



Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, July 25, 2022

Justice Department Files Lawsuit and Proposed Consent Decrees to End Long-Running Conspiracy to Suppress Worker Pay at Poultry Processing Plants and Address Deceptive Abuses Against Poultry Growers

Decree Provisions Would Stop the Exchange of Compensation Information, Ban President of Data Consulting Firm from Industry, Subject Settling Poultry Processors to 10-Year Antitrust Compliance Monitor; Decree Would also Prohibit Deceptive Conduct Towards Chicken Growers that Lowers Their Compensation

The Department of Justice filed a civil antitrust lawsuit in the U.S. District Court for the District of Maryland against a data consulting firm and its president, as well as three poultry processors, to end a long-running conspiracy to exchange information about wages and benefits for poultry processing plant workers and collaborate with their competitors on compensation decisions in violation of the Sherman Act.

The lawsuit also alleges that two of the poultry processors violated the Packers and Stockyards Act by engaging in deceptive practices associated with the “tournament system,” which pits chicken growers against each other to determine their compensation. At the same time, the department filed proposed consent decrees with Defendants Webber, Meng, Sahl and Company (WMS) and its President, G. Jonathan Meng, as well as Cargill Inc., Cargill Meat Solutions Corporation, Sanderson Farms Inc. and Wayne Farms LLC.

“Through a brazen scheme to exchange wage and benefit information, these poultry processors stifled competition and harmed a generation of plant workers who face demanding and sometimes dangerous conditions to earn a living,” said Principal Deputy Assistant Attorney General Doha Mekki of the Justice Department’s Antitrust Division. “Today’s action puts companies and individuals on notice: the Antitrust Division will use all of its available legal authorities to address anticompetitive conduct that harms consumers, workers, farmers and other American producers.”

“I’m so pleased to see the close partnership between the Department of Agriculture (USDA) and the Justice Department has led to enforcement that is good for farmers,” said Andy Green, USDA’s Senior Advisor for Fair and Competitive Markets. “This resolution yields significant reforms to the poultry tournament system, including ending one of its most troubling aspects around deceptive base prices, and enhancing transparency in contracting, earnings and inputs that will protect and benefit growers — as USDA has proposed in our Packers & Stockyard Act rulemaking.”

If approved by the court, the proposed consent decree with data consulting firm WMS would ban WMS from providing surveys or any other services that facilitate the sharing of competitively sensitive information in any industry. Jonathan Meng, WMS’s President, is also subject to the terms of the consent decree in his individual capacity.

The proposed consent decree with defendant poultry processors Cargill, Sanderson Farms and Wayne Farms would prohibit them from sharing competitively sensitive information about poultry processing plant workers’ compensation. It would also:

- Impose on the poultry processors a court-appointed compliance monitor who, for the next decade, will ensure their compliance with the terms of the proposed decree;

- Grant the court-appointed monitor broad authority to ensure their compliance with all federal antitrust laws as they relate to their poultry processing facilities, workers at their poultry processing plants, chicken growers, integrated poultry feed, hatcheries, transportation of poultry and poultry products, and the sale of poultry and submit regular reports on the processors' antitrust compliance;
- Permit the Antitrust Division to inspect the processors' facilities and interview their employees to ensure compliance with the consent decree; and
- Require the companies to commit to pay \$84.8 million, collectively, in restitution for poultry processing plant workers who were harmed by the information exchange conspiracy.

These terms would expire 10 years after the consent decree is approved by the court.

Additionally, the proposed consent decree with Sanderson Farms and Wayne Farms would resolve alleged violations of the Packers and Stockyards Act, which prohibits, among other things, deceptive practices in poultry markets. As alleged in the complaint, poultry processors use a "tournament system" to adjust a chicken grower's "base payment" based on how well the grower performs relative to other growers. The poultry processors, however, control nearly all the key inputs, including the chicks delivered to the growers and their poultry feed, that often determine a grower's success. In allocating this financial risk to their chicken growers, Sanderson Farms and Wayne Farms failed to provide information that would have allowed their growers to evaluate and manage their financial risk. The proposed consent decree would:

- Prevent Sanderson Farms and Wayne Farms from penalizing chicken growers by reducing their base payments as a result of relative performance, while still allowing for incentive, bonus and other types of payments to growers;
- Require expanded information disclosures in grower contracts, consistent with proposed transparency rules set out by the USDA; and
- Prohibit retaliation against growers who raise antitrust concerns with the court-appointed compliance monitor or the government.

As required by the Tunney Act, the proposed consent decrees, along with the competitive impact statement, will be published in the *Federal Register*. Any person may submit written comments concerning the proposed consent decrees during a 60-day comment period to Lee F. Berger, Chief, Civil Conduct Task Force, Antitrust Division, Department of Justice, 450 Fifth Street NW, Suite 8600, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Maryland may enter the final judgment upon finding it is in the public interest.

Today's lawsuit is part of a broader investigation into anticompetitive labor market abuses in the poultry processing industry. Anyone with information about poultry industry collusion, competitors sharing non-public compensation information, anticompetitive conduct violations against workers or any other violations of the antitrust laws is encouraged to contact the Antitrust Division's Citizen Complaint Center at 1-888-647-3258 or antitrust.complaints@usdoj.gov. The division will forward complaints about the settling processor defendants to the court-appointed antitrust monitor where appropriate. Information about anticompetitive practices in livestock and poultry markets can also be submitted to the USDA and Justice Department Agricultural Markets Enforcement Partnership at www.farmerfairness.gov.

The claims resolved by the resolutions announced today are allegations only and there has been no determination of liability.

Attachment(s):

[Download Complaint](#)

[Download WMS and Meng Consent Decree Procedures, Stipulation and Order, Proposed Final Judgment](#)

[Download Cargill, Sanderson, and Wayne Consent Decree Procedures, Stipulation and Order, Proposed Final Judgment](#)

Topic(s):

Antitrust

Component(s):

Antitrust Division

Press Release Number:

22-796

Updated July 25, 2022