

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division**

IN RE PEANUT FARMERS
ANTITRUST LITIGATION

Civil Action No. 2:19-cv-00463

Honorable Raymond A. Jackson
Honorable Lawrence R. Leonard

**GOLDEN PEANUT COMPANY, LLC'S ANSWER TO PLAINTIFFS' SECOND
AMENDED CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL**

Defendant Golden Peanut Company, LLC (“Golden Peanut”) is a limited liability corporation headquartered in Alpharetta, Georgia. Golden Peanut is a peanut shelling company, meaning it buys peanuts from farmers, removes their shells, and resells them to a variety of customers that make products like peanut butter, snacks, and candy. For years, by unilaterally and persistently enhancing procurement strategies, expanding shelling capacity, increasing processing efficiencies, and deepening relationships with buying points and farmers alike, Golden Peanut’s business strategy has been simple: compete for the highest quality peanuts and sell a high quality product to its customers.

Plaintiffs’ Second Amended Complaint alleges that three Defendant shellers agreed to and engaged in anticompetitive price suppression for runner peanuts (one variety of peanuts), and agreed to and submitted inaccurate price and inventory data to the USDA. Plaintiffs are wrong. The crux of Plaintiffs’ theory is that, during the relevant period, Defendants coordinated to over-report runner peanut inventory numbers and under-report runner peanut prices to the USDA, and on the prices they would offer to peanut farmers, to deflate the prices they paid to runner peanut farmers. Not so for Golden Peanut, which focused on independently obtaining quality product at

a competitive price, and which consistently strove to provide price and inventory submissions to the USDA that were accurate and compliant with the USDA's submission requirements. The prices Golden Peanut paid for runner peanuts were not the result of any allegedly anticompetitive conduct by Golden Peanut.

Golden Peanut answers and sets forth its affirmative defenses to Plaintiffs' Second Amended Complaint as follows. It denies each and every allegation in Plaintiffs' Second Amended Complaint except as expressly admitted below.

Complaint:

Plaintiffs bring this action on behalf of themselves individually and on behalf of a plaintiff class (the "Class") consisting of Peanut farmers in the United States who sold raw, harvested Runner Peanuts to Peanut shelling companies from at least January 1, 2014 through the present (the "Class Period"). Plaintiffs bring this action for treble damages under the antitrust laws of the United States against Defendants, and demand a trial by jury.

Answer:

Golden Peanut admits that Plaintiffs purport to bring this action under the antitrust laws of the United States, but denies that Plaintiffs can state a claim under those laws and/or that Plaintiffs are entitled to any of the requested relief. Golden Peanut denies the remaining allegations in this Paragraph.

I. NATURE OF ACTION¹

Complaint:

1. Peanut shelling companies (or shellers) play a vital role in the peanut production process. The majority of Peanut crops are processed in some manner prior to reaching customers. Once Peanut farmers harvest their crops, approximately 90% of the Peanuts are usually moved to a buying point and sold to a shelling plant. Inside the shelling plant, the Peanuts are processed and packaged into sacks for shipment or storage. The Peanut shellers are responsible for marketing and selling the shelled product to food companies or other manufacturers.

¹ The headings and titles in Plaintiffs' Second Amended Complaint are not factual allegations to which a response is required. To the extent that a response is deemed required, Golden Peanut denies any allegation in Plaintiffs' headings and titles.

Answer:

Golden Peanut admits that shelling companies play a role in the peanut processing process. As the term “vital” in the first sentence of Paragraph 1 is imprecise, Golden Peanut is unable to form a belief as to the truth of the remaining allegations contained in that sentence and on this basis denies those allegations. Golden Peanut admits that it purchases inshell, farmerstock peanuts from farmers, that buying points can be involved in these transactions, that it shells peanuts, and that it markets and sells shelled peanuts (also referred to as kernels) and inshell peanuts to end-customers. To the extent the allegations in Paragraph 1 relate to other Defendants and/or third parties, Golden Peanut is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Golden Peanut denies the remaining allegations in Paragraph 1.

Complaint:

2. As used in this Complaint, “Peanut” or “Peanuts” refers to all peanuts that are raw and harvested and ready to be sold to shellers. “Peanuts” includes all four of the major types of peanuts: runner, Spanish, Valencia, and Virginia.

Answer:

Paragraph 2 contains Plaintiffs’ explanation of a defined term used in their Second Amended Complaint, to which no response is required. To the extent that sentence is deemed to require a response, Golden Peanut admits that Plaintiffs have defined “Peanut” or “Peanuts” as described in Paragraph 2. Golden Peanut denies any remaining allegations in Paragraph 2.

Complaint:

3. As used in this Complaint, “Runner,” “Runners,” or “Runner Peanuts” refers to the runner type of peanuts that are raw and harvested and ready to be sold to shellers.

Answer:

Paragraph 3 contains Plaintiffs' explanation of a defined term used in their Second Amended Complaint, to which no response is required. To the extent that sentence is deemed to require a response, Golden Peanut admits that Plaintiffs have defined "Runner," "Runners," or "Runner Peanuts" as described in Paragraph 3. Golden Peanut denies any remaining allegations in Paragraph 3.

Complaint:

4. Defendants Birdsong Corporation ("Birdsong") and Golden Peanut Company, LLC ("Golden Peanut") are the two largest players in the shelling industry in the United States and together hold 80-90% of the total Peanut shelling market share. Defendant Olam Peanut Shelling Company, Inc., f/k/a McCleskey Mills, Inc. ("Olam" and together with Birdsong and Golden Peanut, "Defendants"), is the third largest participant in the United States Peanut shelling industry and holds at least 10% of the total Peanut Shelling market share.

Answer:

Golden Peanut admits that it shells peanuts. Golden Peanut denies the allegations regarding and characterization of its market share. To the extent the allegations in Paragraph 4 relate to other Defendants and/or third parties, Golden Peanut is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Golden Peanut denies the remaining allegations in Paragraph 4.

Complaint:

5. Since January 2014, the prices paid by shellers to Peanut farmers for Runners have remained remarkably flat and unchanged, despite significant supply disruptions such as Hurricane Michael, a Category 5 hurricane that hit a significant amount of Peanut crops in the Florida panhandle/southern Georgia and Alabama area in 2018.

Answer:

Golden Peanut admits that a hurricane, sometimes identified as "Hurricane Michael," occurred in 2018. To the extent the allegations in Paragraph 5 relate to other Defendants and/or third parties, Golden Peanut is without information sufficient to form a belief as to the truth of

those allegations and therefore denies those allegations. Golden Peanut denies the remaining allegations in Paragraph 5.

Complaint:

6. From 2011 to 2013, the Peanut industry experienced drastic weather-related price changes that made it difficult for Defendants and McCleskey Mills (now known as Olam) to manage risk and plan for production. Upon information and belief, and as alleged in this Complaint, Defendants and McCleskey Mills thereafter conspired and colluded with one another to stabilize and depress Runner prices. Among other things, during the relevant time period, Defendants over-reported Peanut and Runner inventory numbers to the USDA to create the false impression of an oversupplied market. Defendants capitalized on the perceived oversupply to offer artificially low Runner prices to farmers. Defendants also underreported Peanut and Runner prices to the USDA to further suppress prices and keep them low and less volatile.

Answer:

Golden Peanut denies the allegations of conspiracy in Paragraph 6. Golden Peanut admits that weather, including, but not limited to, droughts and hurricanes, can impact peanut supply. As the terms and phrases “drastic weather-related price changes,” “made it difficult,” “manage risk,” and “plan for production” are imprecise, Golden Peanut is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. To the extent the allegations in Paragraph 6 relate to other Defendants and/or third parties, Golden Peanut is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Golden Peanut denies the remaining allegations in Paragraph 6.

Complaint:

7. In addition, Defendants offered nearly identical shelling contracts, often within the same day of one another, limiting the negotiating power and pricing options for farmers. Upon information and belief, these contracts are released following National Peanut Buying Points Association conferences, which are sponsored and attended by Golden Peanut, Birdsong, and Olam.

Answer:

Golden Peanut denies the allegations of conspiracy in Paragraph 7. Golden Peanut admits that the price it will pay for runner peanuts may vary daily and is informed by many factors,

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