

Consumers Sue Beef Packers, Allege 'Price Fixing'

A federal class action lawsuit was filed against America's four largest beef packers alleging a price-fixing scheme that dates back to January 1, 2015. [The suit, filed in the U.S. District Court for the District of Minnesota on April 26, 2019](#), claims all consumers who bought any fresh or frozen beef products may be entitled to reimbursement.

The law firm of Hagens Berman Sobol Shapiro LLP, a consumer-rights class-action law firm, filed the suit against Tyson, Cargill, National Beef and JBS, and industry forecasting service Agri Stats. Hagens Berman alleges the defendants forced consumers to pay high prices for steak, hamburger and other beef products.

In a statement, attorneys for Hagens Berman claim the beef packers “have been bilking consumers since 2015 by artificially limiting the amount of beef they purchase, process and sell to retail operations.”

“Families nationwide have been overpaying for years for beef products they buy routinely, unknowingly paying inflated prices fixed by a scheme to limit beef supplies,” said Steve Berman, managing partner of Hagens Berman and attorney representing consumers in the class-action lawsuit against the meatpacking defendants. “The result: this \$100 billion industry reaped billions of dollars in extra profits while consumers paid far more for beef than they should have. We intend to put an end to it.”

This is the second suit brought against the four large packers within the week. On April 23, [R-CALF USA filed suit alleging violations](#) of U.S. antitrust laws, the Packers and Stockyards Act, and the Commodity Exchange Act by unlawfully depressing the prices paid to American ranchers.

The consumer class action seeks to recover losses consumers faced under the price-fixing scheme, as well as injunctive relief from the court to put an end to the anticompetitive behavior. The case brings counts of violations of federal and state antitrust laws and unfair competition, unjust enrichment and consumer protection laws.

The lawsuit alleges that defendants, “entered into a conspiracy to extract maximum profits from the distribution channel of beef – by both extracting all gains from the ranchers who raised the cattle, as well as artificially inflating the price of beef being sold to the consumer.”

Additionally, the suit claims packers “engaged in a concerted scheme to suppress throughput of beef, artificially depressing both the amount of cattle they purchased and the amount of processed beef they sold to retail operations. The purpose of the scheme was to maximize the margins they received from sale of beef – by both underpaying the farmers, and simultaneously ensuring an overcharge to the consumer.”

The statement from Hagens Berman also quoted someone they claim is an “industry insider” who said, “meat works like the mafia.” Executives at companies in the meatpacking industry all know each other, according to the insider, and someone may be a competitor but also a customer.

Further, the suit alleges defendants colluded on their purchases of cattle from ranchers by restricting the amount of cattle they purchased and bid rigging practices that depressed the price of cattle that the defendants purchased through auctions, attorneys claims. Defendants’ actions created an artificial shortage of beef, which harmed consumers by elevating the price they paid for beef.

Hagens Berman also alleges that prior to the anticompetitive conduct, the price of cattle sold to the defendants and the price of beef sold by defendants moved in tandem. Following the anticompetitive conduct, the price of cattle fell while the price of beef remained elevated.

“It’s a matter of common sense that the prices of cattle and beef should move together because beef is simply processed cattle,” said Berman. “But these leading meatpacking manufacturers manipulated the market so this natural economic relationship broke down.”

Agri Stats, an industry forecasting service assisted the meatpacking defendants, the suit states. Agri Stats has played a key role in both the poultry and swine industries by aiding and abetting the sharing of confidential information that allowed the profits of poultry and pork manufacturers to soar.

Hagens Berman says Agri Stats, through its subsidiary, Express Markets, first entered the beef industry in 2015. In the beef industry, Express Markets executives stated that they provided “supply and demand side analysis and forecasting of cattle numbers and beef supplies as well as domestic and international trade impacts,” according to the complaint.

Prior to the entrance of Express Markets into the beef industry, the suit’s defendants reported margins for their beef business significantly lower than their margins in the chicken and pork businesses where Agri Stats was already active. After Express Markets entered the beef business, defendants’ profits soared. By 2018, defendants Tyson and JBS reported higher margins for their beef business than for their respective chicken and pork businesses.

Hagens Berman has taken the lead in similar cases in the protein industry. Hagens Berman is currently interim lead counsel [on behalf of consumers in cases in the pork](#) and poultry industries against many of the same defendants. Hagens Berman also recovered \$52 million for consumers for anticompetitive conduct in the dairy industry.