
Five people and two companies are accused of flooding the market with cheaper honey from China and avoiding $180 million in duties, American officials said Wednesday.

The Chinese honey was declared as other commodities and shipped through other countries to the United States to avoid anti-dumping duties, Immigration and Customs Enforcement officials said.

Donald Couture, 60, the president, owner and operator of Premium Food Sales Inc., a broker and distributor of honey in Bradford, Ont., was indicted on four counts of violating the Food, Drug, and Cosmetic Act.

Officials say one of Couture's customers in the U.S. rejected four container loads of his honey because it contained tetracycline, a common antimicrobial drug.

Couture, it's alleged, then sent the shipment to a different American customer without disclosing the presence of the antibiotic.

Couture was initially charged in a sealed complaint in November 2011 and the complaint was unsealed after he was indicted last week. Each count carries a maximum penalty of three years in prison and a $250,000 fine.

The two companies charged are the United States' largest honey suppliers. Honey Holding, based in Baytown, Texas, agreed to pay $1 million in fines. Groeb Farms, based in Onsted, Mich., agreed to pay $2 million in fines, federal officials said.

An undercover agent posed as the director of procurement at Honey Holding, which co-operated in the "Project Honeygate" investigation. The probe was jointly announced by U.S. Customs and Border Protection officials.

The deputy director of U.S. Immigration and Customs Enforcement — the principal investigative arm of the U.S. Department of Homeland Security — said such schemes force legitimate importers and the domestic honey industry to endure years of unprofitable operations that put some out of business.

"We will continue to enforce criminal violations of anti-dumping laws in all industries so American and foreign businesses all play by the same rules," Daniel Ragsdale said.

Three honey brokers and the former sales director for Honey Holding were also charged.

Groeb Farms said in a statement the company takes full responsibility and regrets any errors made in honey importing, noting the allegations primarily involved two former senior executives.

The company said the executives were responsible for purchasing and misled the company's board, customers and public. The company also noted that federal officials have not alleged any violation of food safety laws by Groeb Farms.

A telephone call and email to Honey Holding was not immediately returned.

The Commerce Department determined in 2001 that Chinese honey was being sold in the United States at less than fair market value and imposed anti-dumping duties as high as 221 per cent of the declared value, the agencies said in a statement.

In 2008, federal authorities began investigating allegations of illegal importing that led to charges against 14 individuals, including executives of a German food conglomerate, who were accused of evading about $80 millions in anti-dumping duties. That investigation also led to the seizure of more than 3,000 drums of honey, federal officials said.
The charges announced Wednesday were the second phase of the investigation, focusing on domestic demand in the United States. Some of the honey contained antibiotics not approved for use in honey, but none of the charges allege any illnesses or public health consequences stemming from the honey.

Randy Verhoek, president of the American Honey Producers, said the charges were "like a dream come true" for the bee and honey industry. Verhoek said illegal imports of Chinese honey have created a two-tier market in which American producers and legitimate importers struggle to compete financially.

_With files from The Associated Press._

_Filed by Daniel Tencer_