

Home / News / Business News / Feds Sue Poultry Producers, A...

Feds Sue Poultry Producers, Alleging Unfair Worker Practices

The Justice Department has filed a lawsuit against some of the largest poultry producers in the United States.

By [Associated Press](#)

July 25, 2022

Save



FILE - Chicken is on display in a market in Pittsburgh, July 12, 2022. The Justice Department is expected to file a lawsuit and proposed settlement against some of the largest poultry producers in the U.S. It's part of an effort to end what the government claims have been longstanding deceptive and abusive practices for workers. (AP Photo/Gene J. Puskar, File) THE ASSOCIATED PRESS

By MICHAEL BALSAMO, Associated Press

WASHINGTON (AP) — The Justice Department filed a lawsuit Monday against some of the largest poultry producers in the U.S. along with a proposed settlement seeking to end what it claims have been longstanding deceptive and abusive practices for workers.



The suit, filed in federal court in Maryland, names Cargill, Sanderson Farms and Wayne Farms, along with a data consulting company known as Webber, Meng, Sahl and Co. and its president.

In its lawsuit, the Justice Department alleges the companies have been engaged in a multiyear conspiracy to exchange information about the wages and benefits of workers at poultry processing plants to drive down employee competition in the marketplace. The companies did not immediately respond to messages seeking comment.

The government contends the data consulting firm helped to share the information about the workers' compensation with the companies and their executives. By carrying out the scheme, officials allege, the companies were able to compete less intensely for workers and reduce the amount of money and benefits they had to offer their employees, suppressing competition for poultry processing workers across the board, according to court papers.



The defendants and unnamed co-conspirators in the lawsuit account for hiring about 90% of all chicken processing jobs in the nation.

The suit is the latest example of the Justice Department's antitrust enforcement targeting companies the government believes engage in anticompetitive behavior to stifle workers or harm consumers. It also comes as the department continues a broader investigation into labor abuses in the poultry industry.

"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 Doha Mekki, the principal deputy assistant attorney general for the Justice Department's antitrust division.

The suit against the companies was filed with a proposed consent decree — a settlement that would require the companies to pay \$84.8 million in restitution for workers who were harmed by the unlawful information sharing network.

The settlement would also put in place a federal monitor selected by the Justice Department who would ensure compliance for the next decade. The consent decree also would permit Justice Department lawyers and investigators to inspect the poultry processors' facilities and interview their employees to ensure they are complying with the terms, according to court documents.

The suit comes as Cargill and Continental Grain, of which Wayne Farms is a subsidiary, formed a joint venture to acquire Sanderson Farms, paying \$203 per share in cash for a company that last year processed more than 4.8 billion pounds (2.2 billion kilograms) of meat.

The companies plan to combine Sanderson Farms with Wayne Farms to form a new, privately held poultry business. Operations will include poultry processing plants and

prepared foods plants across Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, and Texas.

Wayne Farms has more than 9,000 employees. It makes products under brand names including Wayne Farms fresh and prepared chicken, Platinum Harvest premium fresh chicken, Chef's Craft gourmet chicken, Naked Truth premium chicken and Ladybird premium chicken.

Laurel, Mississippi-based Sanderson Farms has 17,000 employees and 12 plants. It processes 13.6 million chickens per week.

The proposed consent decree would also resolve allegations that Sanderson Farms and Wayne Farms treated chicken farmers unfairly by using a system that reduced their pay for low performance.

The farmers sign contracts to raise the chickens, and the processing companies provide the birds and the feed. The farmers' pay is then determined by how well they perform compared with other chicken growers. The Justice Department alleges that the companies' use of that compensation method, known as the "tournament system," resulted in their failure to provide information for farmers to evaluate and manage their financial risk.

Generally, chicken producers enter long-term contracts with meat companies that farmers say lock them into deals that fix their compensation at unprofitably low levels.

As part of that settlement, Sanderson Farms and Wayne Farms would be prohibited from reducing the base payments to chicken growers as a way to penalize them for under-performance. The consent decree would, though, allow the companies to offer incentives and bonuses to growers.

The proposed consent decree with the poultry companies and one with the data company were filed in court on Monday. Under federal law, the proposals would also be published in the Federal Register and there would be a 60-day period for people to send comments to the Justice Department before a court could accept and finalize the agreements.

—

This story has been corrected to show the settlement calls for restitution of \$84.8 million, not \$84.4 million.

Copyright 2022 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Tags: Associated Press, Arkansas, Alabama, North Carolina, Texas, Delaware, business, lawsuits, Louisiana, Maryland, Georgia, Mississippi

Calculate Your Potential Monthly Retirement Income

Age to Start Withdrawals ⓘ

62

Expected Retirement Savings ⓘ

\$ 250,000

Combined Social Security and Pension (per Month) ⓘ

\$ 1,200

Savings Put Toward an Annuity ⓘ

\$ 0

Estimated Years in Retirement ⓘ

32

Investment Style ⓘ

Balanced

50% Stock Portfolio

[See My Income](#)

Estimated Retirement Income

We'll help you explore ways to impact how much money you could have every month using a mix of predictable income and savings.

	Withdrawals	\$820 ⓘ
\$2,020	Predictable Income	\$1,200 ⓘ
per month	Social Security and Pension	\$1,200
	Annuity	\$0
	<i>Your predictable income accounts for 59% of your monthly income.</i>	

These estimates are based on an underperforming market and hypothetical annuity pricing. [How is this calculated?](#)

The Planning and Guidance Center provides the tools necessary to help you create a plan for all your financial goals, including how much you may need for retirement. Plus, you'll be able to track your progress and explore different options to make adjustments along the way.

[Let's Review Your Retirement Plan](#)



[Read Important Information](#)

This calculator is for illustrative purposes only. Fidelity Brokerage Services LLC, Member NYSE, SIPC. © 2021 FMR LLC. All rights reserved. 933344.15.0

SMARTASSET.COM

US News

INVESTED

Subscribe to our daily newsletter to get investing advice, rankings and stock market news.

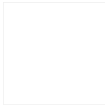
[See a newsletter example.](#)

Email address

[Sign Up](#)

YOU MAY ALSO LIKE

[The 10 Worst Presidents](#)



BRANDFUSE

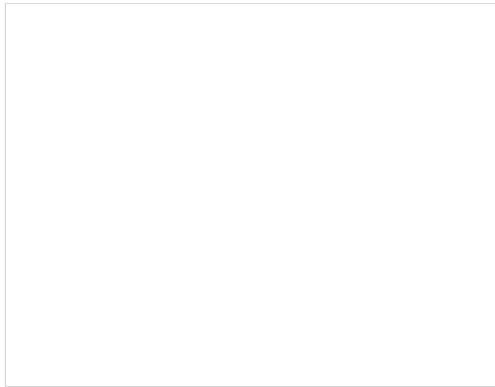
ad content by **Miami University**

Miami University's Model for Innovative Faculty Development



Cartoons on President Donald Trump

Photos: Obama Behind the Scenes



Photos: Who Supports Joe Biden?

Trump Rallies CPAC Crowd

[See More »](#)

BEST COUNTRIES

BEST STATES

HEALTHIEST COMMUNITIES

[NEWS](#)

[THE REPORT](#)

[PHOTOS](#)

[ELECTIONS](#)

[EVENTS](#)



[About](#) [Editorial Guidelines](#) [Contact](#) [Press](#) [Advertise](#)

[Newsletters](#) [Jobs](#) [Site Map](#) [Store](#)

Copyright 2023 © U.S. News & World Report L.P.

[Terms & Conditions/Privacy Policy and Cookie Notice/California Privacy Notice/Your Privacy Choices](#) 