Processor not worried about crawfish probe

By MARY BROUSSARD
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BAYOU PIGEON — Rick Phillips said he isn't about to hire an attorney just because he was subpoenaed as part of a federal investigation into the Louisiana crawfish industry.

"In my opinion, I hope they check us out," the Iberville Parish crawfish processor said. "It will satisfy the suspicions of the fishermen and farmers that we (buyers) aren't taking advantage of them."

Unlike most of his counterparts throughout southern Louisiana, Phillips readily talks about the ongoing federal probe into alleged price-fixing. He and countless others were required to turn over five years of records to officials at the Federal Courthouse's Western District in Lafayette last week.

The probe is frightening for the unsophisticated crawfish industry, which has little formal organization and no official spokesmen. The headache is understandable since the industry has operated for many years with little regulation and paperwork.

Buyers admit day-to-day operations still are conducted very simply. Most commercial fishermen are paid in cash for their daily catch. Phillips said he began asking for social security numbers of his fishermen, he wouldn't be in business very long.

Attorneys with the U.S. Justice Department, whose anti-trust division is scrutinizing records, declined to discuss anything about the probe. However, some buyers and their attorneys confirmed that the feds are asking for everything — Rolodexes, scraps of paper, telephone lists and amounts of crawfish purchased from individual trappers. No one is sure if anyone is the target of the probe.

"I'd imagine there is a certain amount of anxiety that exists," said Lafayette attorney Gerald Delauney, who represents several processors in parishes surrounding Lafayette. Delauney said it is hard to obtain information about the ongoing probe or its focus, but he understands that no one individual has been targeted.

Napoleonville attorney Rainey "Pappy" Triche is representing an "unspecified" number of buyers east of the Atchafalaya Basin. He said he understands fishermen also have been issued questionnaires about the crawfish industry.

It is unknown how many crawfish buyers throughout south Louisiana were issued subpoenas last month to present information to a federal grand jury. The documents, which cover all transactions for the past five years, were due last week.

Phillips was once ready to raid his records onto a tractor-trailer rig parked near the federal courthouse. He said he has nothing to hide and is willing to let federal investigators peruse his records. However, he admits there is tension among crawfish buyers about the probe.

"No one seems to know what they're after," he said. "I don't think they do."

Phillips said he noticed last week that groups of six to seven crawfish buyers and processors were getting together to hire an attorney to represent them. Some of the buyers had been granted extensions until the end of the month to produce their records, he said.

Phillips' subpoena dated May 14 asks for records dated, prepared and received for five years starting Jan. 1, 1988. The federal document requests addresses and telephone numbers of buyers' plants and docks and names and addresses of people who are business associates. Also included were requests for stock ownership and officers of the companies.

The subpoena also wants information on annual crawfish sales; total quantity and volume sold to each consumer, total annual cost of purchasing, producing and processing; total volume shipped outside the state; and the total annual profits. The subpoena also asked for a list of an individual buyer's competitors.

Other documents requested include desk blotters, reminder pads, diaries, telephone records and logs and documents reflecting transportation incurred by the buyers, according to Phillips. The federal government also wants to know from whom buyers purchased crawfish. The subpoena asks for quantity and dollar volume purchased from each fisherman and the price paid per pound. Another area of information investigators are seeking is the record of any meetings or telephone calls between buyers, price lists that were prepared and any marketing studies or trade association documents. The subpoena asks for internal telephone directories and corporate organizational charts.

The probe comes at a time when fishermen and landowners in the Atchafalaya Basin are at odds over a permit system. The Atchafalaya Crawfish Conservation Association, based in St. Mary Parish, wants to charge commercial and recreational fishermen $200 a year for permission to fish on private flooded land in the basin. The land company has 80,000 designated private acres in Iberville, Iberia and St. Martin parishes.

Crawfishermen east of the basin have formed a group called Common CLAWS Inc., to fight the permit system, but recently voted to keep a low profile. A recent opinion from the state attorney general indicates the fishermen do not automatically have access to flooded private lands.

Rudy Sparks, president of the Atchafalaya Crawfish Conservation Association in Patterson, declined comment about the ongoing probe.

Phillips describes the crawfish industry as a supply and demand business in a competitive market. He said he thinks it will be hard to prove price fixing, which he admits may have occurred years ago when only three or four buyers existed and could have controlled the market.

"It's a crazy business," Phillips said. "There is no set precedent on it. If two fellows — that's my competition — want to stay up (with a price), I've got to make a decision. I know they're paying $0.60 a pound, and I'm at 40."

I've got to make a decision to either go up to 50 and keep my fishermen or don't lose them."

Fishermen are independent and do not have contracts to sell to anyone, so they go wherever they want to sell their catch, Phillips said. However, he admits that phone calls may be made to see what the prices are to avoid losing customers.

"It's a freelance market, and the fishermen are not obligated to sell to anyone," he said. "They can do what they want."

Advocate staff photo by Patrick Dennis