

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
STATESVILLE DIVISION
CASE NO. 5:20-CV-103

DAVID LUTZ, on behalf of himself and
all others similarly situated.

Plaintiff,

v.

CASE FARMS, LLC,

Defendants.

VERIFIED CLASS ACTION COMPLAINT
(JURY TRIAL DEMANDED)

COMES NOW, the Plaintiff, David Lutz, on behalf of himself and others similarly situated, and file this Class Action Complaint against the Defendant, Case Farms, LLC for violation of the federal Packers and Stockyards Act of 1921, and federal Declaratory Judgment Act, as well as willful breach of contract, declaratory judgment, fraud, negligent misrepresentation, temporary restraining order and preliminary injunction, violation of Chapter 75 of the North Carolina General Statutes, tortious interference with Contract, and defamation. Plaintiff seeks compensatory damages, treble damages or punitive damages, interest, attorneys' fees, costs, and injunctive relief prohibiting Defendant's continuing wrongful conduct.

PARTIES

1. Plaintiff, DAVID LUTZ, is an individual and citizen and resident of Lincoln County, North Carolina.
2. Defendant, CASE FARMS, LLC, is a North Carolina limited liability corporation, with its principal place of business in Troutman, North Carolina, in Iredell County, North Carolina.

JURISDICTION AND VENUE

3. Plaintiff's federal claims arise under the Packers and Stockyards Act, 7 U.S.C. § 181, et seq. and federal Declaratory Judgment Act, 28 U.S.C. § 2201 and 2002.¹ Accordingly, this Court has jurisdiction pursuant to 28 U.S.C. §1331, and 7 U.S.C. §§ 209.

4. This Court has supplemental jurisdiction over pendant claims arising under North Carolina law pursuant to 28 U.S.C. §1367.

5. This District is proper venue under 28 U.S.C. §1391 because all of the parties are residents and domiciled in this District and the events in this lawsuit, concerning Case Farm's illegal contract with Plaintiff, and illegal termination of that contract, and Defendants' defamation of Plaintiff, all occurred in this District as well.

FACTUAL ALLEGATIONS

6. Defendant Case is a large poultry dealer, slaughtering and shipping for consumption, millions of pounds of chicken each week.

7. Case operates as what is known as an "integrator." It controls each and every aspect of raising chickens, slaughtering them, and selling their meat. Case's various chicken meat products come from broilers-chickens genetically altered to produce so much breast meat that their bones often cannot properly support their body-that are born in Case's hatcheries, from eggs laid by Case's hens, and which remain Case's property throughout their entire lives. The broilers are grown on feed formulated and provided by Case, in conditions regulated by Case. Each bird is allotted less than one square foot of space in the broiler houses. Additionally, the broilers are treated by veterinarians hired by Case, according to Case's standards and rules. They are slaughtered on the date Case selects, in Case's plants, and where Case's employees evaluate the

¹ Plaintiff acknowledges that the federal Declaratory Judgment Act is not an independent source of federal jurisdiction.

birds to determine whether they are fit for human consumption. If so, they are sold based on Case's pre-existing contracts with various purchasers.

8. In this system, so-called farmers/independent contractors like the Plaintiff are known as "growers." They grow the broilers based upon contract terms dictated by Case. Growers, including Plaintiff, cannot negotiate the terms of these contracts, are told they "must" sign them there on the spot, without consulting legal counsel, and are not given copies of such contracts at the time of signing nor until years later if at all. Thus, these contracts are contracts of adhesion.

9. Under these dictated contracts, the growers bear virtually all the risk. They are responsible for building and maintaining the facilities on their farms in which the broilers are cared for, relying on Case's false representations regarding its commitment to its growers and their future earnings. They are required by Case to take out massive loans, using documentation prepared by Case for the loan applications. Typically, these loans are guaranteed by the United States taxpayer, for which they are personally responsible. In return, Plaintiff are paid based on a "tournament system," in which all growers whose chickens are slaughtered within a given time period compete with one another.

10. Case disguises its virtual control of the outcome of the tournament through calculating the ranking of each grower to the ten-thousandth of a percent by averaging the so-called efficiency of a grower's production in the tournament instead of providing the growers with the outcome of each house even though Case has this information available. The top producing growers - as solely determined by Case - are paid a premium over and above a so-called "base price," and the lower ranked growers are subjected to offsetting discounts or deductions below the "base price." This is "robbing Peter to pay Paul".

11. This tournament system ensures that Case's costs are consistent, but the growers can neither predict nor control their pay. Indeed, Case so dominates the growers that the growers are in effect "maintenance workers" or "sharecroppers" for Case. Growers, like Plaintiff, take out millions of dollars in loans to build their farms to Case's specifications, and then have no way to repay such loans other than to do exactly as Case says, without ever voicing objection, or risk financial ruin and bankruptcy, as happened to Plaintiff.

12. Case controls all of the aspects of genetics, nutrition, health and virtually all aspects of the environment in the grow-out process. In all probability, the growers may influence two percent 2% of these aspects in the grow-out process. Case literally controls its broiler production process from the egg to the plate. Through the illegal contracts of adhesion that it imposes on growers, Case controls the following aspects of the grow-out process, all of which directly impact the weight of the chickens at the end of the grow-out process, and thereby the amount of remuneration the grower receives from Case.

- a. Case unilaterally controls the drafting, language and terms of the poultry growing agreement.
- b. Case controls the type and condition of the houses required on a grower's farm.
- c. Case controls the contractors who are permitted to construct houses on a grower's farm.
- d. Case controls the type and condition of the equipment required on a grower's farm.
- e. Case controls whether or not upgrades (improvements) are required on a grower's farm.
- f. Case controls the condition of the grower's farm adjacent to the poultry houses.
- g. Case controls the required maintenance of the land around the poultry houses.

- h. Case controls the type and kind of animals allowed on a grower's farm.
- i. Case controls the type of pest control allowed on a grower's farm.
- j. Case controls the genetics of the birds and the sex of birds delivered to growers' farms.
- k. Case owns and/or controls the pullets that are used to produce laying hens.
- l. Case owns the laying hens that produce the broiler eggs hatched by the laying hens.
- m. Case owns the eggs that are hatched by the laying hens.
- n. Case owns and controls the hatchery where the eggs are hatched.
- o. Case owns the broiler chicks that are hatched.
- p. Case controls the medication for the eggs and birds and the administration of the medication.
- q. Case controls the type of birds that each grower is given.
- r. Case controls the health and condition of the birds delivered to a grower.
- s. Case formulates and owns the feed provided to growers and its nutritional value.
- t. Case controls the additives included in the feed.
- u. Case controls the type of feed delivered to a particular grower and timing of changes to the feed ration for that grower's chickens.
- v. Case controls if a grower gets reclaimed (old) feed.
- w. Case determines when the birds will be delivered to a grower.
- x. Case controls whether a grower receives veterinary services.
- y. Case controls when veterinary services are provided on the grower's farm.
- z. Case controls when and which birds must be killed (culled) by a grower.
- aa. Case controls the service technician that oversees each grower's farm.
- bb. Case controls the environment the birds are grown in.
- cc. Case controls the temperature of the poultry houses the birds are grown in.

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