

## 11 Execs, 6 Foreign Firms Caught in Honey Sting

(Sept. 2) — U.S. consumers stand a better chance of buying honey free of drugs, chemicals and other illegal contaminants because investigators from several federal agencies have scooped up some of the biggest players in the sticky, international honey-laundering maze.

A 70-page indictment, released in Chicago by U.S. Attorney Patrick Fitzgerald, reads like Cliffs Notes for a spy novel: smuggling, bogus shipping papers, phony lab tests, shipments to Chicago warehouses and small honey-packing plants in Washington's Cascade Mountains. All that's missing is the sex.

Eleven Chinese and German executives and six of their food supply and honey export companies were charged Wednesday with 44 counts of conspiring to illegally import Chinese-origin honey, including honey tainted with antibiotics, into the U.S. by mislabeling it as originating in other countries to avoid paying anti-dumping fees, Fitzgerald said.

Why the foreign intrigue with something as benign and universally loved as honey?

The one-word answer is money. Tens of millions of dollars, and that's just what the field agents and federal prosecutors can prove at this point.

These are not nickel-and-dime scams.

"They are charged with conspiring to import more than \$40 million of Chinese honey to avoid paying anti-dumping duties of approximately \$80 million," said Leigh Winchell, special agent in charge of Homeland Security Investigations in the Pacific Northwest. (HSI was formally known as ICE, or Immigration and Customs Enforcement.)

### **Illegal Additives Create Health Problems**

Fitzgerald said the defendants were dis-

tributing "adulterated honey that never should have reached the U.S. marketplace."

The adulterants — illegal additives that the U.S. Food and Drug Administration says cannot be permitted in any food product — included mostly small amounts of the antibiotics and antibacterial drugs Ciprofloxacin, Norfloxacin, Chloramphenicol and Furazolidone.

Health officials say these chemicals can create health problems for just a small percentage of the population with specific chemical sensitivities. Public health experts say the public should never be exposed to unneeded antibiotics.

The Chinese used these drugs in the late 1990s and into the new century to fight off a massive outbreak of bee-killing disease that swept like a tsunami across millions of bee colonies throughout their huge country.

As part of the conspiracy, the indictment alleges that the defendants had honey en route to the U.S. tested by a German laboratory. After they learned that the honey contained antibiotics, it still was to be sold to U.S. customers and even resold to some after it was rejected by others due to the presence of antibiotics.

The thousands of drums of Chinese honey, or sweetened product being sold as honey, allegedly were falsely declared as having originated in Russia, Australia, India, Indonesia, Hong Kong, Malaysia, Mongolia, the Philippines, South Korea, Taiwan and Thailand.

Sometimes the drums were actually shipped to the second country before being transshipped with new country-of-origin identification to the U.S. Often, the switch was done by just painting the blue drums — which are almost always used in China — a different color and typing up bogus shipping papers.

Federal authorities have seized more than 3,200 drums of honey in Seattle; Tacoma, Wash.; Minneapolis; and the Chicago area during the investigations that led to the indictments.

### **AOL News Watched Inspection**

Last September, AOL News watched a honey packer examine rows of steel drums in a bonded customs warehouse near the docks in Tacoma. They were reportedly filled with white honey from Indonesia, according to the importers from Southern California.

The deal didn't smell right to the packer. The price was too low, and that specific type of honey wasn't what Indian bees produce. He even tried to test what was being sold. He popped the bung on several drums, carefully drew out samples of honey from each and squirted the pale, yellow-white syrup into clean jars.

The results were inconclusive, the certified lab reported. The "honey" had to be so thoroughly filtered that it was difficult to say if was even honey, the analyst told the packer.

Eventually, he declined the bargain prices even though the brokers repeatedly told him they were selling hundreds of other drums from the same shipment to other packers.

### **Problems Were No Secret**

The honey laundering and the alleged fraud listed in the indictments has never been a secret among the U.S.'s largest honey importers and packers. All the major players knew who was buying what and at what price. The bogus, mislabeled or transshipped honey stood out, as if it had red flags waving from the shipping pallets, several in the industry told AOL News.

These experienced honey producers knew that tens of thousands of pounds of

honey entering the U.S. each year come from countries that raise few bees and have no record of producing honey for export. Their newsletters, conference reports and honey market analysis laid it out in great detail.

Only as the honey industry learned of the pending indictments did it publicly anguish over the problem.

“We estimate that millions of pounds of Chinese honey continue to enter the U.S. from countries that do not have commercial honey businesses.” Jill Clark, president of Dutch Gold Honey of Lancaster, Pa., said at a meeting of honey packers this spring.

### **Warrants Expected for Defendants Still Outside U.S.**

Two of the defendants, Stefanie Giesselbach and Magnus von Buddenbrock, were executives of Alfred L. Wolff Inc., the Chicago-based U.S. affiliate of the German corporation, which is believed to be the world’s largest honey importer, Fitzgerald reported.

Four were Chinese or Republic of China nationals (three of whom are also cooperating), who have pleaded guilty to related federal charges — two of them in federal court in Chicago and two others in Seattle. Nine of the accused live abroad, and authorities said arrest warrants will be issued in the U.S. for those defendants living outside the country.

Fitzgerald and Seattle U.S. attorney Jenny Durkan may be the exceptions when it comes to prosecutors going after these smugglers. Federal investigators on the East Coast and the South interviewed by AOL News lamented that their U.S. attorneys thought the illicit honey smuggling was of little importance and not worth pursuing.

However, at least this investigation was a unique example of everyone playing nicely together.

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Winchell said that in addition to HSI, FDA, U.S. Customs and Border Protection

and the U.S. attorneys’ staffs, ICE attache offices in Bangkok, Hong Kong and Manila worked closely on the investigation. And as one told AOL News, he’d learned more about honey than he ever wanted to know.

Winchell tactfully declined to comment on whether he thought this week’s indictments was a wrap-up of the honey laundering or transshipping scams.

However, he said he has a newly created, 15-person, full-time team of federal, state and local investigators “closely watching what comes through our ports.”

*(The first major investigation into honey laundering was done by the Seattle Post-Intelligencer. You can link to those previous stories here.)*

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