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 STORES, INC.

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 9  
 10 **UNITED STATES DISTRICT COURT  
 FOR THE NORTHERN DISTRICT OF CALIFORNIA**

11 ASSOCIATED FOOD STORES, INC.,

CASE NO. 15-cv-04667

12 Plaintiff,

**COMPLAINT FOR VIOLATION  
 OF THE SHERMAN ACT, 15 U.S.C. § 1**

13 v.

14 TRI-UNION SEAFOODS, LLC, d/b/a  
 15 CHICKEN OF THE SEA  
 INTERNATIONAL; KING OSCAR, INC.;  
 16 BUMBLE BEE FOODS, LLC, f/k/a  
 BUMBLE BEE SEAFOODS, LLC; and  
 17 STARKIST CO.,

**DEMAND FOR JURY TRIAL**

18 Defendants.

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1 Plaintiff Associated Food Stores, Inc. (“Plaintiff”), by and through undersigned counsel,  
2 complains as follows:

3 **NATURE OF THE CASE**

4 1. This action arises from a conspiracy to raise, fix, stabilize, or maintain prices,  
5 allocate customers, and restrict capacity in the market for packaged seafood, including tuna, clam,  
6 crab, mackerel, oyster, salmon, sardines, and shrimp (“Packaged Seafood”) sold in the United  
7 States, from at least as early as January 1, 2000, through the present (the “Relevant Period”), by  
8 Defendants Tri-Union Seafoods, LLC, d/b/a Chicken of the Sea, King Oscar, Inc., Bumble Bee  
9 Foods, LLC f/k/a Bumble Bee Seafoods, LLC, and StarKist Co. (collectively, “Defendants”).

10 2. Plaintiff bring this action to (i) recover treble damages, attorneys’ fees, litigation  
11 expenses, and court costs, and (ii) secure injunctive relief for violations of Section 1 of the  
12 Sherman Act of 1890 (“Sherman Act”), 15 U.S.C. § 1, pursuant to Sections 4 and 16 of the  
13 Clayton Act of 1914 (“Clayton Act”), 15 U.S.C. §§ 15 and 26.

14 3. As alleged more fully below, by early 2000, growth in the Packaged Seafood  
15 industry had slowed, and the prospects for growth were dim. Beginning at least as early as  
16 January 2000, in an effort to combat the prospect of diminishing profits, Defendants and their co-  
17 conspirators conspired to raise, fix, stabilize, or maintain prices, allocate customers, and restrict  
18 capacity in the market for Packaged Seafood sold in the United States. As a direct and proximate  
19 result of Defendants’ cartel activities, Plaintiff was overcharged by Defendants for Packaged  
20 Seafood.

21 **JURISDICTION AND VENUE**

22 4. This Court has jurisdiction over the subject matter of this action pursuant to  
23 Section 4(a) and 16 of the Clayton Act, 15 U.S.C. §§ 15(a) and 26, and 28 U.S.C. §§ 1331 and  
24 1337.

25 5. Defendants and their co-conspirators engaged in conduct both inside and outside  
26 the United States that caused direct, substantial, and reasonably foreseeable and intended  
27 anticompetitive effects upon interstate commerce within the United States, and upon import trade  
28 and commerce with the United States.



1 11. Defendants COTS and KOI (together, “Tri-Union”) are wholly-owned subsidiaries  
2 of Thai Union Frozen Products Public Company, Ltd. (“Thai Union”), a publicly held company  
3 headquartered in Thailand.

4 12. Defendant Bumble Bee Foods, LLC, f/k/a Bumble Bee Seafoods, LLC (“Bumble  
5 Bee”) is a Delaware corporation with its principal place of business at 9655 Granite Ridge Drive,  
6 Suite 100, San Diego, CA 92123. Bumble Bee is a wholly-owned subsidiary of Lion Capital, a  
7 private investment firm headquartered in Great Britain.

8 13. Defendant StarKist Co. (“StarKist”) is a Delaware corporation with its principal  
9 place of business at 225 North Shore Drive, Suite 400, Pittsburgh, PA 15212. StarKist is a  
10 wholly-owned subsidiary of Dongwon Enterprises Co., which is headquartered in Korea.

11 14. Defendants and their co-conspirators directly and through their affiliates sold  
12 Packaged Seafood in the United States and in this district at artificially inflated prices during the  
13 Relevant Period. Defendants are direct competitors in the United States Packaged Seafood  
14 market.

15 **AGENTS AND CO-CONSPIRATORS**

16 15. Each Defendant acted as the principal of, or agent for, all other Defendants with  
17 respect to the acts, violations, and common course of conduct described in this complaint.

18 16. Various other persons, firms, companies, and corporations not named as  
19 Defendants have knowingly and willingly conspired with Defendants, and performed acts and  
20 made statements in furtherance of the conspiracy and in furtherance of the anticompetitive  
21 conduct.

22 17. The acts alleged to have been done by any Defendant or co-conspirator were  
23 authorized, ordered, or done by its directors, officers, managers, agents, employees, or  
24 representatives while actively engaged in the management, direction, or control of such  
25 Defendant’s or co-conspirator’s affairs.

26 **INTERSTATE TRADE AND COMMERCE**

27 18. Defendants Tri-Union, Bumble Bee, and StarKist are the leading manufacturers of  
28 Packaged Seafood sold in the United States.

1 19. The referenced Packaged Seafood products are produced by Defendants or their  
2 affiliates in either the United States or overseas.

3 20. During the Relevant Period, Tri-Union, Bumble Bee, and StarKist, directly or  
4 through one or more of their affiliates, sold Packaged Seafood throughout the United States in a  
5 continuous and uninterrupted flow of interstate commerce, including through and into this judicial  
6 district.

7 21. The activities of Defendants and their co-conspirators were within the flow of, and  
8 intended to, and did, have a substantial effect on interstate commerce in the United States.

9 22. Defendants' and their co-conspirators' conduct, including the marketing and sale  
10 of Packaged Seafood, took place within, and has had, and was intended to have, a direct,  
11 substantial, and reasonably foreseeable anticompetitive effect upon interstate commerce within  
12 the United States and upon import commerce with foreign nations.

13 23. The restraints alleged in this complaint have directly and substantially affected  
14 interstate commerce in that Defendants have deprived Plaintiff of the benefits of free and open  
15 competition in the purchase of Packaged Seafood within the United States.

16 24. Defendants' agreement to inflate, fix, raise, maintain, or artificially stabilize prices  
17 of Packaged Seafood, and their actual inflating, fixing, raising, maintaining, or artificially  
18 stabilizing Packaged Seafood prices, were intended to have, and had, a direct, substantial, and  
19 reasonably foreseeable effect on United States commerce and on import trade and commerce with  
20 the United States.

21 **FACTUAL ALLEGATIONS**

22 **A. Background**

23 25. Packaged Seafood is composed of raw seafood that is processed to preserve and  
24 enhance flavor, and ensure product safety. Because it is typically caught far offshore, raw seafood  
25 is usually delivered to canneries frozen or refrigerated.

26 26. Upon delivery to a processing plant, an initial quality control inspection is  
27 performed to ensure the seafood was stored and transported at the proper temperature and is in  
28

1 acceptable condition. The seafood is maintained at temperatures ranging from 0°Celsius to -18°C  
2 until processing. Seafood passing the initial quality control inspection is prepared for packaging.

3 27. Accepted seafood is initially transferred to large ovens for “pre-cooking.” After  
4 further cleaning, the seafood is fed into filling machines where product packages (either cans,  
5 pouches, or cups) are filled with pre-set amounts. Filled packages are moved to sealing machines  
6 where they are closed and sealed.

7 28. Each package is affixed with a permanent production code identifying plant,  
8 product, date packed, batch, and other information. Filled and sealed packages are then cooked  
9 under pressure to make the products commercially sterile.

10 29. All three Defendants sell Packaged Seafood in the United States. StarKist, Bumble  
11 Bee and Tri-Union all sell packaged tuna, clams, salmon, and sardines. Bumble Bee and Tri-  
12 Union also sell packaged crabs, mackerel, oysters, and shrimp.

13 30. The United States Packaged Seafood industry generates annual sales of  
14 approximately \$2.6 billion. Tuna is the largest category within Packaged Seafood, generating  
15 estimated annual sales of approximately \$1.7 billion.

16 31. Defendants dominated the United States market for Packaged Seafood throughout  
17 the Relevant Period. In 2001, Defendants had a combined market share of 85%, which is  
18 approximately the same percentage they have today: StarKist 36-40%; Bumble Bee 25%; and Tri-  
19 Union 20%.

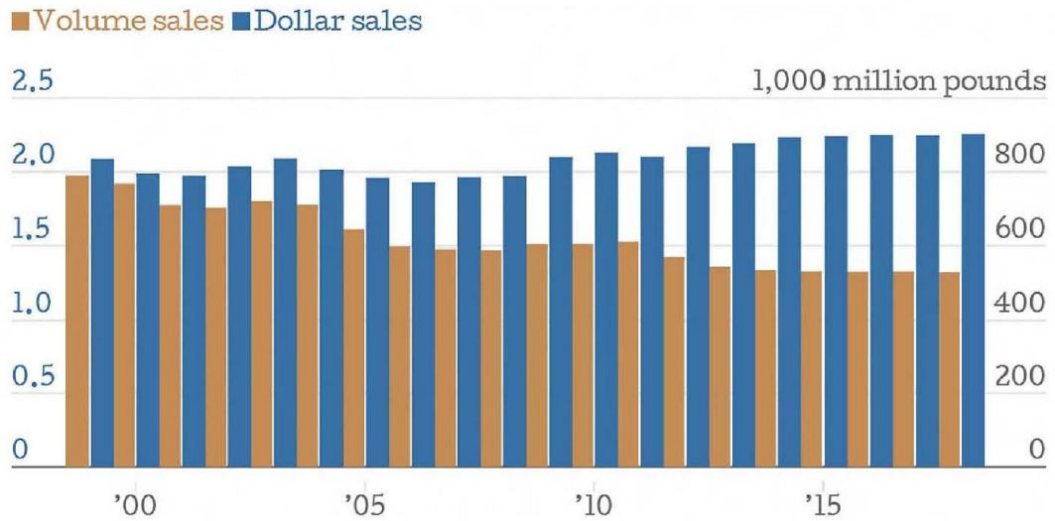
20 32. After decades of growth, demand for Packaged Seafood has been declining since  
21 2000. From about 1950 until 2000, packaged tuna was the most popular seafood in the United  
22 States. In 1990, the International Trade Commission estimated that Americans consumed between  
23 one-half and two-thirds of the global supply of packaged tuna.

24 33. Since the 1990s, health and sustainability concerns, which range from fears of  
25 mercury poisoning to fury over dolphin bycatch, have taken their toll. So, too, has a national shift  
26 away from packaged seafood.

27  
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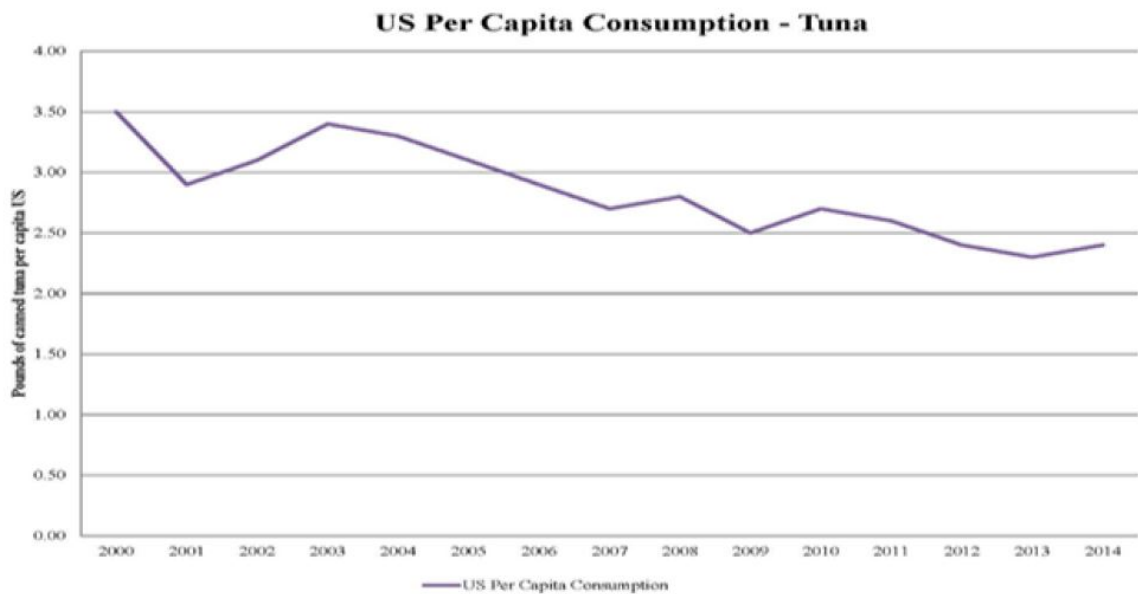
34. As a result, domestic consumption of Packaged Seafood has experienced a steady decline since 2000 (*see* Figure 1 below). Yet, the prices of Packaged Seafood increased steadily from 2000 to 2015.

**Figure 1**



35. In particular, packaged tuna saw a steady decline in U.S. per capita consumption from 3.5 to 2.4 pounds per person per annum between 2000 and 2014 (*see* Figure 2 below).

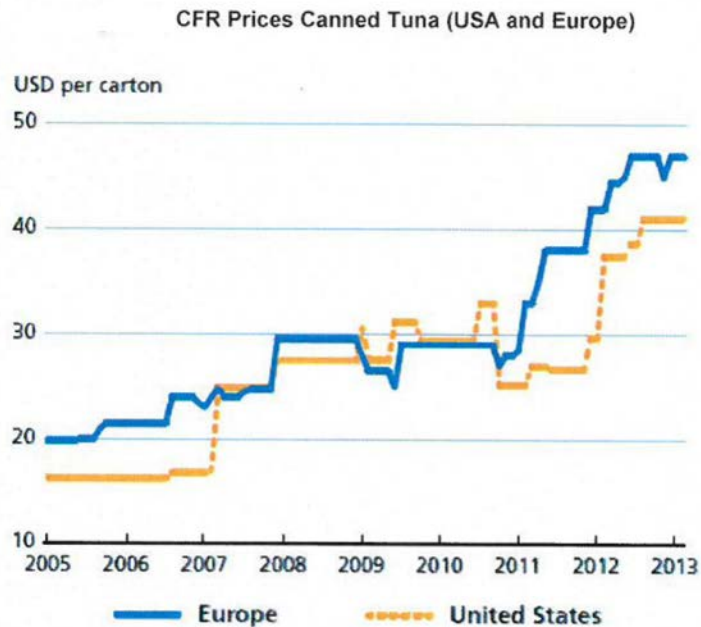
**Figure 2**



Sources: NOAA, National Marine Fisheries Service; UndercurrentNews

1 36. However, since 2005, the price of packaged tuna has skyrocketed (*see* Figure 3  
2 below).

3 **Figure 3**



16 37. In a competitive environment, a decline in demand for a product will normally  
17 lead to a decline in the price of that product. However, because Defendants controlled the market  
18 and agreed with each other to restrict capacity, allocate customers, and fix the prices of Packaged  
19 Seafood, the prices of Packaged Seafood were intentionally and collaboratively set at artificially  
20 high levels throughout the Relevant Period.

21 38. These price increases since the beginning of 2000 were a direct result of  
22 Defendants' conspiracy to restrict capacity, allocate customers, and fix the prices of Packaged  
23 Seafood in the United States. As a result, Plaintiff paid artificially inflated prices for Packaged  
24 Seafood purchased from the Defendants.

25 **B. Defendants' Anticompetitive Conspiracy**

26 39. Beginning at least as early as January 2000 and continuing to the present,  
27 Defendants Tri-Union, Bumble Bee, and StarKist participated together in anticompetitive  
28 communications, including telephone calls (sometimes multiple times a day) and frequent face-  
to-face meetings at pre-arranged locations, including hotels and restaurants. During these



1 meetings and telephone calls, Defendants shared sensitive business information, and entered into  
2 agreements to fix, raise, stabilize, and maintain prices of Packaged Seafood sold to customers in  
3 the United States.

4 40. Senior executives of the three companies met at least twice a year.

5 41. At other times, top executives regularly discussed prices and shared sensitive  
6 customer information.

7 42. Throughout the Relevant Period, Defendants communicated regularly by telephone  
8 to discuss prices and sensitive customer information. For example, during at least one telephone  
9 conversation between Bumble Bee and Starkist executives, Starkist informed Bumble Bee that  
10 StarKist and Tri-Union were in agreement to raise prices.

11 43. As part of the conspiracy, Defendants discussed pricing, and agreed to coordinate  
12 the timing and amount of price increases for Packaged Seafood sold to customers in the United  
13 States. Defendants also agreed to restrict capacity and allocate customers.

14 44. Defendants agreed to exchange, and did exchange, information during their  
15 telephone conversations and meetings for the purpose of monitoring and enforcing adherence to  
16 their agreements.

17 45. Defendants had ample opportunities for collusion. Defendants routinely attended  
18 trade shows and conferences during which they discussed Packaged Seafood pricing and other  
19 aspects of their conspiracy. Defendants also collaborated on many projects during the Relevant  
20 Period, including their joint “Tuna the Wonderfish” advertising campaign and the International  
21 Seafood Sustainability Foundation.

22 46. The “Tuna the Wonderfish” advertising campaign, which ran from early 2011  
23 through early 2012, was designed to stem the tide of declining sales of Packaged Seafood in the  
24 United States. The “Tuna the Wonderfish” campaign gave Defendants ample opportunity to  
25 conspire to raise and fix Packaged Seafood prices. Although the campaign was unsuccessful in  
26 boosting consumption, Defendants nonetheless jointly implemented a price increase in 2012 in  
27 the face of falling demand.  
28

1 47. Defendants Bumble Bee and Tri-Union also co-operate on seafood processing and  
2 packaging. Bumble Bee co-packs for the West Coast for Tri-Union in Bumble Bee's Santa Fe  
3 Springs, California plant, while Tri-Union returns the favor for the East Coast at its Lyons,  
4 Georgia plant.

5 **THE CHARACTERISTICS OF THE UNITED STATES**  
6 **PACKAGED SEAFOOD MARKET ARE CONDUCTIVE TO COLLUSION**

7 48. The structure and characteristics of the Packaged Seafood market in the United  
8 States are conducive to a price-fixing agreement.

9 49. Packaged Seafood is a commodity product that is sold directly to retail chains and  
10 through grocery wholesalers and distributors, such as Plaintiff. Packaged Seafood varieties  
11 contain similar amounts of seafood and are marketed in packages, including, but not limited to,  
12 cans, pouches, and cups. Therefore, purchasers of Packaged Seafood are more likely to be  
13 influenced by price when making a purchasing decision.

14 50. There are substantial barriers that preclude, or reduce, entry into the Packaged  
15 Seafood market, including high start-up costs, manufacturing expertise, access to raw materials,  
16 and access to distribution channels. Therefore, Defendants could collectively raise prices without  
17 fear of being undercut by new entrants.

18 51. Purchasers routinely source their Packaged Seafood from one of the three  
19 Defendants. As a result, Defendants dominate the United States Packaged Seafood market.

20 52. Defendants possessed significant market power to raise prices for Packaged  
21 Seafood above competitive levels in the United States.

22 53. There are no economically reasonable substitutes for Packaged Seafood.  
23 Alternative seafood, such as frozen seafood or fresh seafood, require preparation, such as  
24 cooking, before they can be consumed.

25 **THE DOJ INVESTIGATION**

26 54. The San Francisco office of the antitrust division of the United States Department  
27 of Justice ("DOJ") is conducting an investigation into anticompetitive practices in the United  
28 States Packaged Seafood industry. The DOJ has convened a grand jury, which is believed to have

1 been convened in the Northern District of California. Two of the three largest United States  
2 Packaged Seafood manufacturers, Tri-Union and Bumble Bee, have publicly confirmed receipt of  
3 grand jury subpoenas.

4 55. On July 23, 2015, Thai Union confirmed that its subsidiary, “Tri-Union Seafoods  
5 LLC, operating in the United States under the brand Chicken of the Sea ha[d] received a  
6 subpoena requiring the production of relevant information to the DOJ,” and that “Chicken of the  
7 Sea is cooperating fully with the investigation.”

8 56. As an indication of the seriousness of the DOJ’s investigation, Thai Union, on  
9 July 17, 2015, announced that it had suspended a planned public offering. The company stated  
10 that it wanted additional clarity on this investigation before proceeding with the public offering.  
11 Thai Union has notified the Securities and Exchange Commission of the suspension.

12 57. On July 23, 2015, Bumble Bee acknowledged receipt of a grand jury subpoena,  
13 stating, “The Company did receive a grand jury subpoena relating to a US Department of Justice  
14 investigation into potential antitrust violations in the packaged seafood industry. The Company is  
15 cooperating fully with the investigation.”

16 58. StarKist has not announced whether it received a grand jury subpoena. Upon  
17 information and belief, StarKist applied for admittance into the DOJ’s corporate leniency  
18 program to report Defendants’ price-fixing activity and other anticompetitive conduct violative of  
19 the Sherman Act § 1 in the United States Packaged Seafood market.

20 59. Upon information and belief, StarKist has been accepted into the DOJ corporate  
21 leniency program.

22 **PLAINTIFF SUFFERED ANTITRUST INJURY**

23 60. Defendants’ conspiracy had the following effects, among others:

24 a. Price competition has been restrained or eliminated with respect to  
25 Packaged Seafood; and

26 b. The prices of Packaged Seafood have been fixed, raised, maintained, or  
27 stabilized at artificially inflated levels.  
28



1 employed by Defendants and their co-conspirators to avoid detection of, and fraudulently  
2 conceal, their contract, conspiracy, or combination. Defendants' conspiracy was fraudulently  
3 concealed by various means and methods, including, but not limited to, secret meetings,  
4 misrepresentations to customers, and surreptitious communications among Defendants and their  
5 co-conspirators via telephone or in in-person meetings in order to prevent the existence of written  
6 records.

7 69. Because the alleged conspiracy was affirmatively concealed by Defendants and  
8 their co-conspirators until July 23, 2015, Plaintiff had no knowledge of the alleged conspiracy or  
9 any facts or information that would have caused a reasonably diligent person to investigate  
10 whether a conspiracy existed.

11 70. None of the facts or information available to Plaintiff prior to July 23, 2015, if  
12 investigated with reasonable diligence, could or would have led to the discovery of the conspiracy  
13 prior to July 23, 2015.

14 71. As a result of Defendants' and their co-conspirators' fraudulent concealment of the  
15 conspiracy, the running of any statute of limitations has been tolled with respect to Plaintiff's  
16 claims of anticompetitive conduct alleged in this Complaint.

17 **COUNT I**

18 **VIOLATION OF THE SHERMAN ACT § 1**

19 72. Defendants and their co-conspirators entered into, and engaged in, a contract,  
20 combination, or conspiracy in unreasonable restraint of trade in violation of Section 1 of the  
21 Sherman Act, 15 U.S.C. § 1.

22 73. Defendants' anticompetitive acts were intentionally directed at the United States  
23 Packaged Seafood market, and had a substantial and foreseeable effect on interstate commerce by  
24 raising and fixing Packaged Seafood prices throughout the United States.

25 74. The contract, combination, or conspiracy had the following direct, substantial, and  
26 reasonably foreseeable effects upon commerce in the United States and upon import commerce:

27 a. Prices charged to, and paid by, Plaintiff for Packaged Seafood were  
28 artificially raised, fixed, maintained, or stabilized at supra-competitive levels;



1 E. Grant Plaintiff such other and further relief as the case may require, or as the Court  
2 deems just and proper under the circumstances.

3 **JURY DEMAND**

4 Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiff demand a trial by jury.

5 Dated: October 8, 2015

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