

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ALEX CICCOTELLI,)	
)	
Plaintiff,)	
)	Case No. _____
v.)	
)	JURY TRIAL DEMANDED
SANDERSON FARMS, INC., FRED)	
BANKS, JR., DAVID BARKSDALE, JOHN)	
BIERBUSSE, LAMPKIN BUTTS, MIKE)	
COCKRELL, TONI D. COOLEY,)	
BEVERLY HOGAN, EDITH KELLY-)	
GREEN, PHIL K. LIVINGSTON,)	
SUZANNE MESTAYER, SONIA PEREZ,)	
GALL JONES PITTMAN, and JOE F.)	
SANDERSON, JR.,)	
)	
Defendants.)	

COMPLAINT FOR VIOLATION OF THE SECURITIES EXCHANGE ACT OF 1934

Plaintiff, by his undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This action stems from a proposed transaction announced on August 9, 2021 (the “Proposed Transaction”), pursuant to which Sanderson Farms, Inc. (“Sanderson Farms” or the “Company”) will be acquired by Walnut Sycamore Holding LLC (“Parent”), Wayne Farms LLC (“Wayne Farms”), and Sycamore Merger Sub LLC (“Merger Sub”).

2. On August 8, 2021, Sanderson Farms’ Board of Directors (the “Board” or “Individual Defendants”) caused the Company to enter into an agreement and plan of merger (the “Merger Agreement”) with Parent, Wayne Farms, and Merger Sub. Pursuant to the terms of the Merger Agreement, Sanderson Farms’ stockholders will receive \$203.00 in cash for each share of

Sanderson Farms common stock they own.

3. On September 13, 2021, defendants filed a proxy statement (the “Proxy Statement”) with the United States Securities and Exchange Commission (the “SEC”) in connection with the Proposed Transaction.

4. The Proxy Statement omits material information with respect to the Proposed Transaction, which renders the Proxy Statement false and misleading. Accordingly, plaintiff alleges herein that defendants violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the “1934 Act”) in connection with the Proxy Statement.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein pursuant to Section 27 of the 1934 Act because the claims asserted herein arise under Sections 14(a) and 20(a) of the 1934 Act and Rule 14a-9.

6. This Court has jurisdiction over defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391(b) because a portion of the transactions and wrongs complained of herein occurred in this District.

PARTIES

8. Plaintiff is, and has been continuously throughout all times relevant hereto, the owner of Sanderson Farms common stock.

9. Defendant Sanderson Farms is a Mississippi corporation and a party to the Merger Agreement. Sanderson Farms’ common stock is traded on the NASDAQ, which is headquartered

in New York, New York, under the ticker symbol “SAFM.”

10. Defendant Joe F. Sanderson is Chief Executive Officer and Chairman of the Board of the Company.

11. Defendant Fred Banks, Jr. is a director of the Company.

12. Defendant David Barksdale is a director of the Company.

13. Defendant John Bierbusse is a director of the Company.

14. Defendant Lampkin Butts is President, Chief Operating Officer, and a director of the Company.

15. Defendant Mike Cockrell is Treasurer, Chief Financial Officer, and a director of the Company.

16. Defendant Toni D. Cooley is a director of the Company.

17. Defendant Beverly Hogan is a director of the Company.

18. Defendant Edith Kelly-Green is a director of the Company.

19. Defendant Phil K. Livingston is a director of the Company.

20. Defendant Suzanne Mestayer is a director of the Company.

21. Defendant Sonia Perez is a director of the Company.

22. Defendant Gail Jones Pittman is a director of the Company.

23. The defendants identified in paragraphs 10 through 22 are collectively referred to herein as the “Individual Defendants.”

SUBSTANTIVE ALLEGATIONS

Background of the Company and the Proposed Transaction

24. Sanderson Farms is engaged in the production, processing, marketing, and distribution of fresh, frozen, and minimally prepared chicken.

25. On August 8, 2021, Sanderson Farms' Board caused the Company to enter into the Merger Agreement.

26. Pursuant to the terms of the Merger Agreement, Sanderson Farms' stockholders will receive \$203.00 in cash per share.

27. According to the press release announcing the Proposed Transaction:

Cargill, Continental Grain Company, and Sanderson Farms, Inc. (NASDAQ: SAFM) announced today they have reached a definitive agreement for a joint venture between Cargill and Continental Grain to acquire Sanderson Farms for \$203 per share in cash, representing a total equity value for Sanderson Farms of \$4.53 billion. The purchase price represents a 30.3% premium to Sanderson Farms' unaffected share price of \$155.74 on June 18, 2021, the last full trading day prior to media speculation about the potential sale of Sanderson Farms; a 22.8% premium to the Sanderson Farms 30-day volume weighted average price ("VWAP") as of June 18, 2021, and a 15.2% premium to the all-time high share price as of June 18, 2021. Upon completion of the transaction, Cargill and Continental Grain will combine Sanderson Farms with Wayne Farms, a subsidiary of Continental Grain, to form a new, privately held poultry business. . . .

Transaction Details

The transaction is expected to close by the end of 2021 or early 2022, and will be subject to regulatory and Sanderson Farms stockholder approval, and other customary closing conditions.

The acquisition consortium has committed equity and debt financing in place to complete the transaction.

Wayne Farms CEO Clint Rivers will lead the combined company.

Upon the completion of the transaction, Sanderson Farms will become a private company, and its shares will no longer be traded on NASDAQ.

Advisors

BofA Securities acted as the financial advisor to Cargill and Freshfields Bruckhaus Deringer (US) LLP acted as legal counsel. Gibson Dunn & Crutcher acted as tax counsel.

Centerview Partners LLC acted as financial advisor to Sanderson Farms and Wachtell, Lipton, Rosen & Katz and Fishman Haygood LLP acted as legal counsel.

Lazard acted as the financial advisor for Wayne Farms and Continental Grain, and Paul, Weiss, Rifkind, Wharton & Garrison LLP acted as legal counsel.

The Proxy Statement Omits Material Information, Rendering It False and Misleading

28. Defendants filed the Proxy Statement with the SEC in connection with the Proposed Transaction.

29. As set forth below, the Proxy Statement omits material information.

30. First, the Proxy Statement omits material information regarding the Company's financial projections.

31. With respect to the Company's financial projections, the Proxy Statement fails to disclose: (i) all line items used to calculate the projections; and (ii) a reconciliation of all non-GAAP to GAAP metrics.

32. The disclosure of projected financial information is material because it provides stockholders with a basis to project the future financial performance of a company, and allows stockholders to better understand the financial analyses performed by the company's financial advisor in support of its fairness opinion.

33. Second, the Proxy Statement omits material information regarding the analyses performed by the Company's financial advisor, Centerview Partners LLC ("Centerview").

34. With respect to Centerview's Selected Public Company Analysis, the Proxy Statement fails to disclose: (i) the Company's net cash; and (ii) the number of fully-diluted shares of Company common stock outstanding.

35. With respect to Centerview's Selected Transactions Analysis, the Proxy Statement fails to disclose: (i) the closing dates for the transactions; and (ii) the total values of the transactions.

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