

Tomatoes, eggs in pricing probe

The U.S. expands an investigation into anti-competitive practices beyond the citrus industry.

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WASHINGTON — A federal investigation into possible food-price fixing has been expanded to include two major industries, tomato processing and egg products.

The Justice Department confirmed Tuesday that prosecutors were conducting separate inquiries into whether the tomato and egg industries engaged in anti-competitive practices.

Federal prosecutors also have been looking at possible price fixing in the citrus industry for at least a year.

The inquiries come as food companies are wrestling with increasing costs of key food ingredients. Prices for top ingredients such as corn and oil are soaring as demand rises around the world. And the cost pressures aren't expected to abate any time soon.

Although federal law bars competitors from collaborating when setting their prices, Congress has created antitrust exemptions intended to help small farm groups and cooperatives bargain with large food processors.

Inquiries into whether food producers overstepped those limits are being run by federal prosecutors in Sacramento and an antitrust division of the Justice Department Philadelphia.

In Sacramento, a federal investigation into bribery allegations involving a broker for a tomato processor and buyers for Agusa Inc. of Lemoore, Calif., B&G Foods Inc., ConAgra Foods Inc., Frito-Lay, Kraft Foods Inc. and Safeway Inc. of Pleasanton, Calif. -- the owner of Vons in Southern California -- evolved into an inquiry into possible price fixing.

<http://articles.latimes.com/2008/sep/24/business/fi-pricefixing24>

FBI documents indicate that wiretaps and raids were carried out as part of an investigation into whether Randall Rahal, owner of Intramark USA Corp. of New Jersey, paid bribes to secure business for his client, tomato processor SK Foods of Lemoore, Calif.

Kraft, maker of DiGiorno pizza, declined to comment about the investigation. Brian Maschler, attorney for SK Foods, confirmed that the company was being investigated for possible price-fixing practices.

Efforts to reach the other firms were continuing.

Two egg producers in Minnesota -- Golden Oval Eggs and Michael Foods -- noted in filings with the Securities and Exchange Commission in the spring that they had been subpoenaed by the U.S. attorney's office in the Eastern District of Pennsylvania.

The subpoenas requested documents for the period between Jan. 1, 2002, through March 27, 2008, relating "primarily to the pricing, marketing and sales of our egg products," both companies wrote in their 10-Q filings.

Both companies said in the filings that they intended to cooperate.

Sandie Wohlman, executive assistant at Golden Oval Eggs of Renville, Minn., referred questions Tuesday to an attorney, who did not immediately respond to an e-mail seeking an interview.

Mark Witmer, treasurer and secretary of Michael Foods Inc. in Minnetonka, Minn., said, "We have fully responded to the request for information." Asked about Michael Foods' exports and domestic production, Witmer said, "That's not something we disclose."