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CRABBERS SUE PACIFIC SEAFOOD FOR ILLEGALLY SUPPRESSING THE PRICES PAID TO CRABBERS FOR DUNGENESS CRAB IN THE PACIFIC NW AREA

SAN FRANCISCO, March 13, 2023 – Longtime California crabber Brand Little filed suit today in federal court in San Francisco, alleging—on behalf of himself and the approximately 1,400 other commercial crabbers in California, Oregon, and coastal Washington (which excludes Puget Sound), alleging that the conglomerate of companies known as Pacific Seafood has artificially suppressed the price paid to crabbers there for at least the last four years.

As alleged in the Complaint, Pacific Seafood—which is one of the largest, if not the largest, fish processors and distributors in the United States—has illegally fixed the prices through a multipronged strategy of monopsonization, coercion, dumping, and secret deals. The alleged actions include:

- A multi-decade program of purchasing and, in many cases, shutting down all of Pacific Seafood’s erstwhile significant Dungeness crab processing competitors in the Pacific NW Area (California, Oregon, and coastal Washington), most recently, San Francisco’s Pezzolo Seafood, in 2022.
- Making anticompetitive agreements, coerced and otherwise, with other fish buyers whereby if those fish buyers comply with Pacific Seafood’s mandates regarding the price to be paid to crabbers, Pacific Seafood will purchase those buyers’ oversupply of crab for a certain amount more. The ability to sell Pacific Seafood such crab is critically important for other fish buyers given the lack of any significant alternative purchaser—because Pacific Seafood has eliminated such competition—and the nature of the fishery.
- Amassing a large captive supply of Dungeness crab by purchasing and operating Dungeness crab boats, itself, and controlling nominally independent boats through illegal tying arrangements that require nominally independent boats to sell Pacific Seafood all the fish they catch, if they want to sell Pacific Seafood any fish they catch. This has been a highly effective strategy given Pacific Seafood’s overwhelming dominance in the wholesale-input markets for other fish.
- Punishing other fish buyers who are not compliant with its pricing dictates by dumping large amounts of cheap crab in portions of the wholesale-retail market in which the non-compliant buyers participate.
- Punishing non-compliant crabbers with group boycotts and other blackball strategies.
- Falsifying the price paid by it to its boats to create a false impression of market prices.

As alleged in the complaint, these strategies, in combination, have given Pacific Seafood extraordinary power over the Pacific NW Area's Dungeness Crab wholesale-input market. Other fish buyers will explicitly refuse to offer crabbers a price for their crab until they are told by Pacific Seafood the price that is to be paid. This has resulted not only in crabbers getting far less than they would in a free market, but also in consistent delays in the opening of Dungeness crab seasons in the Pacific NW Area until after the period of holiday peak demand. This, not coincidentally, allows Pacific Seafood to sell more frozen processed crab (from the season before) during that period.

The suit is being brought by longtime commercial fisher Brand Little. Brand commented, "Pacific Seafood simply needs to take its thumb off the scale and let the free market operate. That's all that we are asking for." He continued, "If Pacific Seafood's manipulation of the Dungeness crab wholesale-input market is not stopped, independent commercial crabbers like myself and the rest of the class will disappear. Instead, there will be just a set of crabbers working for Pacific Seafood on boats owned by it. There will just be a small group of Pacific Seafood sharecroppers, rather than over a thousand independent businesses. I'm not going to sit back and just watch that happen without a fight."

Stuart G. Gross of Gross Klein PC, which represents Brand and the proposed class along with the Joseph Saveri Law Firm, LLP, observed, "Independent crabbers are a critical part of the Pacific NW Area's culture and community. This case is about ensuring that they can still make a decent living, which, in turn, ensures the continued economic survival of the coastal communities that they are a part of." Stuart continued, "As alleged in the complaint, Pacific Seafood is singularly focused on taking for itself all of the profits that Dungeness crab fishery generates, leaving the men and women who risk their lives to pull the crab from the sea, with little to nothing to show for their labor. This case is about economic fairness and equity, the purposes for which federal and California antitrust laws were enacted."

The case is captioned, *Little v. Pacific Seafood Procurement, et al.*, No. 23-cv-1098, and was filed in the Northern District of California. The case brings claims under the federal Sherman Act Sections 1 and 2, the California Cartwright Act, and other provisions of California competition and unfair business practices law. It seeks compensation for the proposed class, as well as injunctive relief, including orders limiting Pacific Seafood's participation in the Dungeness crab wholesale-input market.

Joining Stuart G. Gross from Gross Klein PC, on the case, are Travis H.A. Smith and Ross A. Middlemiss. For the Joseph Saveri Law Firm, LLP, are Steven N. Williams, Ronnie S. Spiegel, and Elissa A. Buchanan.

A copy of the complaint is included herewith.