

Small company in salmonella scandal had wide reach

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ATLANTA – From school lunches to nutrition bars and ice cream, the nationwide salmonella outbreak has reached deep into the American food supply — even though many people had never heard of the small company at the center of the investigation until a few weeks ago.

The food manufacturer, Peanut Corp. of America, has just a few plants scattered across the South, but it may be responsible for one of the nation's largest food recalls in history.

Federal investigators on Friday said the Lynchburg, Va.-based company knowingly shipped salmonella-laced products from its Blakely, Ga., plant after tests showed the products were contaminated. Federal law forbids producing or shipping foods under conditions that could make it harmful to consumers' health.

So far, the salmonella outbreak has sickened about 575 people in 43 states and may have contributed to at least eight deaths. The Justice Department has opened a criminal investigation and more than 1,550 products have been recalled.

The company has denied any wrongdoing, but said it is investigating.

Before the scandal, Peanut Corp. was a little-known but ambitious company that began in the 1970s as a family catering operation.

"We started this business working out of our house in Virginia with my mom doing all the accounting," company president Stewart Parnell had been quoted on the company's Web site.

The peanut processing business grew over the years. The company bought a plant in Georgia in 2001, opened another in Texas four years later, and was also running a plant in Virginia.

Friends and business associates said Parnell was dedicated.

"He certainly has gone out and done some things on his own — he didn't just lay around. He's been aggressive," said Eddie Marks, who runs a Virginia storage company and has known Parnell for 15 years.

But even as the company expanded and began to process millions of pounds of peanuts per month, its headquarters was still a two-story building behind Parnell's house. He even had his own brand of peanut products: "Parnell's Pride."

Belying the ambition, there were problems.

About nine months after Parnell bought the Georgia plant in 2001, potential insecticide contamination and dead insects were found near peanuts inspected by the Food and Drug Administration.

More recently, state inspections in 2006 and 2007 found some sanitary problems. After another inspection in October, state officials discovered only relatively minor violations.

But less than three months later, a federal investigation found roaches, mold and other unsanitary conditions.

The potential repercussions began to emerge. The Agriculture Department said it may have shipped possibly contaminated peanut butter and other foods to free school lunch programs in California, Minnesota and Idaho in 2007. The Federal Emergency Management Agency acknowledged that it distributed meals to disaster victims that may have included the potentially tainted peanut butter.

And it was discovered that the company's Plainview, Texas, plant didn't register with state health officials there after opening in March 2005 and only recently was discovered and inspected.

However, the most serious issue surfaced in inspection records released Friday by the Food and Drug Administration. The reports showed that in 2007 the company shipped chopped peanuts on July 18 and 24 after salmonella was confirmed by private lab tests.

FDA officials earlier had said Peanut Corp. waited for a second test to clear peanut butter and peanuts that initially tested positive for salmonella. But the agency amended its report, noting that the Georgia plant actually shipped some products before receiving the second test and sold others even after confirming salmonella.

A Peanut Corp. lawyer said the company is investigating and had no comment on the latest FDA findings. The company previously said it "categorically denies any allegations" that it sought lab results that would put its products in a favorable light.

Details of the privately held company have been slow to turn up, and what has come out hasn't been from Parnell. He has repeatedly declined to speak to reporters.

Parnell's friends and business partners described him as a hardworking, soft-spoken man who had a good rapport with the dozens of contacts he made over the years.

"He had a good reputation," said Jeffrey Pope, a peanut farmer who has done business with Parnell's Virginia plant. "People respected him. He's been in the industry for more than 30 years and he's been a mainstay."

Southwest Georgia peanut industry officials say Parnell didn't spend much time in the state, instead leaving the day-to-day dealings to others.

His reputation earned him a vaunted spot on the U.S. Department of Agriculture's Peanut Standards Board, which is charged with helping the government establish quality and handling standards for the nation's peanuts.

But several board members said they were unaware Parnell was on the panel, and some said the board rarely met. When they did, it was often by teleconference.

Parnell was removed from the board Thursday by Agriculture Secretary Tom Vilsack and Peanut Corp. was suspended from participating in government contract programs for at least a year.

The company has said in statements that it is deeply concerned.

"The product recalls issued by our company continue to expeditiously remove all potentially harmful products from the marketplace, in the best interest of the public's health and safety," a statement midweek said.