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# Wal-Mart's Past Infractions in Chinese City Called Minor

By LAURIE BURKITT

BEIJING—[Wal-Mart Stores](#) Inc. had a history of minor violations at individual outlets in the Chinese city of Chongqing before authorities ordered store closures and detained 37 employees this month over a food-labeling issue, according to a local official.

### China's Crackdown on Wal-Mart



In their public statements, local authorities have stressed that Wal-Mart had a record of food-safety and other violations stretching back years. In an interview, Tang Chuan, director of law enforcement at the Bureau of Inspection and Enforcement in Chongqing, said the 21 violations since 2006 were minor, with infractions such as selling substandard lemon candy and expired sesame porridge.

Chongqing authorities fined Wal-Mart 300,000 yuan, or about \$47,000, for selling expired duck meat in March. Other infractions include falsely advertised silk blankets, substandard shredded cabbage and substandard honey.

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"Past issues were small, involving one or two stores, but this time the problem was different," Mr. Tang said. "It was widespread and highly deceptive."

Wal-Mart spokesman Anthony Rose declined to comment, saying only that the company is cooperating with local authorities.

All 13 of Wal-Mart's Chongqing stores have been closed, while two employees were arrested and 35 were detained at one point by local authorities. Officials alleged this month that the company fraudulently sold ordinary pork as more expensive organic pork. It also faces a 3.65 million yuan (\$572,000) fine. The scrutiny has resulted in a big public-relations hit to the company in China.

On Monday, Wal-Mart said its China president and chief executive, Ed Chan, resigned for personal reasons.

The Chongqing municipal government has cited the infractions found by Mr. Tang's bureau as a reason it cracked down on the Bentonville, Ark., retailer, ordering an investigation and the detentions.

Wal-Mart's punishment is considered by many China watchers to be unprecedented, considering the alleged wrongdoings didn't result in the death or physical harm of consumers. It comes as China's consumers grow increasingly worried about food safety amid a spate of food scandals, including a 2008 tainted-milk scandal that led to the deaths of at least six children and caused illnesses in nearly 300,000 others.

## Small Claims

Some breaches Chongqing safety inspectors cite as having prompted their action against Wal-Mart:

**March 18:** Expired duck

**April 14:** Substandard washing machines

**July 8:** Expired dairy

**August 8:** Falsely advertised blankets

**August 15:** Substandard cabbage

**August 17:** Lack of storage directions on packaged food

**October 12:** Expired sesame porridge

Note: Violations at individual stores  
Source: Bureau of Inspection and Enforcement in Chongqing

Chongqing's Public Security Bureau, the equivalent of the local police, is leading continuing investigations. A spokesman for the bureau declined to comment.

Wal-Mart's oversight of store managers has led to problems, Mr. Tang said, noting that eight of the 21 infractions occurred at Wal-Mart's store in Chongqing's Jiulong area. The two employees arrested worked at that location, officials have said.

Mr. Tang said he suspects that Wal-Mart executives were aware of its alleged pork mislabeling before the bureau informed the retailer. "Wal-Mart has a very advanced data-collection system," Mr. Tang said. "There would have to have been a severely large loophole in its management."

The retailer plans to reopen its Chongqing stores on Tuesday.

Wal-Mart, the world's No. 1 retailer by sales, operates 353 stores in China.

—Yoli Zhang and Kersten Zhang contributed to this article.

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