

Problems Dog DeCoster Farms, But States Eager For His Business

BY ANDREW ZAJAC
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WASHINGTON — Long before Austin "Jack" DeCoster became a central figure in one of the largest egg recalls in history, he had paid more than \$10 million in fines and suit settlements, his eggs were banned in one state and quarantined in another and he was almost single-handedly responsible for new restrictions on child labor in his native Maine.

He also was embraced by local governments in two states eager to reap the economic benefits of a large egg farm — even a rule-breaking one.

Earlier this month, DeCoster's Wright County Egg farms in Iowa recalled 380 million eggs. A second Iowa egg producer, partly supplied by a DeCoster-owned firm, pulled another 170 million eggs off the shelves.

On Thursday, federal authorities confirmed that the two operations are contaminated with the same strain of salmonella that has sickened at least 1,500 people. The outbreak is one of the largest salmonella outbreaks ever, according to the Food and Drug Administration. Health officials said they do not expect the recall to increase beyond the current total, but say the tally of the sick may rise as individual cases are linked to the contaminated eggs.

Meanwhile, political pressure has built, with at least one congressional investigation under way and a hearing on egg safety slated for the middle of next month.

The half-billion egg recall is a stunning regulatory failure: The FDA, which is responsible for the safety of whole eggs, has acknowledged that it had never inspected either set of Iowa facilities — notwithstanding DeCoster's decades-long trail of regulatory battles.

A spokeswoman for DeCoster said he is working with the FDA on issues related to the eggs recall, but she declined to comment on the slew of past allegations.

But it's also a testament to the willingness of communities to accept a trade-off between filled tax coffers and a business shadowed by pollution, civil rights and safety issues.

"Please note that while this man has very poor business practices and a history of violations of environmental laws, he

has contributed a great deal to Wright County, not only in the form of property taxes, but also by increased numbers of students in our school system, which leads to more state aid for education, and also through donations to community projects," Barb Mussman, publisher of the Wright County Monitor, said in an e-mail.

DeCoster, who is in his mid-70s, runs his egg empire with the help of two sons, Jay, who helps manage operations in Maine, and Peter, who is chief operating officer of Wright County Egg.

In the late 1970s in Maine, DeCoster, already a large, well-established egg producer, was battling opponents on multiple fronts.

He'd been sued by his neighbors for a beetle infestation, was fending off union organizing drives and was under scrutiny by the Labor Department for an array of violations of wage and hour law.

Perhaps most significantly, the Maine Legislature passed a law prohibiting children under 16 from working in proximity to "hazardous machinery or hazardous substances" because of accidents involving teenage workers at DeCoster's facilities.

"It was because of DeCoster... Kids were always being hurt there," said James Tierney, a former Maine attorney general, who as a state representative voted in favor of the measure.

"There's no question that DeCoster's egg farm was a major law enforcement problem in my time in the legislature and as attorney general," Tierney said in a telephone interview on Thursday.

But three months after Maine legislators approved the DeCoster-inspired changes in the state's child labor laws,

DeCoster sealed a lucrative deal in another state. Commissioners in Kent County, Md., approved an \$8.5 million industrial revenue bond to help DeCoster finance a large egg farm that soon became one of the county's largest taxpayers and purchasers of locally grown feed.

"We grow a lot of corn and soybeans around here. We needed a steady outlet so we didn't have to haul so far. Prices probably increased a nickel a bushel when (DeCoster) started buying," said William Manlove, a farmer and former commissioner in neighboring Cecil County, where some of DeCoster's facilities,

housing two million birds, were located.

But, Manlove said, "we found out we hadn't gotten the whole story from Maine. We had constant problems with him."

In the summer of 1988, New York state health officials banned eggs from DeCoster's Maryland operation, after linking them "to outbreaks of gastrointestinal illness" in the state, including salmonella.

Maryland's agriculture secretary at the time criticized the New York ban as "a drastic measure," but less than three years later, Maryland regulators found salmonella in some of DeCoster's hens and imposed a quarantine.

DeCoster sued, arguing that the quarantine prevented him from selling eggs outside Maryland, something the state was not empowered to do.

DeCoster also pointed out that the Food and Drug Administration, which is responsible for the safety of eggs in interstate commerce, had not blocked their sale. An FDA spokeswoman declined to comment, saying records pertaining to the 1991 episode may no longer be available.

A federal court agreed that Maryland had overstepped its authority, but DeCoster later was convicted in state court of selling eggs from one of his quarantined facilities to a Maryland grocer. He was fined \$500, which was suspended, and placed on unsupervised probation. He subsequently sold his Maryland operations.

DeCoster's run-ins with regulators are a result of being a hard-charging businessman who doesn't have the resources of corporate farm interests, said C. Daniel Saunders, his attorney at the time.

"I know Jack pushes the envelope, because he's growth-oriented," said Saunders, adding that DeCoster has a single-mindedness common to many entrepre-

neurs.

"They push their people. They want results. They don't want excuses. I don't mean that he cuts corners," Saunders said.

Even as DeCoster feuded with Maryland officials, he was expanding his operations into Iowa, which in his view "was a state that understood farming," Saunders said.

By the early 1990s, DeCoster had established chicken and hog operations in Iowa, but labor and environmental problems trailed him.

Over the years, DeCoster has been fined a total of \$202,000 for environmental violations by the Iowa Department of Natural Resources. In 2000, he became the first — and so far, only — person deemed by the Iowa Supreme Court a "habitual violator" of environmental regulations.

The designation, imposed mostly for mishandling hog waste, prohibited expansion of his hog operation for five years.

In 2002, DeCoster Farms agreed to pay \$1.53 million to settle an Equal Employment Opportunity Commission suit alleging rape by supervisors and other sexual violence against female workers at his Iowa egg operations. The company did not admit wrongdoing.

Things weren't much better back in Maine.

In 1997, DeCoster Egg Farms agreed to pay a \$2 million fine — \$1.6 million less than the U.S. Department of Labor proposed — to settle "numerous egregious safety and health violations" at its facilities in Turner, Maine.

The company also paid \$143,000 in fines for state environmental violations that year.

In 1999, the DeCoster firm reportedly paid \$5 million to settle a class-action suit involving unpaid overtime. Some workers were paid straight time for working 80 hours per week.

In 2002, DeCoster paid \$3.2 million to settle a discrimination case brought by Mexican workers who alleged they were forced to endure harsher living and working conditions than white employees.

DeCoster "is kind of an enigma," said Karen Wolf, who represented the Mexican workers in their discrimination case. "He's very charming. He's been able to develop a lot of businesses. ... He flies under the radar a lot of the time."

"He gets fined and things happen to him, but he comes back. He always bounces back."

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Official: FDA To Inspect Large Egg Farms

BY MARY CLARE JALONICK
Associated Press Writer

WASHINGTON — The Food and Drug Administration is planning to inspect all of the country's largest egg farms before the end of next year following the massive recall of tainted eggs linked to a salmonella outbreak that has sickened as many as 1,500 people.

An Obama administration official says inspectors will visit about 600 large egg farms that produce 80 percent of the nation's eggs. The official spoke on condition of anonymity because the plan has not yet been announced. This will be the first government effort to inspect large egg farms, as most of them have gone largely un-inspected for decades.

The FDA's plan for heightened inspections came after more than half a billion eggs linked to cases of salmonella poisoning were recalled from two Iowa farms this month. The inspections will be conducted as part of new FDA rules put in place

this July to prevent salmonella in shell eggs.

The inspections will begin in September with the farms deemed highest risk to consumer safety, the official said. The new inspection plan covers all egg farms that have 50,000 or more hens.

The FDA will also be adjusting the training of the agency's inspectors based on findings from the ongoing investigations at Iowa's Wright County Egg and Hillandale Farms, the two farms linked to the salmonella outbreak, the official said.

The aim of the inspections, and the new egg rules, are to prevent an outbreak before it starts. In the past, the government has traditionally only inspected egg facilities, along with many other types of farms, after there is an outbreak. The FDA said it has not inspected either of the two Iowa farms despite at least one of the companies' long history of health, safety, environmental and immigration violations.

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