

Chicken Well Simmered in a Political Stew; Tyson Fosters Ties to Officials But Is Unable to Avoid Scrutiny

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Body

Tyson Foods, the nation's largest meat processor, has long cultivated close **ties** to influential politicians, generously backing Bill Clinton and George W. Bush. Yet few major corporations have been so battered by the authorities.

Over the last few years, federal **officials** have accused **Tyson** of violating labor, environmental and civil rights laws and of making illegal gifts to a cabinet secretary.

Two weeks ago, a federal grand jury indicted **Tyson** and six employees on charges of conspiring to smuggle illegal immigrants into the United States to work at the company's processing plants.

Tyson insists it has been the target of overzealous investigators and crusading special interest groups. The company largely denies wrongdoing, even in cases it paid to settle years ago.

But critics say that **Tyson's** growth and its transgressions rise from the same devil-may-care philosophy that the **Tyson** family, which tightly controls the company, has imbued it with from the start.

"The history of this company has been living on the edge," said John McMillin, a food analyst at Prudential Securities.

Everyone in this Ozarks town, where the company is based, knows the **Tyson** legend, beginning with John **Tyson**, who founded a poultry empire during the Depression from the back of his truck.

His visionary son Don expanded the business through innovation, popularizing the Rock Cornish game hen, along with boneless, battered and frozen **chicken** and helping McDonald's create the **Chicken** McNugget.

But Don **Tyson** was also known for giving lavish parties and bringing young women along with him to meetings with Wall Street analysts.

Today, Don **Tyson's** imprint on the company remains strong, but **Tyson** Foods is run by his son, John H. **Tyson**. Once addicted to drugs and alcohol, the 48-year-old family scion, known as Johnny, is chief executive of a \$20 billion company that processes a quarter of the nation's beef, pork and **chicken**.

Marvin Schwartz, who wrote a history of **Tyson** Foods for the company, says that the corporation's aggressive culture reflects both its leaders and its origins. "Don is a gambler, and he's very comfortable taking risks," Mr. Schwartz said. "And in a state like Arkansas, where there are very few regulatory controls, corporations have more

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flexibility. The state motto was 'The Land of Opportunity,' and that's why entrepreneurs like Sam Walton and Don Tyson have made it here."

It was that aggressive corporate mentality that twice led Tyson Foods into the hostile deals that turned it into an industry giant.

Tyson bought Holly Farms for \$1.5 billion in 1989 to become the nation's No. 1 poultry producer and processor. And early last year, the company won a fierce bidding war with Smithfield Foods to acquire I.B.P., the nation's biggest beef processor, for \$3.2 billion.

"When they bought Holly, they went way into debt," said Mr. McMillin of Prudential Securities. "And with I.B.P., they kind of bet the ranch."

Both deals reflected a business philosophy that the Tysons describe as "grow or die." The company's critics say that same mind-set figures in the company's long trail of legal entanglements.

According to the federal government's latest indictment, for example, aggressive cost-cutting was the driving force behind Tyson's increasing use of low-paid illegal workers, who over the last decade have steadily displaced better-paid unionized employees. Government investigators said that two executives in Springdale knew about the smuggling of illegal workers and that the company helped immigrants obtain counterfeit work documents, according to the indictment.

Tyson officials deny the accusations that there has been a companywide conspiracy, saying the recruitment of illegal workers was done by a handful of managers acting contrary to company policy.

"There was no way for us to know these people weren't using good documents," said Bob Corscadden, a Tyson spokesman. "We follow government procedures, but there's a huge traffic in forged documents out there."

Two years ago, the company was fined by Federal officials for violating child labor laws after a 15-year-old immigrant working illegally at a Tyson plant died and a 14-year-old was seriously injured.

A few months later, Tyson settled federal charges that it discriminated against women and blacks in its hiring practices at a plant in Forest, Miss.

Last January, the Labor Department accused Tyson and other poultry companies of cheating workers out of thousands of hours of wages. Labor Secretary Elaine Chao still must decide whether the government will seek up to \$340 million in back wages.

And just before Christmas, Tyson said in a regulatory filing that it was notified that the Justice Department might indict it on charges of violating the Clean Water Act because a plant in Missouri had been polluting the waterways.

"This is a company with a bad history," said the Rev. Jim Lewis, an Episcopal minister in the Delmarva region of the Northeast, where poultry processing is a big industry. Mr. Lewis has been helping workers organize since the 1980's, when they began to approach him with complaints about Tyson.

"They cheat these workers out of pay and benefits, and then try to keep them quiet by threatening to send them back to Mexico," Mr. Lewis said.

Tyson officials insist the company has been falsely portrayed by activists and that it has been working to improve plant conditions and environmental compliance.

If anything, they add, the cascade of government accusations disproves the notion that the company wields enormous political influence -- a part of Tyson's image since its backing of Senator J. William Fulbright of Arkansas in the 1950's and 60's.

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"If we've got all this **political** power, how come the government keeps doing this to us?" Mr. Corscadden asked. "This is part of the myth. We have not spent a lot of time in Washington."

Still, **Tyson** Foods paid \$6 million in 1997 to settle accusations that the company made illegal gifts to Mike Espy, the agriculture secretary during Mr. Clinton's first term, when regulations affecting **Tyson** were pending before the Agriculture Department.

Don **Tyson**, then the company's chairman, and John **Tyson**, then vice chairman, were named unindicted co-conspirators, accused of playing roles in arranging for the gifts, including a college loan that the **Tyson** Foundation arranged for Mr. Espy's girlfriend.

Two **Tyson** executives were eventually convicted and received prison terms in the case, but President Clinton later pardoned the men. Mr. Espy was acquitted.

Tyson officials called the gifts an "act of common hospitality" and said the company was drawn into a **political** battle because of its **ties** to Mr. Clinton.

Don **Tyson** was an early supporter of Mr. Clinton's campaigns for public office in Arkansas. Though he opposed Mr. Clinton's gubernatorial re-election campaign in 1980, Mr. **Tyson** returned to the Clinton camp in later campaigns.

Mr. **Tyson** and Mr. Clinton also shared close friends, including James B. Blair, for many years the general counsel of **Tyson** Foods. It was Mr. Blair who in the late 1970's placed many of the trades that helped Hillary Rodham Clinton make a profit of nearly \$100,000 in the cattle futures market.

Tyson Foods said that Don **Tyson**, who recently stepped down as senior chairman, and John **Tyson** were not available for comment. But in a telephone interview Mr. Blair said that the Clinton-**Tyson** relationship had been exaggerated.

"The Clinton haters always believed **Tyson** was much closer to Clinton than he actually was," Mr. Blair said. "Don **Tyson** and Bill Clinton are both my very personal friends, and they can barely tolerate one another."

The latest investigation could not come at a more difficult time for **Tyson** Foods. Profits in the meat industry are slumping, and management has its hands full integrating I.B.P -- with its own history of run-ins with immigration and environmental authorities -- into the company.

Now, among those close to **Tyson**, there is a sense that the company needs more **political** influence, not less. "**Tyson** has never had the **political** power of, say, A.D.M.," Mr. Blair, the former general counsel said, referring to the Archer Daniels Midland Company. "I don't think they have been aggressive enough in protecting themselves politically."

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Graphic

Photos: **Tyson** Foods, which has its headquarters in Springdale, Ark., is controlled by the **Tyson** family and led by John H. **Tyson**, the grandson of the founder. (Photographs by Associated Press)

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