

STATE OF MINNESOTA  
COUNTY OF HENNEPIN

DISTRICT COURT  
FOURTH JUDICIAL DISTRICT

Case Type: Civil Other  
(Consumer Protection)

State of Minnesota, by its Attorney General,  
Keith Ellison,

Court File No. 27-CV-21-10810  
Hon. Jamie L. Anderson

Plaintiff,

**CONSENT JUDGMENT**

vs.

Sparboe Farms, Inc.,

Defendant.

WHEREAS, on March 20, 2020, as a result of the COVID-19 pandemic, Minnesota Governor Tim Walz issued Executive Order 20-10, which prohibited persons from selling, offering to sell, or causing to sell essential consumer goods or services for unconscionably excessive prices, defined to include an increase in sales prices of more than 20%, beginning at 5:00 p.m. on March 21, 2020 and continuing for the duration of the peacetime emergency declared in Executive Order 20-01 on March 13, 2020. Executive Order 20-10 designated the Attorney General's Office as the sole investigator and enforcer of the Order.

WHEREAS, Plaintiff, State of Minnesota, by its Attorney General, Keith Ellison ("AGO" or "Attorney General"), filed a First Amended Complaint against Sparboe Farms, Inc. ("Sparboe"), alleging that Sparboe sold, offered to sell, and caused to sell eggs to its wholesale customers in Minnesota for prices greater than the 20% threshold set forth in Executive Order 20-10;

WHEREAS, Sparboe has not submitted an answer or other responsive pleading to the State's First Amended Complaint. Sparboe denies that it violated any laws, including Executive

Order 20-10, and asserts that Sparboe only sold eggs pursuant to its long-term contracts with its wholesale customers applying the contractually required pricing mechanism, which is variable based on the published egg market prices quoted by Uner Barry, an independent third-party over which Sparboe has no control.

WHEREAS, the AGO and Sparboe (collectively, the “Parties”) desire to resolve fully the claims set forth in the First Amended Complaint, as well as any claims that could have been brought by the Parties connected with or arising out of the allegations in the First Amended Complaint, by this Consent Judgment and Order (“Consent Judgment”);

NOW THEREFORE, the AGO and Sparboe hereby agree to entry of an order with the following terms and conditions:

#### **EGG DONATION**

1. In accordance with Rule 65.04 of the Minnesota Rules of Civil Procedure, Sparboe must comply with the following injunctive terms and provisions:

a. Sparboe will donate ninety thousand (90,000) dozen eggs (1,080,000 eggs in total) to one or more Minnesota nonprofit organizations for the purpose of combatting hunger and food insecurity in Minnesota. Sparboe must use commercially reasonable efforts to coordinate its egg donations and choice of nonprofit organizations to ensure that the eggs are distributed equitably throughout the state of Minnesota. Sparboe will select the donation recipients in accordance with the requirements of paragraphs 1(a)-(g) of this Consent Judgment. In donating the eggs, Sparboe will select the type, and the manner of packaging materials and other logistical matters.

b. Sparboe must complete these egg donations within eighteen (18) months of entry of this Consent Judgment and Order. Sparboe shall deliver such eggs to the nonprofit

organizations in Minnesota at Sparboe's own expense, on dates and times that are acceptable and reasonably convenient for the nonprofit organizations.

c. Eggs donated by Sparboe pursuant to this Consent Judgment shall be of a quality identical to that of eggs sold by Sparboe for retail sale at grocery stores in Minnesota.

d. For the avoidance of doubt, Sparboe shall charge no prices or fees to the nonprofit organizations in consideration of the donated eggs or their packaging, storage, shipping, or any other task related to the donation.

e. If requested by the AGO, Sparboe must provide information and documents to the AGO regarding the status and progression of Sparboe's donations at any time before Sparboe has completed its egg donation.

f. When Sparboe has completed its donations of all eggs, Sparboe will provide to the AGO an affidavit certifying its completion of these donations, including the date of each donation, the amount of each donation, and the recipient of each donation.

g. If Sparboe believes that it will be unable to complete the egg donations within eighteen (18) months of entry of this Consent Judgment due to unforeseen financial or operational difficulties, or due to an act of God or nature, Sparboe must provide notice of its potential failure to comply to the AGO as soon as possible, including by providing all information and documents substantiating Sparboe's claimed inability to timely complete the egg donations. After notice is provided and Sparboe has cooperated with any reasonable requests by the AGO for additional information or documents, the Parties will negotiate in good faith regarding whether to reasonably extend the donation period by written mutual agreement such that the full donation amount is satisfied.

2. Sparboe must fulfill the terms of this Consent Judgment, and all of its parents, subsidiaries, and successors must be bound by this Consent Judgment as if they had signed this Consent Judgment, so as to accomplish the full relief contemplated by this Consent Judgment. Sparboe must not effect any change in its form of doing business, organizational identity, organizational structure, affiliations, ownership, or management composition as a method or means of attempting to avoid the requirements of this Consent Judgment; provided, however, nothing in this Consent Judgment shall prohibit Sparboe from changing its form of doing business, organizational identity, organizational structure, affiliations, ownership, or management composition if done for legitimate business reasons that do not avoid the requirements of this Consent Judgment. Notwithstanding the foregoing, upon any such change, Sparboe, or its successors or assigns, shall remain obligated to complete the egg donation within the agreed-upon time.

### **GENERAL TERMS**

3. This Consent Judgment is neither admission nor denial of liability by Sparboe. This Consent Judgment does not waive or limit any positions or defenses, including those based on constitutional rights, that the Parties have asserted or may assert in any other action or matter.

4. Nothing in this Consent Judgment relieves Sparboe of its obligation to comply with all applicable Minnesota and federal laws and regulations.

5. In consideration of the stipulated relief and contingent upon the Court's entry of this Consent Judgment and Order, the Attorney General and Sparboe, by execution of this Consent Judgment, hereby fully and completely release the other party, and any of its owners, affiliates, and employees, of any and all claims, causes of action, penalties, fines, damages, and fees raised or which could have been raised by the Parties connected with or arising out of the allegations in

the above-captioned action, up to and including the date of this Consent Judgment. The Attorney General through this Consent Judgment does not settle, release, or resolve any claim against Sparboe or any other person or entity involving any private causes of action, claims, and remedies, including, but not limited to, private causes of action, claims, or remedies provided for under Minn. Stat. § 8.31. The Parties expressly acknowledge that this Consent Judgment resolves any Party's claim or potential claim arising from the allegations in the First Amended Complaint, including, without limitation, Sparboe's sale of eggs under its preexisting contracts, Sparboe's compliance or lack of compliance with Executive Order 20-10, the validity of Executive Order 20-10, or the Attorney General's enforcement of Executive Order 20-10.

6. Within 30 days after entry of this Consent Judgment, the AGO will destroy all copies of all documents and electronically stored information received from Sparboe related to the Attorney General's investigation and the above-captioned action, except for any copies the AGO is required to retain for professional liability and professional responsibility purposes or as required to comply with Minnesota Statutes section 15.17.

7. This Consent Judgment may be executed in counterparts, each of which constitutes an original, and all of which constitute one and the same agreement. This Consent Judgment may be executed by facsimile or electronic copy in any image format.

8. The person signing this Consent Judgment for Sparboe warrants that Sparboe has authorized the person to execute this Consent Judgment, that Sparboe has been fully advised by its counsel before entering into the Consent Judgment, and that they execute this Consent Judgment in an official capacity that binds Sparboe and its successors.

9. This Consent Judgment constitutes the full and complete terms of the agreement entered into by Sparboe and the Attorney General.

10. The Parties agree that this Consent Judgment, including any issues related to interpretation or enforcement, are governed by the laws of the State of Minnesota.

11. The Hennepin County District Court retains jurisdiction of this matter for purposes of enforcing this Consent Judgment. The Attorney General may make such application as appropriate to enforce or interpret the provisions of this Consent Judgment or, in the alternative, maintain any action within his legal authority for such other and further relief as he determines is proper and necessary for the enforcement of this Consent Judgment. The parties agree that, in any action brought by the Attorney General to enforce the terms of this Consent Judgment, the Court has the authority to award equitable relief, including specific performance in the form of compelling Sparboe to comply with the egg donation in accordance with the terms of this Consent Judgment.

12. To the extent not already provided under this Consent Judgment, Sparboe shall fully, truthfully, and promptly cooperate with the AGO by promptly providing information or documents reasonably requested by the AGO to demonstrate Sparboe's egg donations. For the avoidance of doubt, nothing in this Consent Judgment requires Sparboe to provide any information or documents to the AGO that do not relate to Sparboe's egg donations made in compliance with this Agreement.

13. The failure of a party to exercise any rights under this Consent Judgment will not be deemed to be a waiver of any right or any future rights.

14. Nothing in this Consent Judgment should be construed to limit the power or authority of the State of Minnesota or the Attorney General except as expressly set forth herein.

15. Each of the parties is represented by counsel, participated in the drafting of this Consent Judgment, and agrees that the Consent Judgment's terms may not be construed against or in favor of any of the parties by virtue of draftsmanship.

16. Each party must perform such further acts and execute and deliver such further documents as may reasonably be necessary to carry out this Consent Judgment.

17. Sparboe will not state or imply, directly or indirectly, that the State of Minnesota or the Attorney General have approved of, condone, or agree with any conduct or actions by Sparboe.

18. Service of notices required by this Consent Judgment must be served on the following persons, or any person subsequently designated by the parties to receive such notices:

Eric J. Maloney, Assistant Attorney General  
Office of the Minnesota Attorney General  
445 Minnesota Street, Suite 1200  
St. Paul, Minnesota 55101  
eric.maloney@ag.state.mn.us

Troy Hutchinson  
Rock Hutchinson, PLLP  
120 South Sixth Street, Suite 2050  
Minneapolis, MN 55402  
thutchinson@rockhutchinson.com

19. The Parties consent to entry of the foregoing judgment, which constitutes a final judgment. The judgment will take effect immediately upon entry by the clerk of this Court.

KEITH ELLISON  
Attorney General  
State of Minnesota

Date: 10/22/2021

By:   
Eric J. Maloney  
Assistant Attorney General

SPARBOE FARMS, INC.

Date: ~~10/21/22~~ 10/22/2021  
EJM

By:   
Beth Schnell, Chief Executive Officer  
Sparboe Farms, Inc.

**ORDER**

Having reviewed the terms of the foregoing Consent Judgment, which is incorporated herein by reference, and which the Court finds reasonable and appropriate, it is SO ORDERED.

Dated: \_\_\_\_\_

\_\_\_\_\_  
The Honorable Jamie L. Anderson  
Judge of Hennepin County District Court

THERE BEING NO CAUSE FOR FURTHER DELAY, LET JUDGMENT BE ENTERED IMMEDIATELY.