

Johnson not afraid to fight

Johnson from 7XX

the most of any U.S. poultry company.

Johnson didn't return repeated telephone calls and e-mails requesting an interview. Before receiving his award at a ceremony in Atlanta, he spoke briefly with an Observer reporter and shared some of his maxims for life and business:

"I don't worry about problems. I just do something about them."

"I didn't make money by giving it away."

"If I don't like it, I don't sell it."

Johnson, a widower, owns a stately brick home in Rose Hill but spends much of his week 85 miles west at the company's Raeford complex, staying overnight in a 1,500-square-foot, flat-top house. Many in his neighborhood are plant workers living in mobile homes.

Family members help run the operation; his son, Bob, is CEO, and his grandson, Cowan, helps manage one of the company's plants. But there's no question who's in charge.

"He still runs the company," said James Mabe, complex manager of House of Raeford's West Columbia, S.C., plant.

Backyard beginnings

One of five children, Johnson was raised on a farm outside Rose Hill. His father, Nash, was a tobacco farmer, while his mother, Mary Sue, raised turkeys in their backyard. Johnson and his brother, Bizzell, sold the birds on the streets as teenagers.

His family built their first feed mill in the 1950s and later expanded to include all aspects of the poultry business – from breeding birds to processing and marketing chicken and turkey. Along the way, Johnson bought out competitors, including S.C.-based Columbia Farms in 1998 and the Circle S Foods turkey plant in Wallace, N.C., in 2005.

Under Johnson's leadership, House of Raeford became the first processor to run turkey operations year-round, extending sales beyond holiday dinner tables, according to the company.

"I needed to figure out a way to sell turkeys in January," Johnson said.

He expanded the company's product line to include hundreds of raw and cooked items, helping turn House of Raeford into one of North Carolina's largest privately held companies. The enterprise is worth more than \$150 million, according to Dun & Bradstreet.

"I think he's a very good businessman," said Sam Pardue, head of the Poultry Science Department at N.C. State. "(The Johnsons) saw an opportunity decades ago when the industry was in its infancy."

Johnson has built a reputation as a no-nonsense boss who closely monitors every detail inside his plants. He has been known to peek inside Dumpsters to make sure his workers aren't wasting meat, a colleague said.

When companies were spending thousands to get computers ready for a Year 2000 bug, Johnson told his people if they spent a penny on Y2K they would be fired. "My turkeys don't know it's Sunday," he said.

His friends say he has a generous heart. He used his private plane to fly an injured teenager to the hospital after she lost her parents in a shooting spree. A donor to Sandhills Community College, he had a 9,000-square-foot classroom building in Raeford named after him last summer. He once presided over the N.C. State Wolfpack Club, which gives financial support to the university and its students.

"A lot of people look at him as a tough bear, but he is gentle as a lamb," said friend Wyatt Upchurch, who met Johnson in a turkey pasture more than 55 years ago.

Learning from his dad

As long as some friends can remember, Johnson has had an aversion to regulators. Friends said such feelings likely stem from his experience as a young businessman working with his father.

In the 1960s, state regulators sought additional taxes from local feed mills. Nash Johnson saw it as an illegal attempt to take the company's money. When other farmers were caving in to state demands, friends said, Nash Johnson withstood pressure. He took the case to the N.C. Supreme Court – and won.

Marvin Johnson learned from that experience, friends say. Today, he's known for comparing bureaucrats to fleas on a dog: A few of them, he told the Observer, keep a dog from getting lazy, but too many will suck the life out of it.

Johnson has repeatedly clashed with regulators. In May 1998, the N.C. elections board called him to testify. The panel was investigating allegations that state Republican leaders had solicited campaign contributions in exchange for promises of favorable legislation. The board subpoenaed Johnson, a longtime Republican, to talk about his role raising mon-



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House of Raeford's West Columbia, S.C., plant employs 800 workers who process 750,000 chickens a week. The company says it is dedicated to being "an exemplary member of the civic communities in which we operate. We value our employees and strive to treat them in a fair and respectful manner at all times."

Evolution of a poultry giant

1925

Marvin Johnson's mother, Mary Sue, begins raising turkeys in her Rose Hill backyard.

1936

Johnson's father, Nash, builds his first turkey hatchery.

1955

The father and sons Marvin and Bizzell build their first feed mill.

1962

The Johnsons become part owners of poultry plants in Rose Hill and Raeford.

1967

The family becomes sole owner of Rose Hill Poultry.

1976

Marvin Johnson buys out three partners.

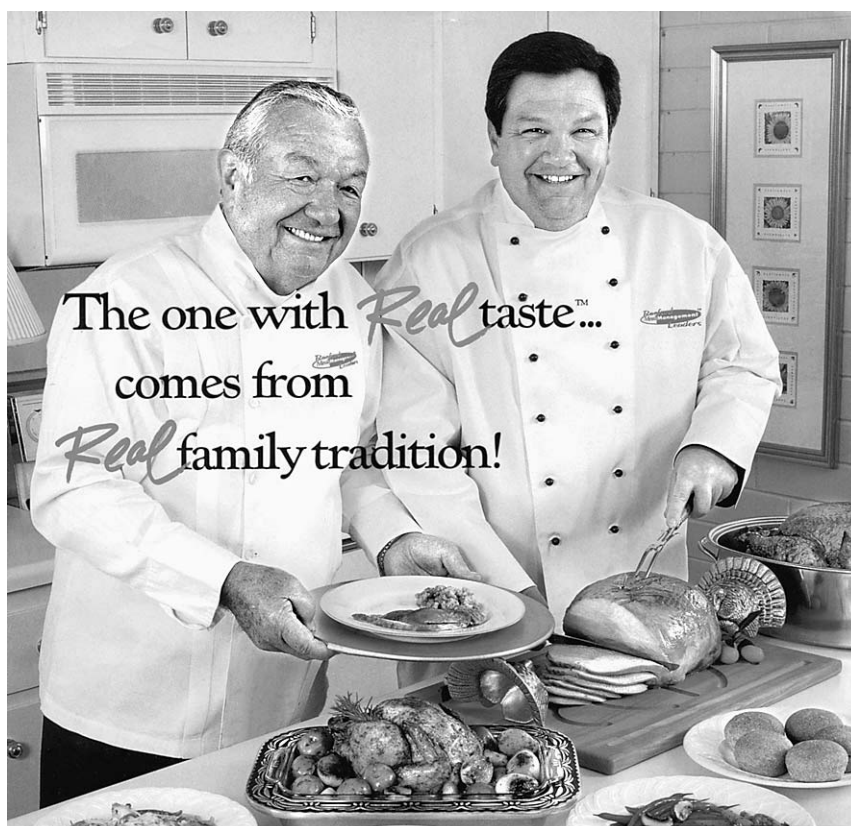
1998

The company purchases Columbia Farms in South Carolina.

2005

House of Raeford buys the Circle S Foods turkey plant in Wallace and later converts it to process chicken.

Source: House of Raeford Farms, Watt Publishing



HOUSE OF RAEFORD PHOTO

A House of Raeford advertisement featuring company Chairman Marvin Johnson (left) and his son, CEO Bob Johnson. Four generations of Johnsons have been involved in the enterprise.

ey for GOP candidates.

His response, according to reports: "Kiss my a--, I'm not coming."

He later testified – only after the elections board ordered authorities to arrest him. The board ultimately found no wrongdoing by state Republican leaders or Johnson.

Later the same year, the USDA complaints temporarily shuttered House of Raeford's newly purchased plant in Greenville, S.C.

For months, more than a dozen food safety inspectors stationed inside the plant, known locally as Columbia Farms, had complained of flu-like symptoms, including burning throats and blurred vision. They believed the ailments were triggered by airborne chemicals. One even bought a military gas mask and wore it on the job.

The problems were so bad, the agency removed its inspectors – in effect, shutting down the factory. Johnson quickly called Karen Henderson, the USDA's manager for the Carolinas.

In a court affidavit, Henderson said Johnson threatened her in an expletive-filled tirade.

A company lawyer later told the USDA that Johnson didn't mean to intimidate her. "I took it as a threat," Henderson told the Observer.

The company sued the agency in federal court, claiming the shutdown was costing it \$100,000 a week.

After House of Raeford installed new ventilation equipment, U.S. District Judge Margaret Seymour ordered inspectors back to their jobs.

Money and power

While Johnson doesn't like big government, he has opened his wallet for candidates who see things his way.

He has given more than \$180,000 to political candidates and committees in the last 20 years, records show.

Johnson gave \$100,000 in 1988 to then-state Sen. Harold Hardison, who was running for lieutenant governor and had sponsored bills to eliminate sales taxes on hog and poultry houses. The legal limit for contributions for a primary election was \$4,000.

A state investigation was dropped in 1993 because the statute of limitations on election law violations had expired. Johnson has described the check as a loan. But Hardison, now 84, told the Observer the money went to his campaign and was not a personal loan.

State elections board director Gary Bartlett agreed: "I don't think there was any loan to it. I think Marvin was trying to influence an election."

At least one elected official has learned what can happen when you disappoint Johnson.

In the mid 1990s, Johnson held a fundraiser for Cindy Watson, a fellow Republican who lived near his home in Duplin County and was running for election to the N.C. House. But after winning her seat, Watson called for tighter environmental controls on hog farms. Johnson called her one day, saying he wanted to see her at his home.

Johnson, she said, told her he might want his family to raise hogs in the fu-

House of Raeford

Headquarters: The privately held company is based in Raeford in Eastern North Carolina.

Processing plants: Four in North Carolina, three in South Carolina and one in Louisiana.

Employees: About 6,000.

Annual sales: Nearly \$900 million, including some to China, Afghanistan and other countries.

Ranking: It's among the nation's top 10 chicken and turkey producers.

Production: Slaughters and processes about 29 million pounds of chicken and turkey each week.

Customers:

■ **Restaurants** including Blimpie, Golden Corral and Ryan's.

■ **Schools** around the U.S., including Charlotte-Mecklenburg Schools.

■ **Stores** including Lowes Foods.

The company's deli meat is marketed under the name "Lakewood Plantation."

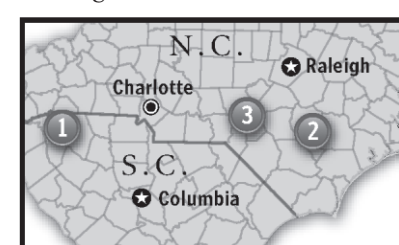
■ **Distribution companies** that supply food to restaurants and institutional kitchens.

Sources: Observer research, House of Raeford, Dun & Bradstreet, Watt Publishing, National Poultry and Food Distributors Association



A history of trouble

House of Raeford has been cited for 130 serious workplace safety violations since 2000. That's more than all but two other U.S. poultry giants, and a higher number than some companies several times its size, including Perdue Farms and Pilgrim's Pride. Here are some of its run-ins with regulators in the Carolinas.



1 GREENVILLE, S.C.

■ **Oct-Nov. 1998:** USDA inspectors, complaining they were being sickened by irritants in the plant air, walk off the job, closing the plant for 12 days.

■ **December 2001:** Employee Jerome Sullivan killed after falling into an unguarded auger. S.C. OSHA later cited the company for several dozen safety violations.

2 ROSE HILL, N.C.

■ **1997:** N.C. OSHA cites the plant for a series of violations, mostly involving hazardous chemicals.

■ **2003:** Worker Bruce Glover dies following a chlorine leak at the plant. Regulators cite the company for more than a dozen workplace safety violations.

■ **2004:** Massive ammonia leak sends 17 people to the hospital and forces evacuation of part of the town. N.C. OSHA later fines the company, concluding it did too little to prevent and detect such leaks.

3 RAEFORD, N.C.

■ **1998:** State labor department says the plant wrongly crossed the names of at least 35 workers off injury logs.

■ **2000:** State labor department argues in court petition that "ergonomic-related conditions/problems appeared to be prevalent" at the plant.

SOURCE: Court and regulatory records
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Spanish version

See a Spanish version of this series at www.charlotte.com/español

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“I don't worry about problems. I just do something about them.”

MARVIN JOHNSON, HOUSE OF RAEFORD CHAIRMAN