

Firm Tried to Sell NZ Glue as MPC in Wisconsin

by John Bunting

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“FDA believes the milk protein concentrates pose minimal safety risks.”

(Page 2, General Accounting Office report: “Dairy Products. Imports, Domestic Production, and Regulation of Ultra-filtered Milk.” March 2001.)

Got glue?

On December 5, 1997, five pallets of 25-kilogram bags containing industrial adhesive (glue) left a warehouse just north of Madison, Wisconsin. It was trucked 120 miles to DMV USA, a milk powder blending plant in LaCrosse, Wisconsin. When it was unloaded at DMV USA, the same shipment was identified as being MPC. The bags had no product identification, in violation of federal law. Only the bills of lading identified the contents of the shipment.

Four days later, Nancy Grana, a sharp-eyed investigator for the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP), spotted these unlabeled bags at the DMV USA plant. She immediately embargoed the load, and sought the bags’ manufacturer and contents.

Investigator Grana’s efforts likely spared consumers from eating industrial glue in their food. (The most common use for MPC—albeit illegal—is as a cheese ingredient.) Wisconsin’s success in this instance is one of the few interceptions of industrial or animal feed grade dairy products from New Zealand marketed illegally as human food in other nations. In New Zealand, the unraveling scandal is called “Powdergate.” NZ newspapers estimate that ingredients totaling \$100 million (U.S.) have been illegally sold abroad for human food use.

DATCP documents provide a paper trail of the glue from New Zealand to the U.S.:

October 8, 1997: An international shipping container holding pallets with 675, 25-kilogram bags of “Hydracoat 2000 Adhesive Base” left Auckland, NZ on the German-registered ship, Direct Currawong. The manufacturer, Ngaroma Milling of Mount Maunganui, NZ, illegally stripped the outer layer of paper from the bag—removing identification of contents (glue) and the manufacturer.

October 20, 1997: The ship arrived at Oakland, California. The import agent, L. E. Coppersmith, Inc., South San Francisco, invoiced 664 bags to St. Charles Trading, a dairy ingredients marketer based in Lake St. Louis, Missouri.

November 7, 1997: As part of a larger shipment, 662 bags of “Hydracoat 2000 Adhesive Base” (one “torn and leaking”) arrived at Capitol Warehousing, Inc. in Windsor, Wisconsin (just north of Madison).

November 25, 1997: DMV USA ordered 188, 25-kilogram bags of 56% (Protein) Kosher Milk Protein Concentrate from St. Charles Trading. DMV USA’s purchase order specified “MPC-56% MILKPRCON” (believed to be an internal St. Charles Trading product identification). DMV distributed food and industrial ingredients owned by Dutch interests. DMV’s successor firm, Main Street Foods, now is owned by New Zealand interests.

November 26, 1997: Kevin Coe of St. Charles Trading instructed Capitol Warehousing to release 188 bags in Container #TRLU 202822 to Roberts Trucklines (sic). “There are only two products on this container, one is coded with the letter “C” the other with the letter “A” I am requesting all of the product marked with the letter “A”

December 5, 1997: On this day, the miracle occurred. Roberts Trucking, Inc. picked up 193 bags of “HC2000-A BG 30 PLT HYDRACOAT ADHESIVE BIND.” The trucker’s bill of lading notes: “BAG TYPE: STRIPPED.”

According to the DMV USA “Receiving Report,” Roberts Trucking delivered the five pallets at DMV’s blending plant in LaCrosse at 3:00 p.m. and left 3:10. DMV’s “Jeff” signed for the shipment. He noted receipt of five pallets, totaling 193, 25-kilogram bags of MPC 56%. “Jeff” further noted that the product was not Kosher, and that neither the manufacturer nor the plant number were available. (The Food and Drug Administration requires identification of manufacturer, plant number and ingredients on all containers of products used in human foods.) **How could a DMV employee sign for receiving “MPC” when the trucker’s invoice listed the unlabeled bags as “Adhesive” — glue?**

December 9, 1997: State investigator Grana, on a regular visit to the DMV USA warehouse, found 193 bags of unlabeled product. She immediately placed a “hold” on the bags and contacted St. Charles Trading to determine the contents and source of the bags’ ingredients. Ultimately, DATCP officials placed a permanent hold on these products. The runaround commenced.

December 12, 1997: Kevin Coe of St. Charles Trading sent Grana (by fax) a company description of “Hydracoat 2000.” Coe claimed that Hydracoat 2000 is “a binder used primarily in the manufacture of industrial adhesives ...” — glue.

December 17, 1997: DMV’s Michael Husman informed Kevin Coe by faxed letter that DMV was rejecting the 193 bags of “Hydracoat.” Husman instructed St. Charles Trading to remove the “product from DMV’s warehouse as soon as possible.” Husman’s letter noted: “On the Bill of lading, it was identified as HC200-A Hydracoat Adhesive Bind.” **Husman’s letter ignored the fact that**

his warehouse employee (“Jeff”) signed for a shipment of 193 bags of MPC.

December 19, 1997: St. Charles Trading’s Kevin Coe sent inspector Grana (by fax) product descriptions for Milk Protein Concentrate (56% protein). Coe then attempted to convince Wisconsin officials that the product in the bags was MPC, not glue.

DATCP subsequently tested three samples, and found protein levels of 13.9%, 33.3% and 57.6%. The protein content variability shows little product integrity.

December 22, 1997: DATCP inspector Philip Carley visited Capitol Warehousing (Warehouse 2) and placed a hold order on 1,770 bags of Hydracoat Adhesive Binders, totaling 97,350 lbs. Warehouse documents identify St. Charles Trading as the owner.

December 23, 1997: Coe sent Grana (by fax) a “certification of origin for the product in question.” Page 2 of Coe’s transmission was a document from Ngaroma Milling (signed by A. G. Slaughter) identifying the shipment as “adhesive base.” Page 3 of Coe’s transmission also identified the product as “Hydracoat 2000 Adhesive Base.” Glue or MPC? Coe’s alternating descriptions of the product in question deepened DATCP inspectors’ suspicions.

January 8, 1998: Inspector Grana received a call (at Coe’s request) from A. G. Slaughter, a director at Ngaroma Milling. Slaughter stated the product was manufactured at Kiwi Milk Products and that it was “QC1 top quality.” Slaughter told Grana that labels had been stripped off packaging to avoid New Zealand export restrictions. Grana asked for documentation that the stripped bags were produced at Kiwi and the ingredients were food grade.

January 8, 1998: Kevin Coe faxed to Grana a document (on Kiwi Milk Products Ltd. letterhead) stating: “This is to verify that manufacturing numbers 8 and 47 are accredited to ISO 9002.

January 22, 1998: Wisconsin’s agriculture department put a permanent hold on the St. Charles Trading product in question.

February 2, 1998: Neil Blazey, business development manager at New Zealand Milk Products (North America), Inc., wrote DATCP’s Grana regarding the impounded products in question. Blazey’s letter stated, in part:

“It is our understanding that the product has been imported into the USA labeled as “adhesive binder” and that State and Federal statutes may have been violated as a result of its consequent sale as a food grade dairy ingredient product (Milk Protein Concentrate). We are concerned that the New Zealand Dairy Board Act of 1996 may have been breached.”

That Act mandates export permits for all products containing more than 30% dairy content. Blazey claimed that the Act is a principal means by which the NZ dairy industry maintains the “integrity of its products.”

Glue to MPC: Just the tip of the iceberg?

All St. Charles Trading products in question at DMV were returned to Capitol Warehousing. It is believed all such materials were processed into animal feed. The Wisconsin investigation ended when St. Charles Trading claimed the shipment had been sent to them in error.

From the DATCP documents, there is no evidence of any fines or penalties. It is not clear from the file whether DATCP notified the federal Food and Drug Administration (FDA). MPC, like glue, is not an FDA-approved food ingredient.

New Zealand authorities investigated and fined A. G. Slaughter \$300 (\$150 U.S.) for a single violation shipped from NZ in March 1998. The product (some 50 truckloads) was declared as animal feed at the docks. But when U.S. officials sought samples, the products were redeclared “human food.”

The import agent, Coppersmith, had its import license revoked without appeal by the U.S. government.

In late 2001, New Zealand’s dairy exporters banded into a single entity, Fonterra. Shortly thereafter, NZ newspapers revealed that a small amount of below-grade dairy products had been sold to an unnamed country. No “third-rate burglary” here! This scandal, dubbed “Powdergate,” is believed to total illegal (animal and industrial grade dairy ingredient) exports totaling 5,000 metric tons valued at roughly \$100 million (U.S.). So much for the “integrity” of New Zealand dairy products! New Zealand’s dairy industry and government are trying to minimize “Powdergate.”

New Zealanders are being told that their top co-op officials knew nothing of these illegal exports, that officials involved had no personal gain, and that any motivation for wrongdoing was to enhance farmers’ milk checks.

In 1999, DMV USA was sold to Dairy Farmers of America, the largest U.S. dairy co-op. DFA subsequently sold half of the business (known as Main Street Foods) to New Zealand interests. Main Street Ingredients is a major seller of NZ dairy-based ingredients in the U.S. And, on Dec. 31, 2001, DFA sold its remaining share of Main Street Foods to the New Zealanders.

The fox now *owns* the henhouse.

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