards selected by the companies that pay them, says Mansour Samadpour, owner of IEH Laboratories & Consulting Group in Lake Forest Park, Washington, which does testing for the FDA. The auditors sometimes follow a checklist that the company they're inspecting has helped write. "If you have a program for adding rat poison to a food, the auditor will ask, 'Did you add as much as you intended?'" Samadpour says. "Most

won't ask, 'Why the hell are we adding poison?'"

Not only has the government outsourced auditing to the food industry; the auditors themselves often outsource their vetting to independent contractors—people over whom they don't have direct management control. It was such a contractor who blessed the cantaloupes at Jensen Farms in Colorado

shortly before the melons would sicken 147 Americans and kill 33 others, including William Beach.

On July 25, 2011, Santa Maria, California-based Primus Group Inc.—whose PrimusLabs unit bills itself as the largest produce safety company in the Western Hemisphere—sent a subcontractor to Jensen Farms. The property, 181 miles (291 kilometers) southeast of Denver, was then a mosaic of fields where trucks churned up dust clouds on dirt roads and cantaloupes grew beneath power lines. The subcontractor, Bio Food Safety Inc. of Rio Hondo, Texas, was represented by

Earthbound Farm lettuce workers, top, sit next to portable toilets in San Juan Bautista, California. They **harvest**, lower left, and inside the **packing plant** they clean and sort lettuce that's tested for pathogens before and after packaging.



THE KISS THAT KILLED

IN EARLY MAY 2009, Abby Fenstermaker visited her grandfather at a Cleveland rehabilitation center where he was being cared for because of an *E. coli* infection. He'd eaten tainted beef about three weeks earlier at a veterans hall, the Ohio Department of Health determined. While Abby's mother, Nicole, plugged in a small television she'd brought to his room, the 7-year-old girl brushed her grandfather's cheek with a soft kiss.

That kiss and other physical contact likely transferred *E. coli* from 72-year-old John Strike to his granddaughter, says Craig Hedberg, a professor at the University of Minnesota School of Public Health, who reviewed the case for the family. The CDC says *E. coli* can

and playing with the family dog, Isis, a friendly black chow, didn't want to get off the couch. Nicole kept carrying her to the bathroom. Abby had 15 watery bowel movements.

The girl apologized to her mom. She said she felt sorry because it was Mother's Day.

The U.S. Department of Agriculture, along with state and local health agencies, linked the Ohio illnesses to Valley

adding that it is stepping up meat safety practices to reduce the chance of *E. coli* to near zero.

About two weeks before the recall, on May 11, 2009, Abby kept leaving her bed to go to the bathroom with diarrhea. Nicole, 37, pulled back the covers of her daughter's bed that day. "There was a huge stain of blood on the bed," she says. The family rushed Abby to Lakewood Hospital, where doctors and nurses inserted IVs and gave her morphine for pain. Doctors moved her to the Cleveland Clinic and intensive care. A private room, bathed in sunlight from two small windows, became Abby's new home.

"Mom, I'm thirsty," Abby said. Nicole raised a damp blue sponge to Abby's lips. "Mom, can we watch my shows?" Abby asked about the TV.

She never spoke again. She died on May 17, 2009, following a massive stroke, 10 days after getting sick from a hamburger she'd never even eaten.

STEPHANIE ARMOUR



'MOM, CAN WE WATCH MY SHOWS?' 7-YEAR-OLD ABBY FENSTERMAKER SAID IN THE HOSPITAL, SUFFERING FROM AN *E. COLI* INFECTION. SHE NEVER SPOKE AGAIN.

be spread by touching an ill person who hasn't washed properly.

Nicole, a pharmacy technician, didn't know that food poisoning could be contagious, so she wasn't worried on May 7, 2009, when her first-grader complained of a stomachache. A few days later, the chatty girl who loved reading

Meats LLC, in Coal Valley, Illinois. The company recalled 95,898 pounds of beef on May 21, 2009. Valley Meats owner Charles Palmer says the company received a 95.5-out-of-100 safety rating from auditor NSF Cook & Thurber in 2009. Palmer says he's not sure his company caused the outbreak,



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James Dilorio, who spent four hours on site. Using a checklist, he documented practices such as the cleaning of cantaloupes, washing of employees' hands and labeling of detergents, according to his report.

Dilorio scored Jensen 96 out of 100. "Yes, all food contact surfaces are clean," his report says. "Yes, all products and food contact packaging were within acceptable tolerances for spoilage or adulteration."

By the time Dilorio gave his stamp of approval to Jensen, William Beach had already been eating cantaloupe from the

according to the Oklahoma State Department of Health. Acting on reports from several people who said they got sick after eating Rocky Hill brand cantaloupe—grown in southeastern Colorado—state and FDA inspectors went to Jensen Farms on Sept. 10, 2011. They collected 13 samples from the Jensen processing line and packing area that tested positive for listeria.

The FDA found that the equipment used to clean the fruit may have spread listeria. Jensen had actually installed that machinery, previously used to clean potatoes, after Bio Food Safety's

declined to talk about the Jensen audit, citing pending civil litigation against his company. Bill Marler, a Seattle food safety attorney, says he has filed 13 lawsuits resulting from the outbreak, including four that name PrimusLabs.

The Beach family is suing Jensen and says Jensen's faulty safety system killed Beach. Brenda Beach Hathaway, one of Beach's daughters, says the third-party audit system is a sham. "The auditor just says everything is all right even when it's not," she says. "It's wrong. My daddy wasn't ready to die, and he died such a violent death."

GROWING RISKS

The leading cause of illness from food is salmonella, from which there has been a 10 percent increase of infections from 2006 to 2010. Some recalls have been on the rise.

NUMBER OF ILLNESSES: **47.8** MILLION (IN 2011)

NUMBER OF HOSPITALIZATIONS: **127,839**

NUMBER OF DEATHS: **3,037**

TOP FIVE PATHOGENS CAUSING THESE DEATHS:
salmonella, *Toxoplasma gondii*, *Listeria monocytogenes*, norovirus, campylobacter

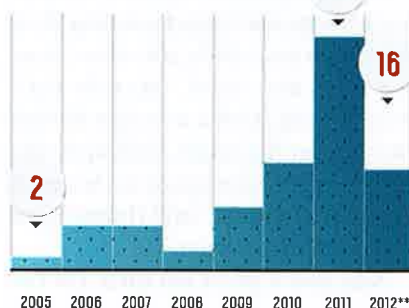
AGGREGATE COST OF FOODBORNE ILLNESS
TO THE U.S. ECONOMY AS A WHOLE IN 2001:
\$77.7 BILLION

*1 = 1996-to-1998 rate. **Through Aug. 19.
Sources: CDC, FDA, IEH Laboratories, Ohio State University

FREQUENCY OF LABORATORY-CONFIRMED
SALMONELLA INFECTIONS IN THE U.S.*



RECALLS OF FRUIT AND VEGETABLES
IN THE U.S.



farm almost every day for seven weeks. In June 2011, his wife began buying the melons at the Homeland grocery in Mustang, Oklahoma. That same month, at a routine medical checkup, William's doctor told him he was in good health. By August, though, Beach, a father of six daughters, was in constant pain; he was hospitalized for two days. Doctors didn't test him for listeria.

Beach died on Sept. 1, just one day before the Colorado Department of Public Health and Environment alerted the federal CDC in Atlanta that patients throughout the state were falling ill with listeriosis. Beach's infection was caused by the listeria-tainted cantaloupe,

president, Jerry Walzel, who had audited the farm in 2010, recommended that the farm change its cleaning equipment. The FDA says the replaced machinery may have been a cause of the listeria contamination. "Because the equipment is not easily cleanable and was previously used for handling another raw agricultural commodity with different washing requirements, *Listeria monocytogenes* could have been introduced," the FDA said in its report. On Sept. 14, 2011, Jensen announced a 17-state recall of cantaloupes.

Dilorio and Walzel didn't return requests seeking comment. Robert Stovicek, chief executive officer of PrimusLabs,

While PrimusLabs declined to comment directly for this story, it did supply a response from its law firm, Kaufman Borgeest & Ryan LLP in New York. Auditors, the statement says, serve at the pleasure of their clients and cannot go beyond what they are asked to do. "Third-party auditing will continue to be as effective as those requiring the audits (buyers/suppliers) and the audited suppliers make them," the law firm writes. James Markus, a lawyer representing Jensen, didn't return calls seeking comment.

The U.S. government has played a role in food inspection for a little more than a century. In 1905, Upton Sinclair penned

THE POLICEMAN'S SON

WHEN PETE HURLEY'S kids were younger, he carried juice and crackers in his car in case they got hungry. His son Jake liked a Kellogg Co. brand called Austin Toasty Crackers With Peanut Butter. So Hurley started buying them in 48-package cases at a Costco Wholesale Corp. outlet in Wilsonville, Oregon, where he lives.

In January 2009, Jake became pale and lethargic and started vomiting. Next came diarrhea, which, after three days, was filled with blood. "My wife and I were amazed at what a trouper he was, sleeping on the couch, walking to the bathroom, then returning to the couch to go back to sleep," says Hurley, 44, a police officer in Portland.

Jake was 2 years old then. On the

bathroom, Pete saw reports on television of a salmonella outbreak caused by peanut butter. So he had several discussions with Bill Keene, an epidemiologist for the state of Oregon. Hurley had a few packs of peanut butter crackers in his

September 2008, 714 people, including Jake, were sickened by contaminated peanut butter. Nine people died.

FDA inspectors came to the plant in January 2009, just as newly reported illnesses were starting to diminish. They found the facility riddled with mold and dead cockroaches, and water stains were on the ceiling directly above packaging lines.

Craig Wilson, food safety vice president at Costco, responded to the peanut butter outbreak by making his suppliers responsible not just for what they produce but also for every ingredient they include in every product shipped to the company. "We looked at ourselves and said, 'Holy crap, how did we miss this?'" Wilson says.

After diarrhea that lasted 11 days, Jake started feeling better. He returned to preschool in another three days. Doctors tell his parents that the boy may suffer from rheumatoid arthritis and irritable bowel syndrome for the rest of his life.

JOHN LIPPERT



Pete Hurley's son Jake may suffer from the effects of salmonella poisoning for the rest of his life.

'WE LOOKED AT OURSELVES AND SAID, "HOLY CRAP, HOW DID WE MISS THIS?'" SAYS COSTCO EXECUTIVE CRAIG WILSON, WHO IMPROVED SAFETY CONTROLS AFTER PEANUT BUTTER SICKENED 714 PEOPLE.

seventh day of his illness, doctors diagnosed him as a victim of salmonella poisoning. They advised Pete and his wife, Brandy, to keep Jake hydrated and let the disease run its course. When he felt better, he started asking them for his favorite snack—peanut butter crackers—and they gave them to him. Pete says he doesn't know whether that prolonged Jake's illness.

While Jake was still marching to the

car, which he gave to Keene. The crackers, he says, provided public health authorities with their first DNA-verified link between the peanut butter producer and people who were ill.

AIB International had audited Blakely, Georgia-based Peanut Corp. of America on March 27, 2008, giving it a "superior" rating. That helped assure companies like Kellogg that Peanut Corp. products were safe. Starting in



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The Jungle, a scathing book about the Chicago meatpacking industry, with workers falling into vats of boiling beef trimmings and other horrors. The next year, Congress passed the Pure Food and Drug Act, which proved ineffective. In 1938, after more than 100 people died from the antibiotic sulfanilamide, Congress passed the Food, Drug and Cosmetic Act, strengthening the FDA. For the first time, a federal agency had the power to inspect, approve or reject all food and pharmaceutical products. From the outset, though, the FDA lacked the resources to inspect all of the country's food producers.

The food industry moved to fill that vacuum with private auditors in the 1990s. Danone SA, Kraft, Wal-Mart and other companies created the Paris-based Global Food Safety Initiative in 2000 to write guidelines for third-party

UNCHECKED IMPORTS

More than 97 percent of food imported into the U.S. is never inspected by the FDA. About 20 percent of all the food Americans eat is imported.

Source: FDA

FDA INSPECTED

about **2.7%**
of all foreign food imports
244,364
(FISCAL 2011 SHIPMENTS)

FDA REJECTED

about **4.3%**
of the foreign foods inspected
10,405
(2011 SHIPMENTS)

TOTAL FOOD SHIPMENTS
(FISCAL 2011) **8.9 million**

auditors. The program, whose vice chairman is Frank Yiannas, Wal-Mart's vice president for safety, requires companies to be audited once a year. It doesn't mandate testing for pathogens. In 60 manufacturing plants, Wal-Mart suppliers reported a third fewer recalls in the two years after adopting GFSI standards, Yiannas says.

In some cases, companies use their own auditors to check suppliers. In 2002 and 2006, Nestle USA, a subsidiary of Vevey, Switzerland-based Nestle SA, refused to use Peanut Corp. of America as a supplier. Nestle inspectors found rodent carcasses and pigeons in Peanut Corp.'s Plainview, Texas, plant.

Nestle's rejection didn't stop

WHERE YOUR FOOD COMES FROM

Imports of foods have doubled in a decade and now account for a fifth of what Americans eat.

A large percentage of these foods that Americans eat are imported.

FRUIT AND NUTS
51%



HONEY
61%



FRESH VEGETABLES/
MELONS
20%



LAMB
52%



SEAFOOD
88%



These countries are the largest exporters of each food.

FRUIT



26%
SUPPLIED



13%

VEGETABLES



50%



22%

SEAFOOD



16%



6.5%

Source:
USDA Economic
Research Service

CHART: KANG KIM, STYLIST: LAURIE RAAB



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Lynchburg, Virginia-based Peanut Corp. from doing business with other customers or seeking approval from third-party auditors. In 2008, AIB International auditor Eugene Hatfield gave Peanut Corp.'s Blakely, Georgia, plant a "superior" rating. "This operation had established a formalized program for the control of bacteria," Hatfield wrote on March 27, 2008.

About nine months later, Nellie Napier, an 80-year-old grandmother of 13 living in a long-term-care facility in Medina, Ohio, came down with diarrhea and a fever. Napier frequently ate peanut butter to help regulate her blood sugar. On Jan. 9, 2009, she was admitted to Summa Barberton Hospital in nearby Barberton, with salmonella raging in her blood, according to her medical records. Her kidneys shut down, and she suffered a mild stroke. After it became too difficult to swallow, she refused a feeding tube. With her children grasping each hand, she died on Jan. 26, 2009.

"The deeper we dig, the madder we

get," says Randy Napier, Nellie's son, a designer in Raleigh, North Carolina. "These inspections should be made public. It's just dollars and cents to the auditors. My mother wasn't worth anything to them. I'm just shaking, I'm so angry."

Napier was a victim of an outbreak that sickened 714 people and may have contributed to nine deaths in 46 states,

'I REMEMBER NOT BEING ABLE TO HEAR OR SEE,' SAYS RYLEE GUSTAFSON, WHO WAS INFECTED WITH *E. COLI* FROM A SPINACH PRODUCER THAT HAD BEEN AUDITED AS SAFE.

according to the CDC. In January 2009, FDA inspectors visited the Blakely plant and found dead cockroaches in a washroom and water stains from skylights above a packing line. "Proper precautions to protect food cannot be taken because of deficiencies in plant construction," the FDA wrote on Jan. 27, 2009. The next day, Peanut Corp. recalled all peanut products the

plant had made for nearly two years.

AIB, the Peanut Corp. auditor, says on its website that the Blakely plant lacked an on-site manager for four months after its 2008 audit—enough time for conditions to deteriorate. Maureen Olewnik, AIB's vice president for auditing, says Peanut Corp. didn't show it all of its procedures and areas.

Peanut Corp. is now defunct, barraged by dozens of civil lawsuits and a Department of Justice criminal investigation. Its former CEO Stewart Parnell says he never knowingly shipped salmonella-tainted products. "Nobody accused me of it except some personal injury lawyer trying to drum up business," he says. He declined to comment further.

AIB auditors also gave their stamp of approval to Wright County Egg farms in Iowa. The firm rated the egg producer "superior" twice in 2008 and four times in 2009.

On May 29, 2010, Sarah Lewis, 32, a mother of two in Freedom, California, was attending her sister's college graduation banquet, where she ate a custard tart. The tart was made with eggs from farms in Iowa. Two days later, she got



A San Juan grape tomato farm in Villa Juarez, Mexico, allows workers to use a toilet, left. Some laborers choose to defecate in the field, below, to get away from the odor of feces. They wipe their hands on their pants.



A CELEBRATION DENIED

RAUL RIVERA TOOK his family to dinner at a Mexican restaurant in Houston to celebrate a new lease on life. His oncologist at MD Anderson Cancer Center had just told him he would probably survive non-Hodgkin's lymphoma. "We were so happy because it looked like he'd beaten cancer," Rivera's wife, Barbara, says of the dinner on May 21, 2008.

Instead, it was Rivera's last sit-down meal. Over the next seven days, he got so sick with diarrhea, fever and stomach pain that his wife had an ambulance take him to St. Luke's Episcopal Hospital in Houston. Four others at the dinner got sick, and tests showed that Rivera was infected with salmonella, which can be fatal in children, the elderly and people with weakened immune systems. Rivera, who gave up a career at Nabisco Inc.

'I AM CONVINCED THIS COULD HAVE BEEN AVOIDED IF THEY HAD JUST TOLD US THERE WAS AN OUTBREAK,' SAYS BARBARA RIVERA, WHOSE HUSBAND DIED.

to start a Baptist church, died on June 4, 2008. Rivera's death certificate lists salmonellosis as the sole significant contributor to his passing.

He was a victim of a foodborne outbreak caused by an imported product. The salsa-like pico de gallo that Rivera had eaten was contaminated with

salmonella, the Houston Department of Health and Human Services found. The CDC found that jalapenos from Mexico caused the outbreak that sickened 1,442 people, killing two in 2008.

The outbreak shows the dangers behind America's rising dependence on imported food, says Trevor Suslow, who teaches produce safety at the University of California, Davis. Imported food accounts for a fifth of what Americans eat, and outbreaks caused by

foreign food are rising in the U.S., the CDC says. There were 39 from 2005 to 2010, more than double the number from the previous six-year period. One of the latest was caused by salmonella-contaminated mangoes from Mexico, which had sickened 121 people in the U.S. by Sept. 14.



Raul Rivera, with his daughter **Delyne**, held his great-granddaughter **Alexis**.

FDA investigators traced the jalapeno outbreak to a McAllen, Texas, warehouse used by Nueva Leon, Mexico-based produce exporter Agricola Zaragoza SA. Crates of jalapenos tested positive for the salmonella strain that killed Rivera. The peppers came from a farm in Mexico's Tamaulipas state, where irrigation water was contaminated with salmonella, FDA inspection reports show. The FDA announced the outbreak publicly on June 3, 2008, one day before Rivera died. By then, federal health officials had confirmed or suspected that at least 70 Americans were sick, CDC records show.

Rivera wouldn't have eaten the peppers had he known there was a salmonella outbreak because his immune system had been weakened by chemotherapy, his wife says. She took great care to avoid risks. "I am convinced this could have been avoided if they had just told us there was an outbreak," she says, standing over her husband's grave in Houston.

MICHAEL SMITH



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of the feces-smeared bathroom. "I'm always dirty because there is nowhere to wash," he says.

The field foreman, Martin Fuentes, says his crew has nowhere to wash their hands. "This is all the boss gives us," he says. "We don't get anything here, so we just make do."

Pauher general director Ernesto Padilla declined to comment.

Poor farm worker hygiene can make people sick, Suslow says. "That is one of the key risk factors for transmitting infectious agents to consumers: hand-to-product contamination," Suslow says.

A few miles from the field, weeds surround Agrícola Pauher's packing plant. Piles of tomatoes rot on the ground. Inside, cardboard shipping boxes display a PrimusLabs sticker that reads, "Audited by PrimusLabs.com—When food safety counts." PrimusLabs' outside attorney, Steven Weiner, declined to say whether the company has ever audited Pauher. PrimusLabs' website names 118 certified clients, and Pauher isn't on the list. Pauher shipped this year's harvest to supermarkets in the U.S. and Canada, says Jan Lillywhite, who was the company's office manager during the harvest.

Forty-nine miles south, men pick nira onions for San Bernardino, California-based Lucky Farms Inc. in a field irrigated with garbage-choked canal water. A laborer comes out of the only bathroom—a feces-smeared wooden pallet. He handles onions without washing his hands. Lucky Farms operations manager Gary Liaou says the onions are grown safely in Mexico.

Mexican food producers aren't compelled to make their products safe even when local government officials inspect companies on behalf of the FDA. In 2011, 106 Americans in 25 states got salmonella from papayas that the FDA traced to a plantation near Mexico's border with Guatemala. The FDA then ordered every Mexican papaya load stopped at the U.S. border and tested for salmonella by a private laboratory. In Tecoman, 940 miles west of the farm

that caused the outbreak, grower Parra Agroproductos SA found a way to get around the order.

In October 2011, the FDA rejected nine Parra loads for salmonella. So, the company joined a Mexican certification program run by the government that is supposed to report findings to the FDA.

The program sent inspector Alberto Romero to Parra, where he found

pickers with unwashed hands. Packing areas were exposed to a pigsty and chickens, according to his report. Since he has no authority to order improvements or close food facilities, his report led to no immediate changes. A few months later, in February, the FDA exempted Parra from salmonella testing after Mexico said the grower had joined the certification program.

On a return visit to Parra in mid-May this year, this time accompanied by a reporter, Romero watches workers rinse in filthy water papayas bound for U.S. supermarkets. A pigeon lies dead near the packing line, and a roach scampers under a crate. Romero says Parra hasn't made the requested changes. "There is 100 percent risk of infection here," Romero says. "It's horrible, like a public health time bomb waiting to go off."

Across town, papaya exporter Red Starr Spr de R.L.'s enclosed, spotless packing plant is another world. Workers wearing masks and gloves wash papayas in water laden with fungicides and bleach to kill salmonella. "We operate like a sterile lab," says Nasario Ramirez, Red Starr's co-owner.

Four months later, in September, Romero's boss, Samuel Barajas, says he

Rancho Carpa papaya farm has a **hand sanitizer**, below, with instructions for workers. **Uncollected garbage** sits outside the main plant.



diarrhea and began vomiting. She spent 12 hours in the emergency room in Dominican Hospital in Santa Cruz and then another three days in intensive care. Two and a half weeks later, she was back in the hospital, so dehydrated that doctors had to put a catheter into her bicep, according to her medical records. Salmonella came from the custard tart, according to the California Department of Public Health. The bacteria caused her heart to race, a condition known as tachycardia.

"It was scary," says Lewis, an office manager for a butcher. "My mom was with me the whole time, sitting in the corner like, 'Oh, my God.'"

Less than two weeks after Lewis fell ill, AIB inspected Wright County's egg farms in Iowa again, and again gave them top marks. The audit cover sheet is titled "Recognition of Achievement." It says, "Wright Co., #4, Clarion, Iowa, was inspected by a qualified AIB International Inspector on June 7-8, 2010, and at that time was found to have fulfilled the requirements of the AIB International Consolidated Standards."

By the time of that sterling review, the CDC was already noticing an uptick in a strain of salmonella infections nationwide; it started in May 2010, and peaked that July. Federal, state and local health officials traced the outbreak to Wright County eggs. The FDA found 8-foot-high (2.4-meter-high) piles of chicken manure and rodent burrows at Wright County and Quality Egg LLC's egg operations in Galt, Dows and Clarion, Iowa. "Live and dead maggots too numerous to count

Onions picked near El Dorado, Mexico, are stored in unprotected open boxes, right. Tomas Ramirez, 11, below at right, works with his parents at San Juan tomato farm and lives in company housing.



asked to audit portions of the plant where the FDA found contamination.

Today, Lewis still suffers from gastrointestinal pains caused by her weakened immune system. She takes Humira, a rheumatoid arthritis medicine, and Prednisone, a steroid, to treat inflammation. She expects to be on the drugs for the rest of her life.

'THERE IS 100 PERCENT RISK OF INFECTION HERE,' SAYS A MEXICAN INSPECTOR AT A PAPAYA PLANT. 'IT'S LIKE A PUBLIC HEALTH TIME BOMB WAITING TO GO OFF.'

were observed," the FDA wrote of the henhouses in an Aug. 30, 2010, report.

The outbreak sickened 1,939 people, including Sarah Lewis, and led to a recall of half a billion eggs from Costco Wholesale Corp., Wal-Mart and other retailers. On its website, AIB says it hadn't been

Flaws in the U.S. inspection system are magnified when food originates in other countries. In Mexico, some fields contaminated by animal and human feces and dirty water aren't being monitored by government inspectors or third-party auditors. Almost half of the

vegetables and 26 percent of the fruit imported into the U.S. last year came from Mexico, the U.S. Department of Agriculture's Economic Research Service says. Some farms are breeding grounds for bacteria, says Trevor Suslow, a University of California, Davis, food safety professor who has done field research at farms in Mexico.

At the San Juan farm 30 miles south of Culiacan, Mexico, about 100 men, women and children work in filth to harvest grape tomatoes that grower Agricola Pauher SA says are verified as meeting international farming practices.

On a sweltering hot day in mid-May, wind whips through an open-air latrine, carrying a cloud of dust reeking of human excrement across the field. Flies swarm in a squalid bathroom. Tomas Ramirez, 11, who says he's worked the whole harvest with his parents in the field, says he uses some bushes instead



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found that Parra improved conditions and meets sanitary standards. Marco Antonio Parra, co-owner of the company, says his operation follows U.S. food safety guidelines. "We have to, because we sell our papayas in supermarkets all over the U.S.," Parra says. The FDA says it's trying to make imported food safer by helping exporting countries ensure safe farming practices. The 2011 food law will help by requiring importers to prove they can match the same safety standards as U.S. producers, the FDA says.

The recurrence of contaminated food outbreaks has hit even the largest agricultural processor in the U.S., privately held Cargill Inc. Two auditors awarded top safety grades to the company's Springdale, Arkansas, ground-turkey plant after—according to the CDC—120 people had been sickened by the meat.

Brandon and Melissa Lee say they'll never forget the first time they fed cooked ground turkey to their baby daughter Ruby. It was in June 2011, and within hours of eating the turkey, Ruby, who was 10 months old, became lethargic. Then she had diarrhea so severe they had to change her diaper almost every hour. Melissa took Ruby to Doernbecher Children's Hospital in Portland within days. The baby had a fever of 104.1 degrees Fahrenheit (40 degrees Celsius). Doctors told Melissa that Ruby had



A worker, left, wears clean gloves at Red Starr papaya farm in Collima, Mexico. Inside, the **packing area** is sanitized.



UNHEALTHY CONFLICTS

The auditing firms that the food industry hires to ensure the safety of its products sometimes have close ties to their clients. At monitoring firm AIB International, two top decision makers are executives at companies that use AIB for audits.

AIB Chairman David Murphy is president of Mother Murphy's Laboratories Inc., a Greensboro, North Carolina, flavoring company that uses AIB to vet its

factories. AIB Vice Chairman Donald Thriffley Jr. is a senior vice president of Flowers Foods in Thomasville, Georgia. Flowers, which makes Tastykake desserts, uses AIB audits.

AIB's previous chairman, Daniel Babin, is vice president of supply chain strategy at Bimbo Bakeries USA Inc. in Horsham, Pennsylvania. Its parent, Mexico City-based Grupo Bimbo SAB, the world's largest breadmaker,

with brands such as Arnold bread and Thomas' English Muffins, is audited by AIB.

Spokespeople for Bimbo and Mother Murphy's said there was no conflict and these relationships didn't affect audits of their operations. Flowers Foods says Thriffley works to ensure that audits are independent and impartial. "We do not believe that serving on the AIB board would in any way influence the outcome or quality of the inspections," says David Marguiles, a Bimbo spokesman.

The American National Standards Institute, a group that oversees private auditors on behalf of the Global Food Safety Initiative, hasn't cited AIB for any conflicts, says Maureen Olewnik, AIB's vice president for auditing. ANSI's vice president for accreditation, Lane Hallenbeck, says he didn't know that executives at food companies held posts at AIB; he plans to investigate. "It sounds like this could potentially be a conflict," Hallenbeck says.

STEPHANIE ARMOUR, JOHN LIPPERT
AND MICHAEL SMITH



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drug-resistant bacteria swimming through her bloodstream. "They put her on antibiotics but told us they didn't know if it would work," says Melissa, 25, a Home Depot Inc. clerk.

Ruby was one of 136 people in 34 states infected with a virulent pathogen strain called *Salmonella* Heidelberg, according to the CDC. One person died. Ruby survived. Doctors have told her mother the child may suffer from respiratory problems and arthritis later in life.

The CDC traced Ruby's salmonella to Cargill's Springdale plant. On Aug. 3, 2011, Cargill recalled 36 million pounds (16 million kilograms) of ground turkey. Even in the midst of this recall, third-party auditors gave the plant high marks.

On Aug. 23, 2011, San Antonio,

Texas-based Food Safety Net Services Ltd. awarded Springdale a perfect score for animal welfare and handling. The next day, Food Safety Net, acting as a subcontractor for Netherlands-based ISACert BV, gave Springdale slaughtering and processing an "A" grade using GFSI standards.

After a USDA test found a high level of salmonella, Cargill recalled ground turkey produced on Aug. 23 and Aug. 24, 2011. Cargill says it doesn't know what caused the outbreak. "We believe the illnesses reported to the CDC came from a variety of sources, not just our ground turkey," says Mike Robach, Cargill's head of food safety.

Salmonella is so common that Wal-Mart accepts ground turkey after tests

find 49.9 percent of samples have bacteria. That's the maximum allowed by law. Costco rejects shipments with any trace of salmonella.

Companies can take steps to prevent foodborne infections—although those measures cost money that producers and retailers aren't always willing to spend. One company that changed its ways is Earthbound Farm, which sells bagged lettuce and spinach. The company put in a new testing system—after tragedy struck.

In 2006, Kathleen Chrismer and Matthew Tateishi had driven with their daughter Rylee Gustafson to celebrate her ninth birthday at the Monterey Bay Aquarium in California when she got diarrhea that soon turned to gushing red

FISH THAT FEED ON FECES

At Ngoc Sinh Seafoods Trading & Processing Export Enterprise, a seafood exporter on Vietnam's southern coast, workers stand on a dirty floor sorting shrimp one hot September day. There's trash on the floor, and flies crawl over baskets of processed shrimp stacked in an unchilled room in Ca Mau.

Elsewhere in Ca Mau, Nguyen Van Hoang packs shrimp headed for the U.S. in dirty plastic tubs. He covers them in ice made with tap water that the Vietnamese Health Ministry says should be boiled before drinking because of the risk of contamination with bacteria. Vietnam ships 100 million pounds of shrimp a year to the U.S. That's almost 8 percent of the shrimp Americans eat.

Using ice made from tap water in Vietnam is dangerous because it can spread bacteria to the shrimp, microbiologist Mansour Samadpour says. "Those conditions—ice made from dirty water, animals near the farms, pigs—are unacceptable," says Samadpour, whose company, IEH Laboratories & Consulting Group, specializes in testing water for shellfish farming.

Ngoc Sinh has been certified as safe by Geneva-based food auditor SGS SA, says Nguyen Trung Thanh, the company's general director. "We are trying to meet international standards," Thanh says.

SGS spokeswoman Jennifer Buckley says her company has no record of auditing Ngoc Sinh.

At Chen Qiang's tilapia farm in Yangjiang city in China's Guangdong province, which borders Hong Kong, Chen feeds fish partly with feces from hundreds of pigs and geese. That practice is dangerous for American consumers, says Michael Doyle, director of the University of Georgia's Center for Food Safety. "The manure the Chinese use to feed fish is frequently contaminated with microbes like salmonella," says Doyle, who has studied foodborne diseases in China.

On a sweltering, overcast day in August, the smell of excrement is overpowering. After seeing dead fish on the surface, Chen, 45, wades barefoot into his murky pond to open a pipe that adds fresh water from a nearby canal. Exporters buy his fish to sell to U.S. companies.

Yang Shuiquan, chairman of a government-sponsored tilapia aquaculture association in Lianjiang, 200 kilometers from Yangjiang, says he discourages using feces as food because it contaminates water and makes fish more susceptible to diseases. He says a growing number of Guangdong farmers adopt that practice anyway because of fierce competition. "Many farmers have switched to feces and have stopped using commercial feed," he says.

Shrimp farmers in Ca Mau province in Vietnam, use ice made from tap water that the government says isn't safe to drink without boiling it first.

About 27 percent of the seafood Americans eat comes from China—and the shipments that the FDA checks are frequently contaminated, the FDA has found. The agency inspects only about 2.7 percent of imported food. Of that, FDA inspectors have rejected 1,380 loads of seafood from Vietnam since 2007 for filth and salmonella, including 81 from Ngoc Sinh, agency records show. The FDA has rejected 820 Chinese seafood shipments since 2007, including 187 that contained tilapia.

**NGUYEN DIEU TU UYEN
AND WILLIAM BI**



VIET DUNG TRAN



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blood. They rushed her to San Francisco, where doctors put her in intensive care at the University of California's Children's Hospital. A few days later, her kidneys and pancreas failed. "I remember not being able to hear or see," says Rylee, who's now 15 and lives in Henderson, Nevada. "I felt like I was dying."

Three weeks after that, the CDC traced the *E. coli* that had sickened Rylee and 204 others to spinach packed at Earthbound Farm in San Juan Bautista, California. The company, which had been getting high marks from third-party auditors NSF Cook & Thurber and PrimusLabs, announced a recall on Sept. 15, 2006.

Charlie Sweat, Earthbound's CEO, says that when he learned the outbreak had killed three people, including 2-year-old Kyle Allgood of Chubbuck, Idaho, he fell to his knees and thought he may have to shut down his company. "If we couldn't reduce the risk, we said we'd walk away," Sweat says.

Sweat started doing microbial tests at regular intervals on both incoming lettuce shipments from growers and on packed salads before they were sold to retailers. He now says he won't allow the shipments to move until test results show they're free of pathogens. He hasn't had an outbreak or recall since starting this process in October 2006.

Earthbound's operations chief Will Daniels says the testing adds 3 cents to the cost of a bag of lettuce. That's too much for many growers, says IEH Laboratories' Samadpour, who designed Earthbound's testing. "It's retailers and food service companies who have to say, 'Here are three pennies for safety,'" says Samadpour, the lab owner who does testing for the FDA. "Only a few do it. The rest pressure growers to cut costs, and safety is the first victim."

One big retailer that's willing to pay for Earthbound's testing methods is Costco. It pays Earthbound the extra 3 cents per bag. "We need regulations saying you can't ship your product until

Ruby Lee was sickened with salmonella from ground turkey in 2011 and may suffer respiratory problems later in life.



you have a microbial testing program in place," says Craig Wilson, vice president of food safety at Costco.

Rylee Gustafson was diagnosed with Type 1 diabetes in June 2012, a result of her weakened pancreas.

In five food-caused outbreaks in the past six years, private auditors didn't test for bacteria and failed to stop deadly outbreaks. Federal inspectors later looked in the right places and identified the cause of the illnesses and deaths—including the cantaloupe-borne listeria that killed William Beach.

Two other victims of the Jensen Farms listeria are Michelle Wakley-Paciorek and her daughter, Kendall, of Fishers, Indiana. Michelle, who was 29 weeks pregnant with Kendall, was getting a pedicure on Sept. 21, 2011, when sudden contractions left her doubled over in pain. Her labor was triggered by listeria, according to the county health department. She gave birth that day, three months early. "At one point, my baby wasn't

breathing," says Wakley-Paciorek, a retail manager. "She looked wrinkled, red, almost transparent."

Weighing 3 pounds, 11 ounces, Kendall was whisked into a neonatal unit at St. Vincent Carmel Hospital in Carmel, Indiana. She stayed there for three months. Kendall had stomach surgery and started her life with a feeding tube in her belly. She may suffer delays in cognitive development, Wakley-Paciorek says doctors told her.

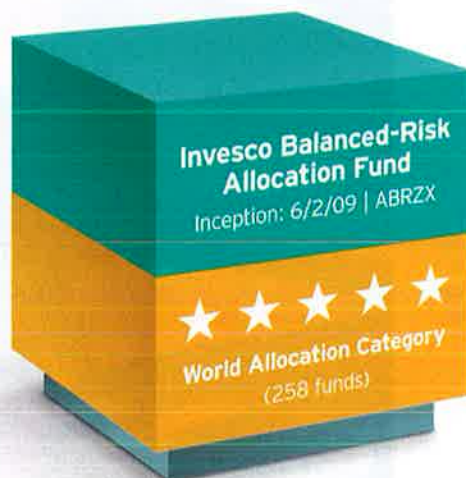
"The third-party auditor passed Jensen, and they should have stopped it right away," Wakley-Paciorek says. "I was pregnant and trying to eat right. I thought, 'What's better for you than cantaloupe?'"

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