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PRESS RELEASE

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M&M Poultry Inc., a West Virginia Poultry Grower, Sues Pilgrim's Pride Corporation for Wrongful, Intentional, Malicious and Unlawful Acts that Drove the Poultry Grower Out of Business

WASHINGTON DC - May 18, 2015 - Doyle, Barlow and Mazard PLLC and Butler Farm & Ranch Law Group, PLLC represent M&M Poultry, Inc., a West Virginia poultry grower, in a lawsuit seeking compensation for Pilgrim's wrongful, intentional, malicious, and unlawful acts in violation of federal law under the Packers and Stockyards Act, as well as state common law under breach of contract, breach of the covenant of good faith and fair dealing, and tortious interference with contract claims.

Mike Weaver, President of the Contract Poultry Growers Association, said "the lawsuit against Pilgrims is a significant step in trying to right a wrong that has been going on for years. This lawsuit tells the story for many chicken growers, which need improved conditions and better pay, otherwise, we will have more growers closing down and losing their farms."

The lawsuit states, M&M, solely owned by David Mongold, has been a poultry grower since 1996. On or about, June 9, 2009, M&M executed a "Broiler Production Agreement" as well as amendments to the same with Pilgrims. Before the Agreement was unlawfully terminated by Pilgrims in June of 2014, M&M operated 6 chicken houses, which could house approximately 148,000 birds at peak capacity. M&M's poultry growing business was the sole source of income for David Mongold and three generations of his family. As is the case for many farmers, Mr. Mongold's children and grandchildren all live on the farm and without ability to pay his mortgage, the family farm and home remains in jeopardy. Indeed, M&M had a tremendous investment of resources, both personal and financial, in the success of its poultry growing operation. Pilgrims destroyed M&M's business when it unilaterally stopped sending chicken flocks to M&M without proper notification.

M&M's lawsuit alleges that Pilgrims is a vertically integrated chicken processor in the business of breeding, processing, packing, producing, selling and distributing poultry. Pilgrims controls the entire process. Pilgrims enters into poultry growing agreements with a poultry grower who provides a facility, at his/her own cost, to shelter, feed and otherwise care for the chickens on a "flock to flock" basis. Pilgrims provides feed and medication, insists that the feeding and watering equipment meet its own specifications, determines the amount, type, quality, frequency and time of delivery to and pick up from the grower's farms of chicks, feed and medication. Under the arrangement, growers own the farm and the facility, and pay for the labor, materials and utilities necessary to care for the chickens. In this case, Pilgrims agreed to deliver flocks of chicks to M&M's facility and once a flock was delivered, M&M cared for the chickens

according to Pilgrim's meticulous guidelines. When the flock matured, normally a six-week process, Pilgrims transported the flock to its processing facility in Moorefield, West Virginia.

Keith Lively of Doyle Barlow & Mazard, states that "under such a one-sided arrangement with so many restrictions, the only thing a chicken farmer can truly call his/her own is the extensive debt that is accumulated as a direct result of meeting Pilgrim's strict demands so in reality chicken farmers are being treated as underpaid employees rather than independent contractors."

The lawsuit explains that Pilgrims is able to exert control and enforce unconscionable arrangements over local poultry growers because they have nowhere else to turn. Pilgrims maintains this control through archaic, abusive and unconscionable contracts that employ a payout system, better known throughout the industry as the "tournament system." Under this system, M&M was ranked against other Pilgrims' growers whose flocks were also processed at the Moorefield facility. As alleged, Pilgrims defrauded M&M by unilaterally imposing and utilizing the tournament system which wrongfully placed M&M in competition with its fellow growers, all the while requiring M&M to accept chicks which were genetically different, chicks with varying degrees of healthiness, and feed of dissimilar quantity and quality.

Dudley Bulter of Butler Farm & Ranch Law Group, states that "the tournament system is designed to increase Pilgrim's profits at the expense of, and to the detriment of, its growers, including M&M, thereby decreasing M&M's profits."

The lawsuit also states that Pilgrims engaged in numerous misrepresentations to M&M regarding future income, costs, expenses, company policies and concealed material facts and information in order to induce M&M to take out loans on its farm to convert it to a chicken farm thereby functionally depreciating and devaluing M&M's property, rendering M&M as a mere tenant, totally at the mercy of Pilgrims.

The lawsuit alleges that in M&M's situation, Pilgrims breached its Agreement by not providing M&M with 90 days notice of its intent to terminate the Agreement. The Agreement required 90 days notice prior to terminating the agreement so that M&M would have the opportunity to participate in Pilgrims "Cost Improvement Program." Pilgrims, however, did not provide M&M with even 30 days notice of its intent to terminate the Agreement. In fact, Pilgrims stopped supplying flocks to M&M only a week after sending written notification of its intent to terminate, in clear violation of the Packers and Stockyards Act, which provides a minimum termination notice period of 90 days, with the purpose of allowing a grower to receive flocks so that his/her farm would not go into default and be foreclosed upon as the dispute between the grower and the processor were resolved.

M&M Poultry's case (C.A. No. 2:15-cv-32 Bailey) was filed in the United States District Court for the Northern District of West Virginia at Elkins. The case number is 2:15-cv-00032-JPB.

For more information, please contact Keith Lively at 202.589.1839 (klively@dbmlawgroup.com) or J. Dudley Butler, 662-673-0091 (jdb@farmandranchlaw.com).

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