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**

OLAM PEANUT SHELLING COMPANY, INC.'S ANSWER TO PLAINTIFFS' SECOND AMENDED CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL

Defendant Olam Peanut Shelling Company, Inc. ("Olam") is a corporation, formed under the laws of the State of Georgia, with its principal place of business in Fresno, California. Olam 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:

Olam 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. Olam denies the remaining allegations in this Paragraph.

I. NATURE OF ACTION[1]

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.

Answer:

Olam 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, Olam 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. Olam admits that it purchases peanuts from farmers, that buying points can be involved in these transactions, that it shells peanuts, and that it markets and sells shelled peanuts to end-customers. To the extent the allegations in Paragraph 1 relate to other Defendants and/or third parties, Olam is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Olam 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.

[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, Olam denies any allegation in Plaintiffs' headings and titles.

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, Olam admits that Plaintiffs have defined "Peanut" or "Peanuts" as described in Paragraph 2. Olam 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, Olam admits that Plaintiffs have defined "Runner," "Runners," or "Runner Peanuts" as described in Paragraph 3. Olam 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:

Olam admits that it shells peanuts. Olam 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, Olam is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Olam 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:

Olam 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, Olam is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Olam 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:

Answering the first sentence, the terms and phrases "drastic weather-related price changes," "made it difficult," "manage risk," and "plan for production" are imprecise, and Olam is without knowledge or information sufficient to form a belief as to the truth of the allegations and therefore denies those allegations as to Olam. Answering the second, third, fourth, and fifth sentences, Olam denies them as to Olam. To the extent any allegations in Paragraph 6 relate to other Defendants and/or third parties, Olam is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Olam 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:

Olam admits that its sponsors, and certain of its personnel, attend trade association events from time to time, but denies any characterization of those events. To the extent the allegations in Paragraph 7 relate to other Defendants and/or third parties, Olam is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Olam denies the remaining allegations in Paragraph 7.

Complaint:

8. The Peanut shelling industry is particularly susceptible to a conspiracy due to a lack of pricing transparency. Unlike other agricultural commodities, there is no futures market for Peanuts. Rather, Peanut prices are set through private contracting between shellers and farmers, although farmers rarely have negotiating power over contractual terms. As the dominant players in this industry, Defendants dictate the prices offered to Plaintiffs and Class members.

Answer:

As to the second sentence, Olam admits that there is no futures market for peanuts and that prices are set through contracts negotiated between shellers or buying points and farmers. To the extent the allegations in Paragraph 8 relate to other Defendants and/or third parties, Olam is without information sufficient to form a belief as to the truth of those allegations and therefore denies those allegations. Olam denies the remaining allegations in Paragraph 8.

Complaint:

9. Defendants' shelling facilities and the buying points they control through various contractual arrangements are scattered throughout key United States Peanut production regions and located in close proximity to one another, providing prime opportunities for collusion.

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