



## Addressing Seafood Fraud

Lisa Weddig  
Better Seafood Board  
May 28, 2009



## GAO Report

### SEAFOOD SAFETY: Seriousness of Problems and Efforts to Protect Consumers

- Seafood misrepresentation
  - Short-weighting
  - Lower value species for a higher value species
  - Improper labeling



## GAO Report - 1988

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## CRS Report for Congress

### Seafood Marketing: Combating Fraud and Deception

RL34124, August 8, 2007



<http://nationalaglawcenter.org/assets/crs/RL34124.pdf>



## GAO Report to U.S. Senate Committee on Commerce, Science, and Transportation

### **Seafood Fraud: FDA Program Changes and Better Collaboration among Key Federal Agencies Could Improve Detection and Prevention**

GAO 09-258, February 2009

<http://www.gao.gov/new.items/d09258.pdf>



## Types of Fraud and Deception

- Mislabeled or Substituted Species
- Low Weights or Undercounting
- Trans-shipments to Avoid Duties



## Common Offers

Black Tiger HLSO  
6x4 lbs, Block Frozen

100% NW/NC  
90% NW/NC  
80% NW/NC





Raw Headless Shrimp  
4 Pound (1.814 KG) Unit

**Nutrition Facts**

Serving Size : 4 oz Raw (112g/see table below)  
Servings per container : 16 Servings





**Low Weights or Undercounting**

**Fair Packaging and Labeling Act**

Labels must contain accurate information to identify the product, manufacturer, packer or distributor and the **net quantity of contents, in terms of weight or mass, measure, or numerical count.**







## FFDCA SEC 403 Misbranded Food

A food shall be deemed to be **misbranded**—

- (a) ... If (1) its labeling is false or misleading in any particular, ...
- (b) ... If it is offered for sale under the name of another food.
- (d) ... If its container is so made, formed, or filled as to be misleading.
- (e) ... If in package form unless it bears a label containing (1) the name and place of business of the manufacturer, packer, or distributor; and **(2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count**, except that ... reasonable variations shall be permitted, ...
- (w) Major food allergen labeling requirements. (states specific species of fish or crustacean shellfish).



## FFDCA SEC. 402 Adulterated Food

A food shall be deemed to be **adulterated**—

- (b) Absence, substitution, or addition of constituents.
  - (1) If any valuable constituent has been in whole or in part omitted or abstracted therefrom; or
  - (2) if any substance has been substituted wholly or in part therefore; or
  - (4) if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, ... or make it appear better or of greater value than it is.**



## SEC. 801. Imports and exports

### (a) Imports...

If it appears from the examination of such samples or otherwise that ... such article is **adulterated**, **misbranded**, ... then such article shall be refused admission



## Handbook 130

- **6.3. Net Quantity.** – A declaration of net quantity of the commodity in the package, exclusive of wrappers and any other material packed with such commodity ..., shall appear on the principal display panel of a consumer package ...
- **7.2. Location.** – A non-consumer package shall bear on the outside a declaration of the net quantity of contents.





## Ensuring Economic Integrity

- Industry and government both have a role in ensuring consumers are confident in seafood purchases.
  - The government provides and **enforces** guidelines to ensure economic integrity
  - Industry follows the guidelines.



GET YOUR  
CHEATER  
PACKS  
HERE!



## Typical Offer

### Frozen Tilapia Fillets, IQF Bulk, 10 pound packing

Size	85% NW	90%NW	100% NW
2-3 oz	\$1.30	\$1.36	\$1.50
3-5 oz	\$1.47	\$1.54	\$1.70





- Frozen Tilapia Fillet, Skinless, Boneless, 10kg/carton, bulk, IQF, **Size after Glaze**, No Chemical, CO treated or not,
- 5-7oz, **90% NW**, CNF Miami or LA USA, USD 1.87/LB
- 5-7oz, **100% NW**, CNF Miami or LA USA, USD 2.15/LB



- Frozen Tilapia Fillet
- 90% NW ,skinless, boneless, **size after glaze** ,IVP packing ,
- 10kg/carton ,bulk
- 3-5oz CNF LA USD 1.70/LB
- 5-7oz CNF LA USD 1.80/LB



*TO: SEAFOOD BUYER*

FROM: Alphen Yuan

TEL: 86-532-80999580

FAX: 86-532-80999380

EMAIL: [loinseafoods@yahoo.com](mailto:loinseafoods@yahoo.com)

Website: [www.loinseafoods.com](http://www.loinseafoods.com)

LOS ANGELES OFFICE:

TEL: 1-626-336-3218

FAX: 1-626-336-3230

PRODUCT OF CHINA

2008-09-30

**CHANNEL CATFSIH: JUST RELEASED BY FDA**

CHANNEL CATFISH IQF, 15LBS CARTON

BRAND: XIHE

90%NW 5-7/7-9OZ FOB PFS CHICAGO \$1.80/LB

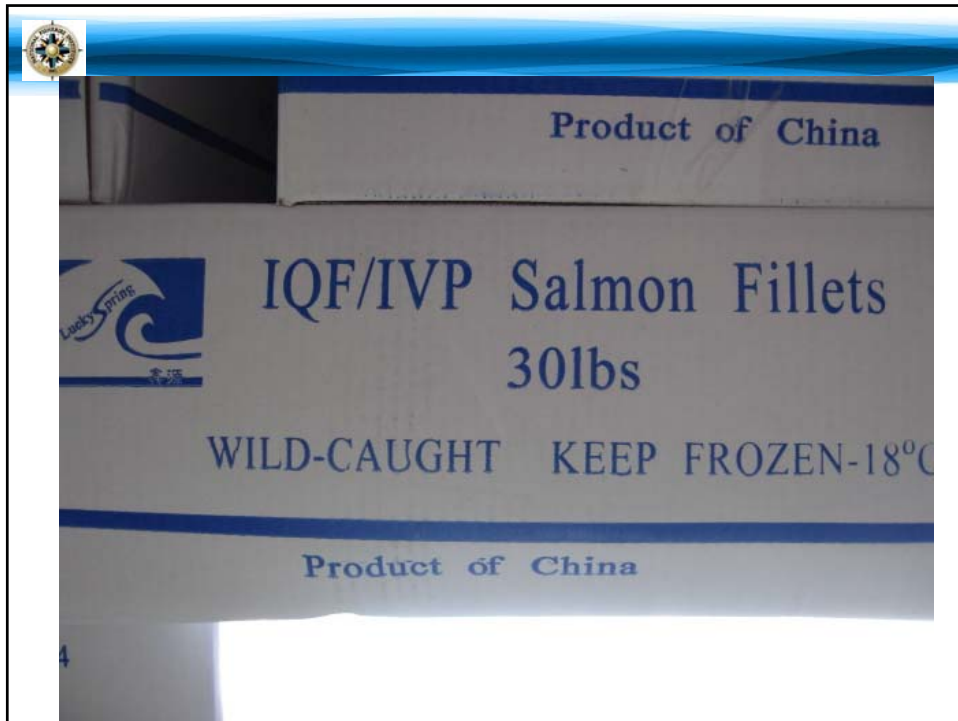
95%NW 5-7/7-9OZ, FOB PFS HOUSTON: \$1.90/LB

100%NW3-5/5-7OZ, FOB PFS NEWARK: \$2.00/LB

100%NW3-5/5-7OZ, FOB PFS NORFOLK: \$2.00/LB




Peacock Fillet	2/4, 4/6, 6/8 4x10 IQF	70%	FOB Dalian	\$0.82
	skinless, boneless, chem-in	75%	FOB Dalian	\$0.87
		80%	FOB Dalian	\$0.90
		85%	FOB Dalian	\$0.93
		90%	FOB Dalian	\$0.97
		95%	FOB Dalian	\$1.02
		100%	FOB Dalian	\$1.06



## Economic Integrity Initiative



- In 2006, NFI Board approved an Economic Integrity Initiative.
- Economic disadvantage to “follow the rules”
- Develop a process for accountability
- Goal to increase consumer confidence in seafood products and highlight NFI members as following the rules



**NATIONAL FISHERIES INSTITUTE**

**ABC Fish Market**

**MY COMMITMENT TO FAIR AND LAWFUL BUSINESS PRACTICES**

*The seafood community provides American families one of the most beneficial food choices they can make. Our entrepreneurial spirit enables us to provide consumers a variety of products, nutritious, easy to prepare and delicious.*

*As an industry, we recognize that it is vital for our customers and consumers to trust our industry and we want to encourage them to be confident in our products.*

*As a leader in the seafood community, I am committed with my NFI peers in the industry to conduct myself and my business in an honest and trustworthy manner. My company's commitment to my peers and customers is:*

- *That our products are correctly labeled for weights and counts.*
- *That our products are correctly labeled for identity and that species are not substituted in any manner.*
- *That our products are correctly labeled for the country of origin.*
- *That our products adhere to all other labeling laws.*


*I pledge to work with both my supply chain and customers to ensure they understand our company's commitment to economic integrity.*

*In realizing that I have made this formal commitment with my NFI peers in the industry, I also commit that if my customers have documented and unresolved concerns about the economic integrity of our business practices, I will submit to and pay for an independent audit to ensure our company's labeling practices are fair and lawful, and to provide confidence that my company is adhering to these industry principles of economic integrity.*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Company

\_\_\_\_\_  
Date



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\_\_\_\_\_  
Signature

\_\_\_\_\_  
Company

\_\_\_\_\_  
Date

Correctly labeled for identity and species are not substituted

Correctly labeled for weights and counts

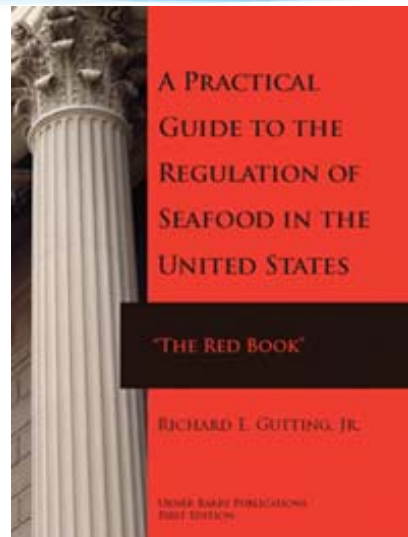
Correctly labeled for country of origin





## Economic Integrity Initiative

NFI members are provided with easy access to the “rules”



## Better Seafood Board

- A corporate entity separate from National Fisheries Institute
- Separate Board of Managers
  - 16 members representing
    - NFI Board
    - NFI membership
    - Public
- Launched July 2007





## Better Seafood Board

- System to report unresolved challenges
- Call-center established to document unresolved situations of economic fraud.

**1-866-956-4BSB**



## Call-Center

- Logs complaints following a script developed by the BSB Board of Managers.
- Ensures that the caller has attempted to resolve the situation with their supplier.
- Provides reports of call to the Board of Managers





## Steps after a Complaint

- NFI member will be notified after each logged complaint.
- Given "3 strikes"
- After third complaint must submit to a third-party audit
  - determine if the member is adhering to their pledge.
- Member will be dismissed from NFI if not meeting commitment.



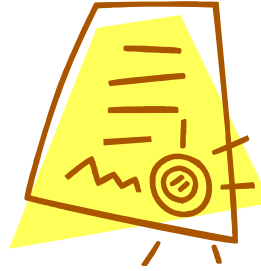
## Checks and Balances

- Supplier is notified with each complaint
- Audit findings will be reviewed by Board of Managers
- Conflicts of interest will be considered
- Company can appeal decision to the NFI Board of Directors



## Where We Want to Be

Goal is to highlight NFI members as committed to the highest ethical standards.



## What's happening now



- we were recently informed of an offer that you made to a U.S. importer offering **90 - 95% net weight on channel catfish**
- This communication appears to constitute an offer to collude to violate U.S. law. We ask that you reconsider such offers to U.S. businesses.
- .. send a copy of this letter to officials in the U.S. Food and Drug Administration,
- ..providing a copy of this letter to the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) and to the Commercial Minister of the Chinese Embassy in Washington, DC.



- can not understand what are you talking about? **We just do what customer need.**
- the direction of combating "short weight" **should focus on end sellers in USA**, it has nothing to do with producers, **we merely process goods according to buyers' orders.**



- Have your government write a law making this illegal.



**Where do we go from here?**