

Packing Peanuts for Profit

In 2009, an outbreak of salmonella swept across the United States. Over 700 people were sickened in 46 states; nine people died. At the root of this disaster were contaminated peanuts sourced from the Peanut Corporation of America (PCA). Peanuts from PCA were used in hundreds of products made by a range of companies including Kellogg, Sara Lee, and Little Debbie, among others. The Federal Bureau of Investigation and Food and Drug Administration (FDA) opened an investigation into the case, leading to the indictment of four former company officials in 2013.

Defense attorneys for PCA owner and president Stewart Parnell argued that Parnell was not aware of the mismanagement at the plant that led to ongoing contamination. They asserted that any fault lay with other company employees. Company executives maintained that FDA inspectors had visited the plant and approved of company practices.

Evidence brought forth from investigations proved otherwise. Federal investigators found standing water, unsanitary conditions, roaches, and evidence of rodents at the plant, all of which can lead to the growth of salmonella. Salmonella was detected in products on various occasions every year since 2003. Records and emails showed that products known to test positive for salmonella were shipped to customers anyway. Products that were untested shipped with fake lab results. According to one account in the court case, Parnell was told that salmonella testing results would not be available on time and this would delay a shipment. Parnell responded, via email, “Just ship it. I cannot afford to loose [sic] another customer.” On another account, referring to over 1,300 pounds of products left over from production as “waste,” Parnell emailed employees, “IT IS...MONEY THAT WE DO NOT HAVE BECAUSE OF HOW LONG I HAVE ALLOWED you, your crew and everyone down there to let THIS GO ON...”

Speaking about the case, Judge W. Louis Sands stated, “These acts were driven simply by the desire to profit and to protect profits notwithstanding the known risks. This is commonly and accurately referred to as greed.”

In 2014, Stewart Parnell and his brother and food broker Michael Parnell were convicted of 71 criminal counts, including fraud and conspiracy, among other federal charges. In 2015, Stewart Parnell was sentenced to 28 years in prison, the most severe sentence in a food safety case. Michael Parnell was sentenced to 20 years, and quality assurance manager Mary Wilkinson was sentenced to five years.



Concept: Tangible & Abstract

Ethical Insight:

Studies show that people are more heavily influenced by what is immediately observable to them than by factors that are hypothetical or distant in time and/or space. The president of the Peanut Corporation of America (PCA) seemed to have no difficulty in relating to the concrete profits the company made by selling peanuts. The profits were immediate and tangible to him. He had more difficulty factoring into his decisions the injuries that could be suffered if tainted peanuts found their way into the hands of customers. That may have seemed like a hypothetical problem – an abstract idea of something that might happen in the future – and the identities of the consumers certainly could not be known in advance. The potential plight of those consumers did not seem concrete. So, when faced with the choice to knowingly ship contaminated peanuts or suffer a loss in profits, Parnell shipped the peanuts. The results were tangible and definite: more than 700 people were sickened by salmonella caused by PCA's peanuts and nine people died.

Discussion Questions:

1. In what ways did Stewart Parnell and PCA demonstrate the pitfalls of “tangible and abstract?” Explain. If you were in Parnell’s position, how would you prevent a situation such as this?
2. How did Parnell rationalize his decisions to knowingly ship contaminated peanuts? When the consequences of his actions became tangible, why might he have continued to cause harm? Explain.
3. One of Stewart Parnell’s attorneys said that Parnell did not intend to hurt anyone, he was just a “lousy manager.” Do the facts support this assertion? If true, would this be a sufficient defense? Explain.
4. In his comments about the case, Judge Sands stated that greed was at the root of PCA’s actions. In what ways can greed encourage favoring the tangible over the abstract? Explain. Can you think of other examples in which greed affected the ethical judgment of individuals or companies? Describe.
5. To what extent do companies have a moral responsibility to their consumers? Explain your reasoning. Does this responsibility differ based on the type of product sold? Why or why not?

6. Former PCA employees described the unclean conditions of the plant in Georgia. If you were an employee and saw conditions that could lead to salmonella contamination, what would you do and why? What would you do if your supervisor was not receptive to your claims?
7. This case study demonstrates the effects of a number of behavioral biases and pressures. Can you identify other behavioral ethics concepts at work in the case study? Explain and discuss their significance.

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