

Watsonville Canning under fire

Vegetable gradings falsified, employees say

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WATSONVILLE — Fourteen months into a strike which has idled more than 1,000 workers at Watsonville Canning and Frozen Food Co., past and present employees have come forward to paint a picture of a beleaguered company where questionable business practices have become commonplace.

According to a half-dozen people who have volunteered to speak in recent days — both on and off the record — Watsonville Canning and its parent company, Conco Corp., have engaged in deceptive business practices, including the false grading of frozen vegetables sold to some

of the nation's largest supermarket chains.

All the charges were adamantly denied this week by Richard Petersen, controller of Conco Corp.

Among the accusations:

- Watsonville Canning employees and supervisors were being ordered to process and pack contaminated vegetables as recently as six weeks ago.

- Watsonville Canning bought seed beans marked unfit for human or animal consumption and processed them for sale. The beans became part of a \$7-million insurance claim after a cold-storage warehouse burned in October 1985.

- Conco officials ordered an employee to type false purchase orders on letterhead stationery from vari-

ous companies indicating that the companies had agreed to buy beans from Conco. These letters were reportedly used to document Conco's fire-loss claim.

Although union workers at Watsonville Canning have been on strike the past 14 months, the company has continued operating with replacement workers.

Reports of false product grading at Watsonville Canning first surfaced two weeks ago when former head product grader Kay Henderson said she had been ordered by ex-company president David Monnich and former purchasing supervisor Robert Ogden to upgrade cauliflower and spinach "unfit for human consumption" to Grade A — the industry's top grade.

Henderson, who worked at Watsonville Canning for 18 years, said the false grading continued — on orders of other company officials — after Monnich and Ogden were fired in December 1983, soon after the Internal Revenue Service began investigating the pair on tax fraud charges.

Monnich and Ogden later pleaded guilty to charges that they had failed to report \$1 million in income which the IRS said they had embezzled from Watsonville Canning. They were sentenced to 18 months in federal prison in January.

Watsonville Canning has never attempted to recover the money.

Henderson's report of false product grading was corroborated recently by Fernando Ramirez, Watsonville Canning's night plant manager. As a management employee, he did not go out on strike.

A 14-year Watsonville Canning veteran, Ramirez worked at the company until six weeks ago, when he was ordered to go on vacation. He has not been recalled.

Ramirez believes he was actually laid off because he refused to process contaminated vegetables.

Ramirez said that shortly before he was told to go on "vacation," he was being pressured by company officials to increase night-shift production to the levels of the day shift.

He said that at the time, he often arrived at the plant before the start of his shift at 3:30 p.m. to see "three or four guys picking up broccoli with shovels from the floor."

Ramirez said he was asked to equal the day-shift broccoli-production total of 19,000 pounds an hour. The night shift, he said, was producing 17,000 pounds an hour.

Ramirez said he refused to pack substandard vegetables and produce that had fallen on the floor to increase production.

"You can say I was fired because I wasn't keeping up with production," he said, adding, "I wasn't."

Conco Corp. Controller Petersen said that a USDA inspector is on Watsonville Canning's "premises full time" to keep watch over the processing line there. Petersen said there was thus no way the company could have been misrepresenting its product.

"If we had put garbage in," he said, "he (the inspector) would have caught us right away."

According to a USDA official, however, an agency inspector at Watsonville Canning is not on the premises around the clock. Nor is all of the produce processed there inspected by the USDA, as is the case

at Shaw Frozen Foods and Crosetti Frozen Foods, two other Pajaro Valley processors.

Romeo Villaluz, officer in charge at the USDA Agricultural Marketing Service's Processed Product Brands office in San Jose, said the inspector at Watsonville Canning works only the day shift. He said the inspector could easily have failed to catch the company passing off inferior product as top grade.

Villaluz said USDA inspection is "voluntary" in the frozen-food industry. He said that under the agency's current inspection contract with Watsonville Canning, the USDA inspector there is allowed to check only produce processed for "institutional" buyers, such as government agencies.

The inspector at Watsonville Canning does not check the produce the company processes for supermarket chains, Villaluz said.

"We just go in there and inspect what they want us to inspect," he said.

Watsonville Canning packs numerous premium, Grade-A labels for sale to retailers, including Bird's Eye, Alpha Beta, Top Frost, Flavor-Pac, A&P, Frosty Acres, Acme and Bel-Air.

Bel-Air is Safeway Stores Inc.'s premium frozen-food line.

Tom O'Ban, quality assurance supervisor for Safeway, said Wednesday it is "not possible" to pass off substandard produce as Grade A. He said Safeway employs a quality-control inspector who closely

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monitors all Pajaro Valley food processors. While the inspector is not on site at all times, O'Ban said, he often visits plants unannounced. The inspector checks warehouse stock as well as production lines, O'Ban said.

In addition, he said, Safeway hasn't received any appreciable customer complaints about produce packed with its Bel-Air label.

"I'm very confident with the kind

of controls we have," said O'Ban.

Ramirez said false grading at Watsonville Canning stopped "to a certain extent ... after Ogden left.

"But we'd still run Grade B to Grade A," he added.

Ramirez said that under Monnich and Ogden, a shipment of worm-eaten collard greens with only the stems left was once chopped and packed in boxes labeled Grade A.

Ramirez said Grade A produce brings in the most money for the company.

According to Ramirez and Henderson, a dual grading system was used at Watsonville Canning to keep

track of falsely graded processed food.

Samples of processed vegetables were taken off the production line every 20 minutes or so by lab technicians, who, Ramirez and Henderson said, were ordered by company officials to change their paperwork to support the false grading.

Buyers rely on grading sheets to tell them the quality of the product they are buying.

Ramirez said Watsonville Canning coded its sheets so that company officials would know the actual nature of the product, but buyers would not.