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Business

SPECIAL REPORT: FISHY BUSINESS

'Key West grouper' in name only

By Jenn Abelson and Beth Daley | GLOBE STAFF | OCTOBER 24, 2011



YOON S. BYUN/GLOBE STAFF

A fish described by T.G.I. Friday's as Key West grouper on the menu at hundreds of restaurants across the country was later found to be Vietnamese catfish.

Tom Katz was scrambling for a cover story.

The Burlington fish broker faced tough questions from executives at T.G.I. Friday's. Why was the grouper they received from Katz rubbery and pink, rather than the typical firm, white fish?

Katz had worked months cultivating a relationship with the popular restaurant chain

and was closing in on a grouper deal worth more than \$3 million that would make Friday's one of his top customers. Bad fish would kill it.

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When one Friday's executive e-mailed the unthinkable - perhaps the fish was not grouper at all - Katz offered a string of excuses: Cold water could have turned it pink. Or maybe it was the fish feed. Perhaps the grouper bled internally.

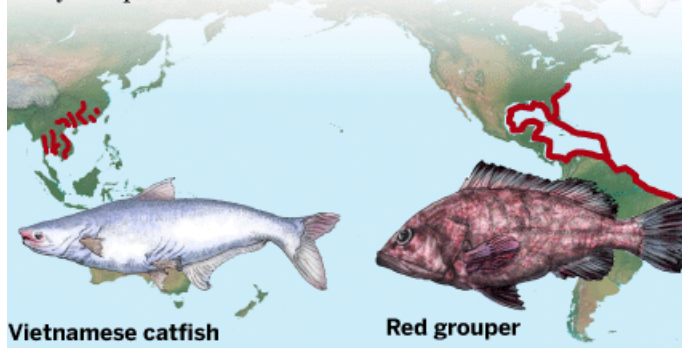
Persuaded by the affable salesman's pitch, the chain featured Katz's fish at more than 500 of its restaurants, serving it with roasted vegetables and a citrus splash.

But the Friday's executive was right: It wasn't grouper. Customers were actually eating an inexpensive, lower-quality Vietnamese catfish reared in thickly packed Mekong River delta fish farms. And, according to federal court records, Katz apparently knew it.

Now the catfish, Katz, and the seafood importers that supplied it are at the epicenter of six criminal cases brought by the federal government that stretch across fish farms in Vietnam, seafood packing centers in China, bustling ports in California, and vast rows of Boston-area warehouses.

Vietnamese catfish vs. grouper

The "Key West Grouper" at T.G.I. Friday's was supposed to be the mild, flaky white fish often caught off Florida. But it was really inexpensive catfish raised on a Vietnam fish farm.



HARVEST	
Farm-raised in fresh water ponds or cages in Vietnam, Thailand, and China.	Wild-caught mostly in the Gulf of Mexico and the Caribbean.
AVAILABILITY	
Abundant, increasing supplies.	Some red grouper is overfished. The Gulf of Mexico population is not.
APPEARANCE, FLAVOR	
Beige with mild, sweet flavor and flaky texture.	White, lean meat with distinct mild, sweet flavor.
NUTRITION¹	
90 calories, 4g fat, 45mg cholesterol, 13g protein	92 calories, 1g fat, 37mg cholesterol, 19g protein
PRICE²	
Frozen fillets wholesale for around \$2/lb.	Fresh whole fish wholesale for about \$4/lb.
OTHER NAMES	
Pangasius hypophthalmus, tra, sutchi, swai, striped pangasius	Epinephelus morio, cherna Americana, negre
<small>¹Per 3.5 oz. serving</small>	
<small>²All Vietnamese catfish sold in the US is frozen. Most red grouper is sold fresh.</small>	
<small>SOURCES: Florida Museum of Natural History, Monterey Bay Aquarium; seatefishnm.com; Umer Barry Publications; Federal court records</small>	
David Butler GLOBE STAFF	

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Friday's took the grouper off the menu after the scam was discovered in 2005, but the suppliers responsible for the fraud only now face punishment.

The story of how Katz and his company, Universal Fish, duped so many consumers provides a glimpse into the vast, murky world of the international fish trade. It is a business where species and countries of origin can be easily switched by greedy entrepreneurs. A sauce and a clever name can disguise virtually any fish - as it did for more than a year at T.G.I. Friday's.

"I was doing, unfortunately, what the industry had taught me to do," Katz, 65, said in US District Court in Boston this spring. As part of a plea deal with the government, he testified against a Quincy man who had worked with him to mislabel fish. On the stand, Katz said his multimillion-dollar company had engaged in fraud since it opened three decades ago.

"Mislabeling fish has been going on in the seafood industry since its inception," Katz said.

A modern-day fishmonger

Katz wasn't born into the fish business. But the ambitious salesman saw opportunity in New England's fabled industry after graduating from Northeastern University.

He learned the ropes at Crocker and Winsor, a venerable Boston fish wholesaler, in the 1970s. Then the entrepreneurial Katz struck out on his own in the burgeoning global market, where frozen foreign fish could be resold for a handsome profit in the United



Some restaurants that had mislabeled fish

- ▶ **Animated video: How fish gets mislabeled**
- ▶ **Graphic: Commonly substituted fish**
- **How the Globe tested fish**
- **Fish tracking system ensures identity, freshness**
- **Part 1: On the menu, but not on your plate**
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States.

Katz, competitive and congenial, thrived. He sold to prisons and hospitals, then expanded into supermarkets and club stores. Katz seemed to have the magic touch - supplying fish at prices rivals couldn't match, according to several current and former business associates who requested anonymity because they did not want to be linked to the fraud case.

By the mid-1990s, Universal had launched several of its own fish brands. Katz parlayed his success into luxuries such as a \$2 million condo in Florida. By 2000, he sought out chain restaurants, reeling them in with what he said was a seafaring fish that diners clamored for: grouper.

Universal soon won a lucrative deal with Perkins Restaurant & Bakery, a casual-dining chain with hundreds of restaurants across the country. With fish supplied by Ocean Duke, one of the country's largest Asian seafood importers, Katz promised a steady supply of high-quality grouper from Vietnam.

But in 2002, Perkins executives were tipped off by a competitor that Katz was actually giving them Vietnamese catfish. Restaurant officials, according to court records, asked Katz if the fish on the menu really was grouper.

Katz e-mailed Christopher Ragone, an Ocean Duke employee, proposing a way out of their jam: Reassure Perkins by using the scientific name for grouper.

The explanation worked.

Perkins and Katz have declined to talk to the



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Tom Katz was sentenced for falsely labeling Vietnamese catfish as grouper.

Globe. Officials at Ocean Duke did not return messages seeking comment.

The catfish wars

By the early 2000s, an inexpensive catfish, sometimes sold with catchy names like “Cajun delight” and “Delta Fresh,” had captured 20 percent of the US catfish market.

But the fish was not the southern US species implied by the names.

Raised in freshwater ponds adjacent to the Mekong River, the catfish is a Vietnamese aquaculture success story: inexpensive to raise, fast-growing, and packed so densely that the water surface roils during feeding times with hungry, gray fish.

In 2003, US catfish farmers, eager to protect their livelihood, persuaded the federal government to slap tariffs as high as 64 percent on Vietnamese catfish coming into the country. The farmers argued that Vietnam was deliberately dumping cheap fish on the market to edge out local competition.

Ocean Duke took note. The California business is run by the Lin family, which operates fish companies around the world. The Lins, according to affidavits filed by federal investigators, allegedly made huge payments for seafood in cash, and built a hidden room behind a false bookcase to stash files.

In the company’s stark white headquarters in Torrance, a plan was apparently hatched: Ocean Duke officials would still import catfish - but under different names.

Between 2000 and June 2003, the business shipped cargo containers into Long Beach whose contents were declared as Vietnamese catfish on at least 86 separate occasions, US import records show. After the tariffs were imposed, the company stopped declaring imports of catfish. Instead the firm listed frozen fish fillets, much of



JOHN TLUMACKI/GLOBE STAFF

Goldwell Trading Corp. marketed escolar to restaurants as more expensive white tuna.

it declared as grouper from China, according to affidavits filed by federal investigators.

By 2004, the federal government had caught wind of scams to disguise Vietnamese catfish as grouper and cracked down on importers. So the Lins began calling the Vietnamese catfish Chinese basa, and later listed it as ponga, according to the affidavits and other federal records.

But the changing labels from Ocean Duke caused problems for Katz. He couldn't ship the boxes to customers as grouper.

In the summer of 2004, Katz hired a fish packing plant in Salem, N.H., to take off the basa labels and slap on new ones that said grouper.

Over the years, Katz used at least two facilities to relabel fish. He changed the species on some and the countries of origin on others. For example, Chinese sole was renamed as the more expensive and desired Canadian flounder, and then apparently sold to Slade Gorton, a large seafood distributor in Massachusetts, according to court records.

Slade Gorton president Kim Gorton said in a statement: "We do not purchase or accept fish which we have reason to believe is either mislabeled or altered in any way."

For Katz, the T.G.I. Friday's basa was just one more job.

Fish formerly known as grouper

Katz was soon under fire again. Shortly after T.G.I. Friday's began rolling out the grouper to customers, executives expressed concerns in several e-mails about the pink color. The cooked fish was also so rubbery a plastic fork couldn't cut it.

Katz provided assurances to Friday's, including details about where in China the fish were supposedly raised. His word was sufficient for restaurant officials, who signed a \$3 million-plus contract to buy more than 1 million pounds of farm-raised grouper from Katz's company, Universal, in 2005. At T.G.I. Friday's, the catfish underwent another name change. The menu item was now called Key West grouper.

Katz's ruse was discovered only after an alert worker at a US Foods, a distributor that

delivered the fish to Friday's, noticed the "ponga" label and sent the fish to to a DNA-testing program.

The results were clear: It wasn't grouper. It wasn't basa. It wasn't even ponga, another word for yellowtail catfish. Instead, it was a cheaper type of Vietnamese catfish known by several names - striped pangasius, sutchi, or swai.

"It did catch us by surprise," said Ed Patton, who oversaw food and beverage purchasing at Friday's during that time. "You think, how can it happen to me?"

T.G.I. Friday's said it is unaware of any other mislabeled products since that time, and it works hard to get the "highest quality, genuine product available."

As soon as the chain learned of the deception, it terminated the grouper contract with Universal.

Katz also recalled the fish from Friday's, Perkins, and other customers around the country.

But that catfish got another life: Ocean Duke bought back the catfish and sent it to Steve Delaney, who ran a Boston packing business. At Ocean Duke's request, Delaney changed the brand name to read Paradise Grouper, according to copies of work orders submitted to the court. Invoices show the seafood - now misrepresented at least twice - went back out to large food distributors such as Sysco.

Delaney, who declined to comment, was sentenced in September in a related case to three months of home confinement and fined \$5,000 for mislabeling Chinese pollock as Canadian cod.

After a sprawling investigation by NOAA Fisheries Law Enforcement, federal authorities brought charges against Ocean Duke founder Duke Lin and his employee Ragone, accusing them of falsely labeling catfish. This summer, they pleaded guilty to



KAYANA SZYMCAK FOR THE BOSTON GLOBE

True World Foods also marketed escolar as white tuna.

selling mislabeled catfish and are awaiting sentencing.

Katz, diagnosed with incurable lung cancer, was sentenced in May to three months of home detention and fined \$75,000, after he pleaded guilty to one felony and one misdemeanor for his role in purchasing and selling falsely labeled Asian catfish. “I will never make a mistake like this again,” Katz said.

US District Judge William Young said it would have been cruel to incarcerate Katz and interfere with his cancer treatments. But he scolded Katz for calling his actions a mistake.

“This was not a mistake. It was a crime,” Young said. “You should have gone to jail.”

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