

**UNITED STATES DISTRICT COURT  
DISTRICT OF COLORADO**

Civil Action No.:

\_\_\_\_\_, Individually and on Behalf of  
All Other Similarly Situated,

Plaintiffs,

v.

PILGRIM'S PRIDE CORPORATION,  
WILLIAM W. LOVETTE, and  
FABIO SANDRI,

Defendants.

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**CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL**

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Plaintiff \_\_\_\_\_ ("Plaintiff"), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against Defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants' public documents, conference calls and announcements made by Defendants, U.S. Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Pilgrim's Pride Corporation ("Pilgrim's Pride" or the "Company"), analysts' reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

## NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants who purchased or otherwise acquired Pilgrim's Pride securities between February 21, 2014 and October 6, 2016, both dates inclusive (the "Class Period"), seeking to recover damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Pilgrim's Pride engages in the production, processing, marketing, and distribution of fresh, frozen, and value-added chicken products to retailers, distributors, and foodservice operators in the United States, Mexico, and Puerto Rico. The Company sells its products to foodservice market customers, including chain restaurants, food processors, broad-line distributors, and other institutions; and retail market customers comprising grocery store chains, wholesale clubs, and other retail distributors. In addition, it exports chicken products to the Middle East, Asia, the Commonwealth of Independent States, and other countries.

3. Pilgrim's Pride was founded in 1946 and is headquartered in Greeley, Colorado. Pilgrim's Pride's stock trades on the NASDAQ Global Select Market ("NASDAQ-GS") under the ticker symbol "PPC."

4. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company's business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Pilgrim's Pride systematically colluded with several of its industry peers to fix prices in the broiler-chicken market; (ii) the foregoing conduct constituted a violation of federal antitrust laws; (iii) consequently, Pilgrim's Pride's revenues during the class period were the result of illegal conduct;

and (iv) as a result of the foregoing, Pilgrim's Pride's public statements were materially false and misleading at all relevant times.

5. On September 2, 2016, the market had its first inkling of Defendants' fraud, when food distributor Maplevale Farms, Inc. ("Maplevale") filed an antitrust class action complaint in U.S. District Court for the Northern District of Illinois against Pilgrim's Pride and several other poultry producers, including Tyson Foods, Inc. ("Tyson"), alleging that Pilgrim's Pride and the other companies named in the complaint had conspired since 2008 to manipulate the prices of broiler chickens—chickens raised specifically for meat production—in violation of the Sherman Antitrust Act, 15 U.S.C. §§ 1-7 (the "Sherman Act").<sup>1</sup>

6. The complaint in the Maplevale action alleged, in part:

The principal (but not exclusive) method by which Defendants implemented and executed their conspiracy was by coordinating their output and limiting production with the intent and expected result of increasing prices of Broilers in the United States. In furtherance of their conspiracy, Defendants exchanged detailed, competitively sensitive, and closely-guarded non-public information about prices, capacity, sales volume, and demand . . . .

Defendants continued to limit the United States Broiler supply . . . by destroying eggs, relying upon one another's production to meet customer needs, and exporting excess Broiler breeder flocks to Mexico, even when doing so was against their independent economic interest.

The consequence of Defendants' cuts . . . have [sic] been a nearly 50% increase in Broiler wholesale prices since 2008, despite input costs (primarily corn and soybeans) *falling* roughly 20% to 23% over the same time period. The rise in Broiler prices relative to input costs has led to record profits for Defendants.

7. Between September 7, 2016 and October 7, 2016, seven more class action complaints were filed against Pilgrim's Pride and other poultry companies in the Northern District of Illinois, on behalf of individual consumers and indirect purchasers of broiler chickens, all

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<sup>1</sup> *Maplevale Farms, Inc. v. Koch Foods, Inc. et al.*, 1:16-cv-08637 (N.D. Ill. Sept. 2, 2016).

alleging that Pilgrim's Pride and its industry peers had engaged in the price-manipulation scheme described in Maplevale's complaint.

8. On October 7, 2016, Pivotal Research ("Pivotal") downgraded Tyson from "Hold" to "Sell." Explaining the downgrade, analyst Timothy Ramey directed investors' attention to the allegations of price manipulation by Pilgrim's Pride, Tyson, and their industry peers and described the Maplevale complaint as "powerfully convincing."

9. On news that Pivotal had downgraded Tyson on the strength of the price-manipulation allegations against Tyson, Pilgrim's Pride, and the other poultry companies named in the Maplevale complaint, Pilgrim's Pride's share price fell \$0.95, or 4.5%, to close at \$20.16 on October 7, 2016.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

### **JURISDICTION AND VENUE**

11. The claims asserted herein arise under and pursuant to Sections 10(b), 14(e) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b), 78n(e) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

12. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

13. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b).

14. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,

including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

## **PARTIES**

15. Plaintiff, as set forth in the attached Certification, acquired Pilgrim's Pride securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

16. Defendant Pilgrim's Pride is incorporated under the laws of Delaware. The Company's principal executive offices are located at 1770 Promontory Circle, Greeley, Colorado 80634.

17. Defendant William W. Lovette ("Lovette") has served at all relevant times as the Company's Chief Executive Officer ("CEO") and President.

18. Defendant Fabio Sandri ("Sandri") has served at all relevant times as the Company's Chief Financial Officer ("CFO").

19. The Defendants referenced above in ¶¶ 17-18 are sometimes referred to herein as the "Individual Defendants."

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

20. Pilgrim's Pride engages in the production, processing, marketing, and distribution of fresh, frozen, and value-added chicken products to retailers, distributors, and foodservice operators in the United States, Mexico, and Puerto Rico. The Company sells its products to foodservice market customers, including chain restaurants, food processors, broad-line distributors, and other institutions; and retail market customers comprising grocery store chains,

wholesale clubs, and other retail distributors. In addition, it exports chicken products to the Middle East, Asia, the Commonwealth of Independent States, and other countries.

**Materially False and Misleading Statements Issued During the Class Period**

21. The Class Period begins on February 21, 2014, when Pilgrim's Pride filed an Annual Report on Form 10-K with the SEC, announcing the Company's financial and operating results for the quarter and year ended December 31, 2013 (the "2013 10-K"). For the quarter, Pilgrim's Pride reported net income of \$143.35 million, or \$0.55 per diluted share, on revenue of \$2.05 billion, compared to net income of \$22.77 million, or \$0.09 per diluted share, on revenue of \$2.19 billion for the same period in the prior year. For 2013, Pilgrim's Pride reported net income of \$549.56 million, or \$2.12 per diluted share, on revenue of \$8.41 billion, compared to net income of \$174.04 million, or \$0.70 per diluted share, on revenue of \$8.12 billion for 2012.

22. In the 2013 10-K, Pilgrim's Pride stated, in part:

*Competitive Conditions*

The chicken industry is highly competitive. We are one of the largest chicken producers in the world and we believe our relationship with JBS USA enhances our competitive position. In the U.S. and Mexico, we compete principally with other vertically integrated poultry companies. However, there is some competition with non-vertically integrated further processors in the U.S. prepared chicken business. We believe vertical integration generally provides significant, long-term cost and quality advantages over non-vertically integrated further processors.

In general, the competitive factors in the U.S. chicken industry include price, product quality, product development, brand identification, breadth of product line and customer service. Competitive factors vary by major market. In the U.S. retail market, we believe that product quality, brand awareness, customer service and price are the primary bases of competition. In the foodservice market, competition is based on consistent quality, product development, service and price. The export market is competitive on a global level based on price, product quality, product tailoring, brand identification and customer service. Competitive factors vary by market and may be impacted further by trade restrictions, sanitary and phyto-sanitary issues, brand awareness and the relative strength or weakness of the U.S. Dollar against local currencies. We believe that product customization, service and price are the most critical competitive factors for export sales.

23. The 2013 10-K contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by the Individual Defendants, stating that the financial information contained in the 2013 10-K was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

24. On April 30, 2014, Pilgrim’s Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company’s financial and operating results for the quarter ended March 31, 2014 (the “Q1 2014 8-K”). For the quarter, Pilgrim’s Pride reported net income of \$98.12 million, or \$0.38 per diluted share, on revenue of \$2.02 billion, compared to net income of \$54.58 million, or \$0.21 per diluted share, on revenue of \$2.04 billion for the same period in the prior year.

25. In the Q1 2014 8-K, Defendant Lovette stated, in part:

Consistent with the progress we’ve made for the past three years, we remain committed to operational improvement year after year. . . . We continue to execute against our strategy that combines focusing on key customers, relentless pursuit of operational excellence and growing value added exports while rapidly adapting to changing market conditions.

Our teams continue to raise the standard and drive accountability deeper into the organization, from cost control through the implementation of zero based budgets to gains in efficiency and superior mix management, providing us with a competitive advantage in the market.

26. On May 1, 2014, Pilgrim’s Pride filed a Quarterly Report on Form 10-Q with the SEC, reiterating the information previously announced in the Q1 2014 8-K and reporting in full the Company’s financial and operating results for the quarter ended March 31, 2014 (the “Q1 2014 10-Q”).

27. The Q1 2014 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q1 2014 10-Q was

accurate and disclosed any material changes to the Company's internal control over financial reporting.

28. On July 30, 2014, Pilgrim's Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter ended June 30, 2014 (the "Q2 2014 8-K"). For the quarter, Pilgrim's Pride reported net income of \$190.36 million, or \$0.73 per diluted share, on revenue of \$2.19 billion, compared to net income of \$190.71 million, or \$0.74 per diluted share, on revenue of \$2.18 billion for the same period in the prior year.

29. In the Q2 2014 8-K, Defendant Lovette stated, in part:

The margin strength we've demonstrated has been generated by capturing improvements in cost and sales mix, all rooted in operational excellence. This year we have found significant savings through our zero based budgeting process, and even now are identifying even more areas where we can drive efficiencies. Our team members are driven to be the best in class and produce results that will result in long term, profitable growth.

30. On July 31, 2014, Pilgrim's Pride filed a Quarterly Report on Form 10-Q with the SEC, reiterating the information previously announced in the Q2 2014 8-K and reporting in full the Company's financial and operating results for the quarter ended June 30, 2014 (the "Q2 2014 10-Q").

31. The Q2 2014 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q2 2014 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

32. On October 29, 2014, Pilgrim's Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter ended September 30, 2014 (the "Q3 2014 8-K"). For the quarter, Pilgrim's

Pride reported net income of \$255.98 million, or \$0.99 per diluted share, on revenue of \$2.27 billion, compared to net income of \$160.92 million, or \$0.62 per diluted share, on revenue of \$2.14 billion for the same period in the prior year.

33. In the Q3 2014 8-K, Defendant Lovette stated, in part:

Our third quarter results reflect the discipline that Pilgrim's has demonstrated in managing the variables within our control as well as the strength we've seen in the chicken markets. . . . Our focus has been, and continues to be, the consistent execution of our strategy to be a valued partner to our key customers, relentless pursuit of operational excellence and value-added export growth.

34. On October 30, 2014, Pilgrim's Pride filed a Quarterly Report on Form 10-Q with the SEC, reiterating the information previously announced in the Q3 2014 8-K and reporting in full the Company's financial and operating results for the quarter ended September 30, 2014 (the "Q3 2014 10-Q").

35. The Q3 2014 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q3 2014 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

36. On February 12, 2015, Pilgrim's Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter and year ended December 31, 2014 (the "2014 8-K"). For the quarter, Pilgrim's Pride reported net income of \$167.19 million, or \$0.64 per diluted share, on revenue of \$2.11 billion, compared to net income of \$143.35 million, or \$0.55 per diluted share, on revenue of \$2.05 billion for the same period in the prior year. For 2014, Pilgrim's Pride reported net income of \$711.65 million, or \$2.74 per diluted share, on revenue of \$8.58 billion, compared to net income of \$549.56 million, or \$2.12 per diluted share, on revenue of \$8.41 billion for 2013.

37. In the 2014 8-K, Defendant Lovette stated, in part:

Though pleased with our results for 2014 and our team members deserve full credit, we will not be complacent. We continue driving ownership and accountability deeper in our company, and we are developing new tools and methods to improve our efficiency, sales mix, and margin. . . .

We see 2015 as yet another opportunity for our team to create shareholder value through serving our key customers, relentless pursuit of operational excellence, and growing value added exports. As we begin the year, demand for chicken continues to be strong, outpacing supply, and with the improvements we've implemented, Pilgrim's is ideally situated to reap the benefits.

38. On February 12, 2015, Pilgrim's Pride also filed an Annual Report on Form 10-K with the SEC, reiterating the information previously announced in the 2014 8-K and reporting in full the Company's financial and operating results for the quarter and year ended December 31, 2014 ("2014 10-K").

39. In the 2014 10-K, Pilgrim's Pride stated, in part:

### **Competition**

The chicken industry is highly competitive. We are one of the largest chicken producers in the world and we believe our relationship with JBS USA enhances our competitive position. In the U.S. and Mexico, we compete principally with other vertically integrated poultry companies. However, there is some competition with non-vertically integrated further processors in the U.S. prepared chicken business. We believe vertical integration generally provides significant, long-term cost and quality advantages over non-vertically integrated further processors.

In general, the competitive factors in the U.S. chicken industry include price, product quality, product development, brand identification, breadth of product line and customer service. Competitive factors vary by major market. In the U.S. retail market, we believe that product quality, brand awareness, customer service and price are the primary bases of competition. In the foodservice market, competition is based on consistent quality, product development, service and price. The export market is competitive on a global level based on price, product quality, product tailoring, brand identification and customer service. Competitive factors vary by market and may be impacted further by trade restrictions, sanitary and phyto-sanitary issues, brand awareness and the relative strength or weakness of the U.S. Dollar against local currencies. We believe that product customization, service and price are the most critical competitive factors for export sales.

40. The 2014 10-K contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the 2014 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

41. On April 30, 2015, Pilgrim's Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter ended March 31, 2015 (the "Q1 2015 8-K"). For the quarter, Pilgrim's Pride reported net income of \$204.22 million, or \$0.79 per diluted share, on revenue of \$2.05 billion, compared to net income of \$98.12 million, or \$0.38 per diluted share, on revenue of \$2.02 billion for the same period in the prior year.

42. In the Q1 2015 8-K, Defendant Lovette stated, in part:

We continue to execute well against our goals of focusing on key customers, relentless pursuit of operational excellence and growing value added exports. Our strong results are a testament to the benefits of our portfolio model, which we believe provide superior results with lower volatility than our peers over time. Our portfolio strategy also enables us to take advantage of differing conditions in various markets. . . .

Our team members continue to be very motivated to set the highest standards and be more efficient in every aspect of our business. We are continuing our work on zero based budgeting and are on track to capture the identified operational improvements for 2015, which will strengthen our competitive advantage.

43. On April 30, 2015, Pilgrim's Pride also filed a Quarterly Report on Form 10-Q with the SEC, reiterating the information previously announced in the Q1 2015 8-K and reporting in full the Company's financial and operating results for the quarter ended March 31, 2015 (the "Q1 2015 10-Q").

44. The Q1 2015 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q1 2015 10-Q was

accurate and disclosed any material changes to the Company's internal control over financial reporting.

45. On July 30, 2015, Pilgrim's Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter ended June 30, 2015 (the "Q2 2015 8-K"). For the quarter, Pilgrim's Pride reported net income of \$241.49 million, or \$0.93 per diluted share, on revenue of \$2.01 billion, compared to net income of \$190.36 million, or \$0.73 per diluted share, on revenue of \$2.19 billion for the same period in the prior year.

46. In the Q2 2015 8-K, Defendant Lovette stated, in part:

We remain very committed to our goals of joint value creation with key customers, relentless pursuit of operational excellence and growing value added exports, and despite ongoing export challenges during Q2, our team has once again delivered solid results. . . .

The vision and diversification strategy that we have implemented over the past few years are creating an opportunity for us to keep our strong performance in different market conditions and with lower volatility than any specific segment.

47. On July 30, 2015, Pilgrim's Pride also filed a Quarterly Report on Form 10-Q with the SEC, reiterating the information previously announced in the Q2 2015 8-K and reporting in full the Company's financial and operating results for the quarter ended June 30, 2015 (the "Q2 2015 10-Q").

48. The Q2 2015 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q2 2015 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

49. On October 29, 2015, Pilgrim's Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating

results for the quarter ended September 30, 2015 (the “Q3 2015 8-K”). For the quarter, Pilgrim’s Pride reported net income of \$137.06 million, or \$0.53 per diluted share, on revenue of \$2.1 billion, compared to net income of \$255.98 million, or \$0.99 per diluted share, on revenue of \$2.27 billion for the same period in the prior year.

50. In the Q3 2015 8-K, Defendant Lovette stated, in part:

The Q3 results are a strong validation of our portfolio model, and the strategy we have pursued and implemented over the past four years is fundamental in improving our ability to maintain strong performance, minimize the impact of different market conditions, and give us more consistent financial results. Although we expect export markets to gradually reopen soon depending on the domestic AI situation, we choose not to stand still and be complacent. Instead, we continue to seek alternative and creative ways to reduce our dependencies on commodity products to produce more consistent margins by sharpening our focus on high growth markets. We also remain on track to extract \$200 million in operational improvements for the year.

In spite of the tough environment last quarter, our cash flow generation continues to be strong and our team remains relentless in uncovering additional methods to increase operational efficiencies, enhance relationships with key customers, and build competitive advantages. We remain committed to creating and maximizing shareholder value while retaining our financial discipline.

51. On October 29, 2015, Pilgrim’s Pride also filed a Quarterly Report on Form 10-Q with the SEC, reiterating the information previously announced in the Q3 2015 8-K and reporting in full the Company’s financial and operating results for the quarter ended September 30, 2015 (the “Q3 2015 10-Q”).

52. The Q3 2015 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q3 2015 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

53. On February 11, 2016, Pilgrim’s Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company’s financial and operating

results for the quarter and year ended December 31, 2015 (the “2015 8-K”). For the quarter, Pilgrim’s Pride reported net income of \$63.15 million, or \$0.25 per diluted share, on revenue of \$1.96 billion, compared to net income of \$167.19 million, or \$0.64 per diluted share, on revenue of \$2.11 billion for the same period in the prior year. For 2015, Pilgrim’s Pride reported net income of \$645.91 million, or \$2.50 per diluted share, on revenue of \$8.18 billion, compared to net income of \$711.65 million, or \$2.74 per diluted share, on revenue of \$8.58 billion for 2014.

54. In the 2015 8-K, Pilgrim’s Pride stated, in part:

Our case ready and small bird operations continued to deliver strong results in spite of challenges in the export markets, while the weakest chicken cutout in the past five years continued to impact the commodity segments of our business, as well as our Mexico operations. Despite the headwinds, our team managed to deliver margins that are above periods when prices were at similar levels. Our performance is commendable and strongly validates the benefits of our strategy. . . .

The implementation and execution of our portfolio model over the past five years are critical in supporting our ability to deliver stronger profitability while giving more consistent financial results, as we minimize the impact of specific market conditions in any given segment or geography. For example, as part of this operating strategy, in Fresh Chicken we are able to leverage our well-balanced mix of bird sizes to support key customers’ needs while in prepared foods, we could utilize our well-regarded Pierce brand to lead our efforts in building and solidifying relationships at key accounts.

. . .

Our cash flow generation was strong and our team remained relentless in identifying additional methods to increase operational efficiencies, enhance relationships with key customers, and build competitive advantages. To further support these initiatives and maximize return on capital, we have approved a targeted capital spending deployment for 2016, which enhances our growth prospects, improves our ability to partner with key customers and supports their growth. Additionally, our team has identified \$185 million in operational improvements for 2016, to build on the over \$1.0 billion in cumulative improvements we have made to the business in the last five years. We are committed to reinvesting our strong cash flow generation back into the business with the goal of more closely aligning with this strategy and optimizing our capital allocation, while remaining on track on the relentless pursuit of operational excellence.

55. On February 12, 2016, Pilgrim's Pride filed an Annual Report on Form 10-K with the SEC, reiterating the information previously announced in the 2015 8-K and reporting in full the Company's financial and operating results for the quarter and year ended December 31, 2015 (the "2015 10-K").

56. In the 2015 10-K, Pilgrim's Pride stated, in part:

### **Competition**

The chicken industry is highly competitive. We are one of the largest chicken producers in the world and we believe our relationship with JBS enhances our competitive position. In the U.S. and Mexico, we compete principally with other vertically integrated poultry companies. However, there is some competition with non-vertically integrated further processors in the U.S. prepared chicken business. We believe vertical integration generally provides significant, long-term cost and quality advantages over non-vertically integrated further processors.

In general, the competitive factors in the U.S. chicken industry include price, product quality, product development, brand identification, breadth of product line and customer service. Competitive factors vary by major market. In the U.S. retail market, we believe that product quality, brand awareness, customer service and price are the primary bases of competition. In the foodservice market, competition is based on consistent quality, product development, service and price. The export market is competitive on a global level based on price, product quality, product tailoring, brand identification and customer service. Competitive factors vary by market and may be impacted further by trade restrictions, sanitary and phyto-sanitary issues, brand awareness and the relative strength or weakness of the U.S. dollar against local currencies. We believe that product customization, service and price are the most critical competitive factors for export sales.

57. The 2015 10-K contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the 2015 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

58. On April 28, 2016, Pilgrim's Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter ended March 31, 2016 (the "Q1 2016 8-K"). For the quarter, Pilgrim's Pride reported net income of \$118.37 million, or \$0.46 per diluted share, on revenue of \$1.96 billion,

compared to net income of \$204.22 million, or \$0.79 per diluted share, on revenue of \$2.05 billion for the same period in the prior year.

59. In the Q1 2016 8-K, Defendant Lovette stated, in part:

While market conditions contributed to the improvement, our well-balanced portfolio played a key factor in delivering the improved Q1 performance since we were able to leverage the strength in specific market segments while minimizing the impact of the others. . . .

We continue to believe our portfolio strategy, combined with our approach of being a valued partner with key customers and pursuing operational excellence while strategically growing value-added exports, will allow us to deliver less volatility and higher earnings to our shareholders over time.

60. On April 28, 2016, Pilgrim's Pride also filed a Quarterly Report on Form 10-Q with the SEC, reiterating the information previously announced in the Q1 2016 8-K and reporting in full the Company's financial and operating results for the quarter ended March 31, 2016 (the "Q1 2016 10-Q").

61. The Q1 2016 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q1 2016 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

62. On July 28, 2016, Pilgrim's Pride issued a press release and filed a Current Report on Form 8-K with the SEC, announcing certain of the Company's financial and operating results for the quarter ended June 30, 2016 (the "Q2 2016 8-K"). For the quarter, Pilgrim's Pride reported net income of \$152.89 million, or \$0.60 per diluted share, on revenue of \$2.03 billion, compared to net income of \$241.49 million, or \$0.93 per diluted share, on revenue of \$2.05 billion for the same period in the prior year.

63. In the Q2 2016 8-K, Defendant Lovette stated, in part:

During Q2, our results further improved sequentially compared to the last two quarters. While our portfolio strategy of a well-balanced exposure to different bird sizes was an important factor, the diversity of our product and broad customer mix, as well as geographic exposure were also important contributors. We structured our portfolio to capture the strong commodity markets while lessening the impact of weaker markets to generate lower volatility and higher margins over the mid to long-term. We are generating the intended results and created a unique and meaningful advantage over competitors with less breadth in their portfolio.

64. On July 28, 2016, Pilgrim's Pride also filed a Quarterly Report on Form 10-Q with the SEC, reiterating the information previously announced in the Q2 2016 8-K and reporting in full the Company's financial and operating results for the quarter ended June 30, 2016 (the "Q2 2016 10-Q").

65. The Q2 2016 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q2 2016 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

66. The statements referenced in ¶¶ 21-65 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Pilgrim's Pride systematically colluded with several of its industry peers to fix prices in the broiler-chicken market; (ii) the foregoing conduct constituted a violation of federal antitrust laws; (iii) consequently, Pilgrim's Pride's revenues during the class period were the result of illegal conduct; and (iv) as a result of the foregoing, Pilgrim's Pride's public statements were materially false and misleading at all relevant times.

### The Truth Emerges

67. On September 2, 2016, the market had its first taste of Defendants' fraud, when Maplevale filed an antitrust class action complaint in U.S. District Court for the Northern District of Illinois against Pilgrim's Pride and several other poultry producers, including Tyson, alleging that Pilgrim's Pride and the other companies named in the complaint had conspired since 2008 to manipulate the prices of broiler chickens in violation of the Sherman Act.

68. Specifically, the complaint in the Maplevale action alleged, in part:

The principal (but not exclusive) method by which Defendants implemented and executed their conspiracy was by coordinating their output and limiting production with the intent and expected result of increasing prices of Broilers in the United States. In furtherance of their conspiracy, Defendants exchanged detailed, competitively sensitive, and closely-guarded non-public information about prices, capacity, sales volume, and demand . . . .

Defendants continued to limit the United States Broiler supply . . . by destroying eggs, relying upon one another's production to meet customer needs, and exporting excess Broiler breeder flocks to Mexico, even when doing so was against their independent economic interest.

The consequence of Defendants' cuts . . . have [sic] been a nearly 50% increase in Broiler wholesale prices since 2008, despite input costs (primarily corn and soybeans) *falling* roughly 20% to 23% over the same time period. The rise in Broiler prices relative to input costs has led to record profits for Defendants.

69. Between September 7, 2016 and October 7, 2016, seven more class action complaints were filed against Pilgrim's Pride and other poultry companies in the Northern District of Illinois, on behalf of individual consumers and indirect purchasers of broiler chickens, all alleging that Pilgrim's Pride and its industry peers had engaged in the price-manipulation scheme described in Maplevale's complaint.

70. On October 7, 2016, Pivotal downgraded Tyson from "Hold" to "Sell." Explaining the downgrade, analyst Timothy Ramey directed investors' attention to the allegations of price

manipulation by Pilgrim's Pride, Tyson, and their industry peers and described the Maplevale complaint as "powerfully convincing."

71. On news that Pivotal had downgraded Tyson on the strength of the price-manipulation allegations against Tyson, Pilgrim's Pride, and the other companies named in the Maplevale complaint, Pilgrim's Pride's share price fell \$0.95, or 4.5%, to close at \$20.16 on October 7, 2016.

72. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

#### **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

73. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Pilgrim's Pride securities during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

74. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Pilgrim's Pride securities were actively traded on the NASDAQ-GS. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Pilgrim's Pride or its transfer agent and may be

notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

75. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

76. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

77. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Pilgrim's Pride;
- whether the Individual Defendants caused Pilgrim's Pride to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Pilgrim's Pride securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

78. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden

of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

79. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Pilgrim's Pride securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ-GS and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Pilgrim's Pride securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

80. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

81. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

## **COUNT I**

**(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)**

82. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

83. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

84. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Pilgrim's Pride securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Pilgrim's Pride securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

85. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Pilgrim's Pride securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Pilgrim's Pride' finances and business prospects.

86. By virtue of their positions at Pilgrim's Pride, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

87. Defendants were personally motivated to make false statements and omit material information necessary to make the statements not misleading in order to personally benefit from the sale of Pilgrim's Pride securities from their personal portfolios.

88. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of Pilgrim's Pride, the Individual Defendants had knowledge of the details of Pilgrim's Pride' internal affairs.

89. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Pilgrim's Pride. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Pilgrim's Pride' businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public

statements, the market price of Pilgrim's Pride securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Pilgrim's Pride's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Pilgrim's Pride securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

90. During the Class Period, Pilgrim's Pride securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Pilgrim's Pride securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Pilgrim's Pride securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Pilgrim's Pride securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

91. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

92. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases,

acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

## **COUNT II**

### **(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)**

93. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

94. During the Class Period, the Individual Defendants participated in the operation and management of Pilgrim's Pride, and conducted and participated, directly and indirectly, in the conduct of Pilgrim's Pride' business affairs. Because of their senior positions, they knew the adverse non-public information about Pilgrim's Pride' misstatement of income and expenses and false financial statements.

95. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Pilgrim's Pride' financial condition and results of operations, and to correct promptly any public statements issued by Pilgrim's Pride which had become materially false or misleading.

96. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Pilgrim's Pride disseminated in the marketplace during the Class Period concerning Pilgrim's Pride' results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Pilgrim's Pride to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Pilgrim's Pride within the meaning of Section 20(a) of the Exchange Act. In this capacity, they

participated in the unlawful conduct alleged which artificially inflated the market price of Pilgrim's Pride securities.

97. Each of the Individual Defendants, therefore, acted as a controlling person of Pilgrim's Pride. By reason of their senior management positions and/or being directors of Pilgrim's Pride, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Pilgrim's Pride to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Pilgrim's Pride and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

98. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Pilgrim's Pride.

#### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

**DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.