

Swarming to Arrest Honey Importers

By Cindy Skrzycki
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How's this for the plot of a suspense thriller to take to the beach? Contraband worth millions is shipped through Russia to disguise its origin. Federal agents, tipped by an informant, move in for an arrest. A German executive is apprehended as she is leaving the country.

Except this tale is real, a sting, if you will, involving the alleged laundering of Chinese honey through Russia to avoid high U.S. tariffs, some of it possibly contaminated with banned antibiotics.

The case is part of a crackdown on importers trying to get honey into the U.S. market at prices that undercut domestic producers. Over the past 15 years, U.S. honey producers have complained to the International Trade Commission in Washington repeatedly to try to stem such imports from China. A year ago, 221 percent anti-dumping tariffs were slapped on some shipments.

Similar skirmishes with Chinese exporters over U.S. trade laws have occurred with garlic and mushrooms. Duties on imports of garlic from China, for example, can be as high as 376 percent of the value of the shipment.

"Customs is trying to send a message that they aren't pleased with this petty thuggery stuff," said Michael Coursey, an attorney with Kelley Drye & Warren in Washington, who represents American honey producers and packers. "This involves a blue-chip honey trader. People couldn't believe this."

He was referring to the May 23 arrest of two executives in the Chicago office of Alfred L. Wolff, a subsidiary of Wolff & Olsen, a Hamburg food distributor.

Stefanie Giesselbach and Magnus von Buddenbrock have been free on bond since last month, after their arrest by U.S. Immigration and Customs Enforcement agents on a federal criminal complaint.

Randall Samborn, a spokesman for the U.S. attorney's office in Chicago, said, "They remain free while the case is pending further proceedings." No Chinese company was identified in U.S. government documents.

Ned Marshak, an attorney in New York with Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt, which represents about a half-dozen Chinese shippers in other export cases in the United States, said the tariff effectively prevents the Chinese from shipping honey into the United States.

"The trade laws are grossly unfair," Marshak said. "For good or bad, you can make honey in China at low cost. It's a question of whether you want a protected industry or free trade."

Some 75 million pounds of Chinese honey were imported legally into the United States in 2006, almost half of domestic production, according to the National Honey Board, an industry-funded organization in Firestone, Colo., that promotes honey. That was up from 17 million pounds in 2002, about 10 percent of U.S. production.

Besides making honey, bees are essential to the U.S. agricultural economy because of their role in pollinating fruit, vegetable and seed crops. Up to a million colonies of bees, for example, are used to pollinate California's 600,000-acre almond crop, the Honey Board says.

Honey produced in the United States has been declining, in part, because of colony collapse disorder, a disease that has been mysteriously killing off bees.

According to the government complaint, the German company imported almost \$30 million worth of honey into the United States since 2005. An informant who worked for Wolff made the allegations about the Chinese imports.

Customs' agents tested nine samples of honey whose shipping documents indicated that they were produced in and shipped through Russia, which isn't subject to anti-dumping duties. The lab results showed three of the samples contained honey produced in China, the complaint said.

When agents searched Wolff's Chicago office, they seized documents that showed the company had sold an adulterated shipment to an unidentified company in Texas at a discount rate, the complaint said. E-mails showed other shipments from Poland and Ukraine were mislabeled.

"Neither Alfred L. Wolff, nor any of its employees, have been charged for any offence," Anita Bénech, spokeswoman for the company, said in an e-mailed statement. She said the two employees resigned.

If formally charged and convicted, Giesselbach and von Buddenbrock could spend up to five years in prison and pay a \$250,000 fine.

"These are two very fine people. They are not criminals," said James Marcus, a Chicago criminal trial lawyer representing Giesselbach.

For U.S. beekeepers, the arrests were long overdue and are part of a recovery in the price of U.S. honey.

"The whole industry was in state of jubilation," Richard Adee, of family-owned Adee Honey Farms in Bruce, S.D., said of the Wolff case. "Everyone knew what was going on. We just wanted someone to act."

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