

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL

STATEMENT OF ROGER C. VIADERO
INSPECTOR GENERAL

Before the
U.S. SENATE COMMITTEE
ON
AGRICULTURE, NUTRITION, AND FORESTRY

March 22, 2001



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Good morning Mr. Chairman and members of the Committee. As requested I am here today to update you on the activities of the Office of Inspector General in regard to the allegations of widespread corruption in the meat inspection program in the New York City metropolitan area.

Before I begin, I would like to introduce the members of my staff who are here with me today: Gregory Seybold, Assistant Inspector General for Investigations; and James Ebbitt, Assistant Inspector General for Audit.

As you are aware, on August 22, 2000, you requested that our office conduct an investigation of possible widespread corruption in the meat inspection program in the New York City area, based on broad allegations raised by several sources to the Committee. We added those allegations to one of our many ongoing investigations into alleged criminal activity in the meat inspection program in the New York City area. Also, about the time of the August request, our office received other similar allegations of inadequacies in the Food Safety and Inspection Service, federal meat inspection program in New York City and New Jersey. Members of my staff or I personally met with each of the complainants who were willing to talk with us, in order to obtain specific information regarding the allegations they were raising. After careful analysis of their statements to us, we added those allegations of criminality to our ongoing investigative inquiry into the meat inspection program. Since receipt of the initial allegations, we have completed numerous interviews, record reviews and physical surveillances of FSIS inspectors. Our investigation of the criminal aspects is continuing and, therefore, I cannot provide details to the Committee without jeopardizing our efforts to date. As soon as our inquiry is complete, we can provide the Committee with a report of our investigative activities.

As the Law Enforcement arm of the USDA our principle focus, as always, is on those allegations that are criminal in nature. However, as the second set of "eyes and ears" for the Department and Congress, we did not disregard those allegations brought to us, which were of a non-criminal nature and required a vigorous regulatory program response by the Food Safety and Inspection Service (FSIS) of USDA. Therefore, we coordinated with senior FSIS management officials to ensure that a thorough and independent intensive administrative review of the inspection program in the New York City metropolitan area is conducted promptly. In fact, this intensive review began on Tuesday, March 20, 2001, and is on going as I am testifying before you today. This review is being conducted by the FSIS Technical Services Review Staff from Omaha, Nebraska; the review includes physical visits to meat plants, record reviews and interviews with

meat plant personnel. Our office has numerous special agents from New York and from other parts of the country in place assisting the FSIS review teams. My agents are prepared to respond immediately to any criminal activity uncovered during the review process and to insure the FSIS review teams can complete their mission safely. Any details regarding this regulatory review can be better addressed by the FSIS.

In addition to our investigation of the issues brought to the attention of this committee, we currently have many other investigations regarding the meat inspection program on-going in the New York metropolitan area. These cases encompass FSIS employee misconduct, assaults against FSIS inspection staff, and criminal allegations against meat processors. We received the allegations for these cases from FSIS, our own hotline and other sources.

In June 2000, OIG completed a series of audits to determine if FSIS had successfully implemented the science-based Hazard Analysis and Critical Control Point (HACCP) system for inspecting meat and poultry. This series of audits included the implementation of HACCP, laboratory analyses, foreign imports, and FSIS' compliance program that carried over from the previous inspection system. We made a series of recommendations to FSIS in each of these areas to strengthen FSIS' oversight of the meat supply.

To meet its responsibility of ensuring that meat and poultry entering consumer channels is wholesome, FSIS performs compliance reviews of non-federally inspected firms, such as warehouses, processors, distributors, transporters, and retailers. FSIS may initiate a compliance review to respond to a consumer complaint, to carry out its random reviews of firms, or to follow up its reviews of previous violators. Our review looked at 5 of 17 FSIS districts then in operation; generally, we found compliance needs to: assure that all firms subject to compliance reviews are identified; target its resources to metropolitan and geographic areas or at firms regarded as high-risk; and act more aggressively against repeat violators, including obtaining authority to impose civil penalties where violations do not warrant criminal prosecution.

The FSIS Albany, New York, district office was one of five district offices included in OIG's review of FSIS' compliance program. The results of OIG's work in the Albany district was considered in formulating conclusions about FSIS' compliance operations and whether weaknesses and problems existed that FSIS needed to address across the board.

FSIS had not implemented operating procedures to establish documentation requirements for compliance random reviews. For example, at the Albany district we reviewed 1,022 random reviews conducted by two compliance officers during September 1998 through February 1999. We were unable to identify the review steps performed by the two compliance officers, including meat and/or poultry inventory observations and record reviews. The compliance officers did not document whether assessments were made of controls on product storage and handling, pest management, or housekeeping. Without such documentation, there was no record that key components of the review were performed.

We also noted inconsistencies in how reviews were conducted among the districts visited and what were reported as random reviews. For example, a random review in the Albany district at a sandwich retail shop was counted as a review even though the owner did not allow the officer to perform the review. Until we brought it to the district's attention, one compliance officer had counted a visit to a police station as a random review. In this case the compliance officer was following up on a call that the police department was looking for someone with a badge who was going into restaurants.

OIG found that FSIS should target its resources to major metropolitan areas and to those firms judged to be high-risk. For example, three of the five compliance officers located in Albany made 1,167 random reviews September 1998, through February 1999 and found 20 firms with violations (2 percent). In contrast, two of six compliance officers in Jamaica, New York, FSIS Office, which has responsibility for the New York City metropolitan area, performed 89 random reviews during the same period and found violations at 22 firms (25 percent). New York City has a high concentration of custom exempt slaughter facilities, and the evidence suggests that resources need to be shifted to the New York City metropolitan area where more problems are being identified.

FSIS did not have an effective system to monitor consumer complaints so that the number, status and disposition could be tracked. This was also the case in the Albany district. FSIS' Office of Public Health and Science referred 11 complaints to the Albany district, but the office only had record of 2. Albany had recorded 143 consumer complaints, but the documentation indicated these were only the number where actual follow up was performed. OIG could not determine how many initial complaints were made or how many where no follow up was undertaken.

We reported that FSIS' enforcement actions were not sufficient to deter repeat violators where the violations did not lend themselves to criminal prosecution. For example, a firm in Atlantic City, part of the Albany district, was cited by FSIS for five separate violations between October 1997, and September 1999, but FSIS could only issue letters of warning to the company. Another firm had five violations, and 6 other firms had four violations each within a 24-month period. But again, letters of warning were the only option since criminal prosecution did not appear warranted. We believe these examples support the Department's efforts to seek legislative authority to assess civil monetary penalties against firms that commit repeated violations.

I would point out that what we found and observed in the Albany district was not the only support for our conclusions and recommendations. Similar conditions were found at the other four districts we visited.

In conclusion, I will continue to endeavor to respond as my office's first priority to insure the health and safety of the citizens of this country against unscrupulous criminal meat processing businesses and misfeasant employees.

This concludes my statement Mr. Chairman. I appreciate the opportunity to appear before you today and would be pleased to respond to any questions you may have at this time.