



# The Shrimp e-Advocate

The Southern Shrimp Alliance (SSA) is a non-profit alliance of members of the U.S. shrimp industry in eight states committed to preventing the continued deterioration of America's shrimp industry and to ensuring the industry's future viability. SSA serves as the national voice for the shrimp fishermen and processors in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Texas.

**NOAA Press Release on  
Mislabeling**

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## FOR IMMEDIATE RELEASE

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### **NOAA investigations into mislabeling seafood protects consumers and fishermen**

*Defendants plead guilty in federal court to violating the Lacey Act*

Seafood consumers and the law-abiding fishermen who catch that seafood gained a big victory last week when a complex NOAA Office of Law Enforcement investigation into conspiracy, misbranding and smuggling resulted in two guilty pleas in federal court.

This case is the latest of three Lacey Act investigations in NOAA Office of Law Enforcement's southeast division that resulted in guilty pleas in January.

Karen L. Blyth of Paradise Valley, Ariz., and David H.M. Phelps of Scottsdale, Ariz., pleaded guilty Jan. 24 in Mobile, Ala., to 13 felony offenses for their roles in purchasing and then re-selling farm-raised Asian catfish and Lake Victoria perch falsely labeled as grouper, sole or snapper; selling foreign farm-raised shrimp falsely labeled as U.S. wild caught shrimp and selling shrimp that

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falsely claimed to be larger and more expensive than they actually were; and for buying fish they knew had been illegally imported into the United States. Some of the fish tested positive for malachite green and Enrofloxin, both of which are considered health hazards and banned from U.S. food products.

The Lacey Act makes it unlawful for a person to falsely identify any fish that has been, or is intended to be, imported, sold, purchased or received from any foreign country or transported in interstate or foreign commerce.

"People save their money all year long to come on vacation down here and take their families to restaurants. They want a grouper sandwich or a grouper basket, which is what this area is known for, and they were getting cheated out of it," said assistant special agent in charge Gregg Houghaboom, who was the lead case agent out of Niceville, Fla. "This kind of illegal activity also deflates the price of grouper in the Gulf of Mexico. We are doing what we can to protect the honest grouper commercial fishermen and level the playing field for them."

The defendants, who were co-owners of Consolidated Seafood Enterprises Inc., in Phoenix and Reel Fish and Seafood Inc., in Pensacola, Fla., pleaded guilty to one conspiracy count, nine violations of the Lacey Act, two counts of receiving smuggled goods and one misbranding count. A third defendant charged in the case, John J. Popa, of Lisbon, Conn., pleaded guilty to similar offenses in August. He managed and co-owned Reel Fish with Blyth and Phelps.

Both businesses are now closed.

The investigation started in June 2005 when NOAA's Office of Law Enforcement agents discovered Consolidated Seafood bought Vietnamese catfish illegally imported into the U.S. labeled as sole, then distributed it to Reel Fish, which in turn distributed the catfish as grouper and sole and sold it to approximately 65 different wholesale customers, including supermarkets and restaurants.

"Anti-dumping" duties went into effect on these kinds of fish in January 2003, after an investigation by the Department of Commerce established that this product was being sold in the United States at less than fair value, and therefore was injuring domestic catfish producers. In all, the defendants conspired to buy and falsely label some 283,500 pounds of farm-raised Vietnamese catfish, which was imported without \$145,625 of anti-dumping duties being paid.

Reel Fish also bought Lake Victoria perch and re-labeled it as the more expensive grouper or snapper, and marketed those to higher-end restaurants in Alabama and Florida ; took foreign-bought shrimp and re-labeled it as product of the United States ; and took expired oysters and re-dated their tags.

The investigation led to simultaneous search warrants in April 2006 at Blyth's residence and Consolidated Seafood in Arizona, Reel Fish in Florida, and at another seafood wholesaler in Seattle. More than a dozen special agents from NOAA's Office of Law Enforcement as well as agents from the Department of Homeland Security's Immigration and Customs Enforcement participated in the searches.

"With multiple wholesale fish businesses involved, as well as the large scale and varied nature of the product false labeling schemes, there was an unusually large amount of documentary and testimonial evidence that needed to be assembled in order to prove the defendants' criminal conduct," said Wayne D. Hettenbach, one of the Department of Justice prosecutors in the case. "Such complexity does not deter us from pursuing those whose conduct harms the fishery and fishermen by artificially depressing prices for the real product, in addition to cheating consumers."

A federal Grand Jury returned a 28-count indictment against all three defendants on Jan. 28, 2010 ([http://www.nmfs.noaa.gov/ole/news/news\\_sed\\_012810.htm](http://www.nmfs.noaa.gov/ole/news/news_sed_012810.htm)). The trial was set to begin Jan. 24, 2011, when Blyth and Phelps changed their pleas to guilty ([http://www.nmfs.noaa.gov/ole/news/news\\_SED\\_012411.htm](http://www.nmfs.noaa.gov/ole/news/news_SED_012411.htm)).

Popa's sentencing is set for Feb. 22, while Blyth 's and Phelps' are set for May 4. The maximum penalty for each violation of the Lacey Act includes up to five years in prison and a \$250,000 fine, while the maximum penalty for each misbranding count includes to up to three years in prison and a \$250,000 fine.

"We will continue to investigate all false labeling and substitution of this country's fish and seafood, and work to protect fisheries in the Southeast region and the American consumer, from being harmed by this kind of criminal activity," said Hal Robbins, special agent in charge of NOAA Office of Law Enforcement's southeast division.

Other agencies participating in the investigation include the U.S. Air Force Office of Special Investigations and the Department of

Defense, Defense Criminal Investigative Service. The case was prosecuted by Hettenbach and Susan L. Park of the Environmental Crimes Section of the Department of Justice Environment and Natural Resources Division, and Deborah A. Griffin of the U.S. Attorney's Office for the Southern District of Alabama.

### **Background: Mislabeling a common problem**

Two other southeast division investigations of mislabeling also concluded in January. On Jan. 12, defendant Mark Platt of Boca Raton, Fla., and Shifco Inc. located in Hialeah, Fla., pleaded guilty to four counts of conspiring to commit Lacey Act violations. From January through February 2010, Platt, Shifco and Northern Fisheries Ltd. engaged in a scheme through which Platt oversaw the false repackaging and labeling of 1,500 pounds of frozen chum salmon fillets. The fillets, which were a "Product of China," were re-labeled as being chum salmon fillets, "Product of Russia." In addition, Platt and Shifco pled guilty to a scheme to re-label more than a million pounds of less marketable shrimp from Thailand, Malaysia, and Indonesia, as being from Panama, Ecuador and Honduras. The shrimp had an estimated retail value of between \$250,000 and \$1 million.

On Jan. 20, in an unrelated case, MKG Provisions Inc., of Miami, pleaded guilty and was sentenced to one year of probation intended to provide oversight of the company's implementation of a plan to prevent recurrence of the offense and ordered to pay a \$20,000 criminal fine, for one count of violating the Lacey Act by mislabeling imported haddock. In June 2010, MKG purchased 10,600 pounds of haddock from a Boston-area supplier that had imported the haddock from China. That haddock was re-boxed and re-labeled as "Product of USA" before selling it to a south Florida customer.

The mission of NOAA Office of Law Enforcement is to ensure compliance with the laws and regulations enacted to conserve and protect our nation's marine resources. To report a suspected violation, contact OLE's national hotline at 1-800-853-1964.

NOAA's mission is to understand and predict changes in the Earth's environment, from the depths of the ocean to the surface of the sun, and to conserve and manage our coastal and marine resources. Visit us at <http://www.noaa.gov> or on Facebook at <http://www.facebook.com/usnoaagov>.