

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 Sanderson Farms securities between December 17, 2013 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. Sanderson Farms, an integrated poultry processing company, produces, processes, markets, and distributes fresh, frozen, and prepared chicken products in the United States. The Company sells ice pack, chill pack, bulk pack, and frozen chicken in whole, cut-up, and boneless form primarily under the Sanderson Farms brand name to retailers, distributors, and casual dining operators in the United States, as well as to customers who resell frozen chicken in the export markets. Sanderson Farms’ prepared chicken product line includes institutional and consumer packaged partially cooked or marinated chicken items for distributors and food service establishments.

3. Sanderson Farms was founded in 1947 and is headquartered in Laurel, Mississippi. Sanderson Farms’ stock trades on the NASDAQ Global Select Market (“NASDAQ”) under the ticker symbol “SAFM.”

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) Sanderson Farms 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, Sanderson Farms’ revenues during the Class Period were the result of illegal

conduct; and (iv) as a result of the foregoing, Sanderson Farms' public statements were materially false and misleading at all relevant times.

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

6. Other antitrust lawsuits quickly followed. On October 4, 2016, a group of individual consumers filed an antitrust class action complaint in U.S. District Court for the Northern District of Illinois (the "Monahan Complaint") against Sanderson Farms and several of its industry peers, including Tyson, alleging violations of the Sherman Act.² Specifically, the Monahan Complaint alleged, in part:

[Defendants] now electronically transfer vast amounts of production data . . . [to] provide[] Defendant Producers with sufficient detail to determine with reasonable accuracy producer-level data on production, cost, and general efficiencies. This permits the Defendant Producers to share, on a weekly and/or monthly basis, their confidential production and pricing information, including forward-looking production information, which is easily forecasted on Broiler breeder flock data that is reported and shared.

...

Defendant Producers' restriction of Broiler supply had the intended purpose and effect of increasing Broiler prices to Plaintiffs and the Class. As a result of Defendant Producers' unlawful conduct, Plaintiffs and the other members of the Class paid artificially inflated prices for Broilers during the Class Period.

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

² *Monahan et al. v. Koch Foods, Inc. et al.*, 1:16-cv-09490 (N.D. Ill. Oct. 4, 2016).

7. Following the filing of the Monahan Complaint, Sanderson Farms' share price fell \$3.98, or 4.14%, to close at \$92.21 on October 4, 2016.

8. On October 7, 2016, Pivotal Research downgraded Tyson from "Hold" to "Sell." Explaining the downgrade, analyst Timothy Ramey directed investors' attention to the "powerfully convincing" allegations of price manipulation by Sanderson Farms, Tyson, and their industry peers.

9. On news of the downgrade by Pivotal Research, Sanderson Farms' share price fell \$4.03, or 4.32%, to close at \$89.15 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 §§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 §27 of the Exchange Act and 28 U.S.C. §1391(b). Sanderson Farms' stock trades on the NASDAQ, located within this Judicial District.

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 Sanderson Farms securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

16. Defendant Sanderson Farms is incorporated under the laws of Mississippi. The Company's principal executive offices are located at 127 Flynt Road, Laurel, Mississippi 39443. Sanderson Farms' common stock trades on the NASDAQ under the ticker symbol "SAFM."

17. Defendant Joe F. Sanderson Jr. ("Sanderson") has served at all relevant times as the Company's Chief Executive Officer and Chairman.

18. Defendant Michael Cockrell ("Cockrell") has served at all relevant times as the Company's Chief Financial Officer, Treasurer, and Director.

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

SUBSTANTIVE ALLEGATIONS

Background

20. Sanderson Farms, an integrated poultry processing company, produces, processes, markets, and distributes fresh, frozen, and prepared chicken products in the United States. The Company sells ice pack, chill pack, bulk pack, and frozen chicken in whole, cut-up, and boneless form primarily under the Sanderson Farms brand name to retailers, distributors, and casual dining operators in the United States, as well as to customers who resell frozen chicken in the export markets. Sanderson Farms' prepared chicken product line includes institutional and consumer

packaged partially cooked or marinated chicken items for distributors and food service establishments.

Materially False and Misleading Statements Issued During the Class Period

21. The Class Period begins on December 17, 2013, when Sanderson Farms filed an Annual Report on Form 10-K with the SEC, announcing the Company's financial and operating results for the quarter and fiscal year ended October 31, 2013 (the "2013 10-K"). For the quarter, the Company reported net income of \$45.27 million, or \$1.97 per diluted share, on revenue of \$727.06 million, compared to net income of \$9.35 million, or \$0.41 per diluted share, on revenue of \$648.38 million for the same period in the prior year. For fiscal year 2013, the Company reported net income of \$130.62 million, or \$5.68 per diluted share, on revenue of \$2.68 billion, compared to net income of \$53.94 million, or \$2.35 per diluted share, on revenue of \$2.39 billion for fiscal year 2012.

22. In the 2013 10-K, Sanderson Farms stated, in part:

Competition

The Registrant [Sanderson Farms] is subject to significant competition from regional and national firms in all markets in which it competes. Some of the Registrant's competitors have greater financial and marketing resources than the Registrant.

The primary methods of competition are price, product quality, number of products offered, brand awareness and customer service. The Registrant has emphasized product quality and brand awareness through its advertising strategy.

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 February 25, 2014, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended January 31, 2014 (the "Q1 2014 10-Q"). For the quarter, the Company reported net income of \$28.87 million, or \$1.25 per diluted share, on revenue of \$584.88 million, compared to a net loss of \$6.94 million, or \$0.31 per diluted share, on revenue of \$595.76 million for the same period in the prior year.

25. 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.

26. On February 25, 2014, Sanderson also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q1 2014 10-Q (the "Q1 2014 8-K"). In the Q1 2014 8-K, Defendant Sanderson stated, in part:

While broiler egg sets have been higher than the previous year's levels most every week since last August, the industry remains constrained by limited breeder stock supplies. As a result, we don't expect a significant increase in domestic chicken production until the second half of calendar 2014 at the earliest. Healthy, fully employed and confident American consumers could easily absorb the additional chicken production indicated by higher broiler egg sets if we see further improvement in macroeconomic conditions.

27. On May 29, 2014, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended April 30, 2014 (the "Q2 2014 10-Q"). For the quarter, the Company reported net income of \$50.99 million, or \$2.21 per diluted share, on revenue of \$660.72 million, compared to net income of

\$24.37 million, or \$1.06 per diluted share, on revenue of \$621.20 million for the same period in the prior year.

28. 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.

29. On May 29, 2014, Sanderson also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q2 2014 10-Q (the "Q2 2014 8-K"). In the Q2 2014 8-K, Defendant Sanderson stated, in part:

Looking ahead, we are reasonably optimistic as we head into the summer months and what is typically the peak demand period for chicken. Total grain costs have moved higher but remain below last year's prices, and demand for chicken products is expected to remain strong. Weekly broiler egg sets continue to run slightly above last year's numbers, but breeder placements remain constrained. It appears the reduced size of the breeder flock will constrain production over the short term despite higher industry returns. While macroeconomic conditions continue to affect consumer behavior, market prices for boneless breast meat sold to our food service customers improved through April and May, and market prices for retail grocery store products have also moved higher. Regardless of market conditions, however, we will maintain our focus on maximizing our operating performance and sales execution.

30. On August 26, 2014, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended July 31, 2014 (the "Q3 2014 10-Q"). For the quarter, the Company reported net income of \$76.08 million, or \$3.30 per diluted share, on revenue of \$768.40 million, compared to net income of \$67.92 million, or \$2.95 per diluted share, on revenue of \$738.96 million for the same period in the prior year.

31. 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.

32. On August 26, 2014, Sanderson also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q3 2014 10-Q (the "Q3 2014 8-K"). In the Q3 2014 8-K, Defendant Sanderson stated, in part:

Sanderson Farms' financial results for the third quarter of fiscal 2014 reflect continued favorable market conditions. . . . Market prices for poultry products were higher than the third quarter of fiscal 2013, as the Georgia Dock whole bird price remained historically high during the quarter. The higher Georgia Dock price reflects good retail grocery store demand. While boneless breast meat prices peaked below last year's high, they remained above \$2.00 per pound through June and into July.

33. On December 18, 2014, Sanderson Farms filed an Annual Report on Form 10-K with the SEC, announcing the Company's financial and operating results for the quarter and fiscal year ended October 31, 2014 (the "2014 10-K"). For the quarter, the Company reported net income of \$93.11 million, or \$4.04 per diluted share, on revenue of \$760.85 million, compared to net income of \$45.27 million, or \$1.97 per diluted share, on revenue of \$727.06 million for the same period in the prior year. For fiscal year 2014, the Company reported net income of \$249.05 million, or \$10.80 per diluted share, on revenue of \$2.77 billion, compared to net income of \$130.62 million, or \$5.68 per diluted share, on revenue of \$2.68 billion for fiscal year 2013.

34. In the 2014 10-K, Sanderson Farms stated, in part:

Competition

The Registrant is subject to significant competition from regional and national firms in all markets in which it competes. Some of the Registrant's competitors have greater financial and marketing resources than the Registrant.

The primary methods of competition are price, product quality, number of products offered, brand awareness and customer service. The Registrant has emphasized product quality and brand awareness through its advertising strategy.

35. 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.

36. On December 18, 2014, Sanderson Farms also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the 2014 10-K (the "2014 8-K"). In the 2014 8-K, Defendant Sanderson stated, in part:

The fourth quarter of fiscal 2014 marked a strong finish to a successful year for Sanderson Farms. . . . We reported record annual sales of \$2.775 billion, a 3.4 percent increase over fiscal 2013. While poultry markets improved only slightly compared to fiscal 2013, grain prices, especially corn prices, were significantly lower during the year when compared to fiscal 2013. For the year, we sold 3.045 billion pounds of dressed poultry, another record, compared with 3.031 billion pounds in fiscal 2013.

37. On February 24, 2015, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended January 31, 2015 (the "Q1 2015 10-Q"). For the quarter, the Company reported net income of \$66.50 million, or \$2.87 per diluted share, on revenue of \$667.36 million, compared to net income of \$28.87 million, or \$1.25 per diluted share, on revenue of \$584.88 million for the same period in the prior year.

38. 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.

39. On February 24, 2015, Sanderson Farms also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q1 2015 10-Q (the "Q1 2015 8-K"). In the Q1 2015 8-K, Defendant Sanderson stated, in part:

Our results for the first quarter marked a solid start to the fiscal year . . .

Broiler egg sets have been higher than the previous year's levels every week since last summer, and the industry has also increased breeder stock supplies. Financially healthy, fully employed and confident American consumers could absorb the additional chicken production indicated by higher broiler egg sets if we see continued improvement in macroeconomic conditions and relatively low gasoline prices.

40. On May 28, 2015, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended April 30, 2015 (the "Q2 2015 10-Q"). For the quarter, the Company reported net income of \$71.25 million, or \$3.13 per diluted share, on revenue of \$716.59 million, compared to net income of \$50.99 million, or \$2.21 per diluted share, on revenue of \$660.72 million for the same period in the prior year.

41. 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.

42. On May 28, 2015, Sanderson Farms also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q2 2015 10-Q (the “Q2 2015 8-K”). In the Q2 2015 8-K, Defendant Sanderson stated, in part:

Looking ahead, we are optimistic as we head into the summer months and what is typically the peak demand period for chicken. Total grain costs remain below last year’s prices, and demand for chicken products remains strong. Weekly broiler egg sets continue to run above last year’s numbers, and breeder placements are higher. However, macroeconomic conditions continue to improve, and the market has absorbed the increased production well during the first half of our fiscal year. Market prices for boneless breast meat sold to our food service customers improved through April, and market prices for retail grocery store products remain at record levels. Regardless of market conditions, however, we will maintain our focus on maximizing our operating performance and sales execution.

43. On August 25, 2015, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company’s financial and operating results for the quarter ended July 31, 2015 (the “Q3 2015 10-Q”). For the quarter, the Company reported net income of \$50.88 million, or \$2.27 per diluted share, on revenue of \$739.93 million, compared to net income of \$76.08 million, or \$3.30 per diluted share, on revenue of \$768.40 million for the same period in the prior year.

44. 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.

45. On August 25, 2015, Sanderson Farms also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q3 2015 10-Q (the “Q3 2015 8-K”). In the Q3 2015 8-K, Defendant Sanderson stated, in part, that “Sanderson Farms’ financial results

for the third quarter of fiscal 2015 reflect continued good demand for fresh chicken at retail grocery stores, which demand was reflected in a Georgia dock whole bird price that remained near record levels during the quarter.”

46. On December 17, 2015, Sanderson Farms filed an Annual Report on Form 10-K with the SEC, announcing the Company’s financial and operating results for the quarter and fiscal year ended October 31, 2015 (the “2015 10-K”). For the quarter, the Company reported net income of \$27.37 million, or \$1.22 per diluted share, on revenue of \$679.59 million, compared to net income of \$93.11 million, or \$4.04 per diluted share, on revenue of \$760.85 million for the same period in the prior year. For fiscal year 2015, the Company reported net income of \$216 million, or \$9.52 per diluted share, on revenue of \$2.80 billion, compared to net income of \$249.05 million, or \$10.80 per diluted share, on revenue of \$2.77 billion for fiscal year 2014.

47. In the 2015 10-K, Sanderson Farms stated, in part:

Competition

The Registrant is subject to significant competition from regional and national firms in all markets in which it competes. Some of the Registrant’s competitors have greater financial and marketing resources than the Registrant.

The primary methods of competition are price, product quality, number of products offered, brand awareness and customer service. The Registrant has emphasized product quality and brand awareness through its advertising strategy.

48. 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.

49. On December 18, 2015, Sanderson Farms issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial

and operating results previously announced in the 2015 10-K (the “2015 8-K”). In the 2015 8-K, Defendant Sanderson stated, in part:

The fourth quarter of fiscal 2014 marked a strong finish to a successful year for Sanderson Farms. . . . We reported record annual sales of \$2.775 billion, a 3.4 percent increase over fiscal 2013. While poultry markets improved only slightly compared to fiscal 2013, grain prices, especially corn prices, were significantly lower during the year when compared to fiscal 2013. For the year, we sold 3.045 billion pounds of dressed poultry, another record, compared with 3.031 billion pounds in fiscal 2013.

50. On February 25, 2016, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company’s financial and operating results for the quarter ended January 31, 2016 (the “Q1 2016 10-Q”). For the quarter, the Company reported net income of \$10.68 million, or \$0.47 per diluted share, on revenue of \$605.17 million, compared to net income of \$66.50 million, or \$2.87 per diluted share, on revenue of \$667.36 million for the same period in the prior year.

51. 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.

52. On February 25, 2016, Sanderson Farms also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q1 2016 10-Q (the “Q1 2016 8-K”). In the Q1 2016 8-K, Defendant Sanderson stated, in part, that “broiler egg sets have been only slightly higher than the previous year’s levels in recent weeks and, we believe, reflect caution on the part of some in light of the challenging export market environment.”

53. On May 26, 2016, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended April 30, 2016 (the "Q2 2016 10-Q"). For the quarter, the Company reported net income of \$47.60 million, or \$2.11 per diluted share, on revenue of \$692.09 million, compared to net income of \$71.25 million, or \$3.13 per diluted share, on revenue of \$716.59 million for the same period in the prior year.

54. 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.

55. On May 26, 2016, Sanderson Farms also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q2 2016 10-Q (the "Q2 2016 8-K"). In the Q2 2016 8-K, Defendant Sanderson stated, in part:

With respect to production numbers, while 2016 breeder placements have significantly outpaced 2015 placements, it appears many of those breeders have been placed to produce hatching eggs for export markets. Broiler egg sets in domestic hatcheries over the past few weeks continue to run below last year's numbers, while broiler live weights were up approximately 1.5 percent through March. The current USDA forecast for broiler production during calendar 2016 to increase approximately 2.8 percent over calendar 2015 seems reasonable, but may prove to be high should egg sets continue to trail last year's numbers.

56. On August 25, 2016, Sanderson Farms filed a Quarterly Report on Form 10-Q with the SEC, announcing the Company's financial and operating results for the quarter ended July 31, 2016 (the "Q3 2016 10-Q"). For the quarter, the Company reported net income of \$54.72 million, or \$2.42 per diluted share, on revenue of \$727.99 million, compared to net income of \$50.88

million, or \$2.27 per diluted share, on revenue of \$739.93 million for the same period in the prior year.

57. The Q3 2016 10-Q contained signed certifications pursuant to SOX by the Individual Defendants, stating that the financial information contained in the Q3 2016 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

58. On August 25, 2016, Sanderson Farms also issued a press release, subsequently filed as an Exhibit to a Current Report on Form 8-K with the SEC, reiterating certain of the financial and operating results previously announced in the Q3 2016 10-Q (the "Q3 2016 8-K"). In the Q3 2016 8-K, Defendant Sanderson stated, in part:

Sanderson Farms' financial results for the third quarter of fiscal 2016 reflect a continued favorable balance of the supply and demand for fresh chicken sold to retail grocery store customers. . . . That balance was reflected in a Georgia Dock whole bird price that, while lower on average than during last year's third fiscal quarter, remained strong during the current third fiscal quarter. Market prices for products from our plants that process a larger bird were mixed during the quarter when compared with last year's third fiscal quarter.

59. The statements referenced in ¶¶ 21-58 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) Sanderson Farms 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, Sanderson Farms' revenues during the Class Period were the result of illegal conduct; and (iv) as a result of the foregoing, Sanderson Farms' public statements were materially false and misleading at all relevant times.

The Truth Emerges

60. On October 4, 2016, following the filing of several antitrust complaints against chicken producers, a group of individual consumers filed an antitrust class action complaint in U.S. District Court for the Northern District of Illinois against Sanderson Farms and several of its industry peers, including Tyson, alleging violations of the Sherman Act. Specifically, the Monahan Complaint alleged, in part:

[Defendants] now electronically transfer vast amounts of production data . . . [to] provide[] Defendant Producers with sufficient detail to determine with reasonable accuracy producer-level data on production, cost, and general efficiencies. This permits the Defendant Producers to share, on a weekly and/or monthly basis, their confidential production and pricing information, including forward-looking production information, which is easily forecasted on Broiler breeder flock data that is reported and shared.

. . .

Defendant Producers' restriction of Broiler supply had the intended purpose and effect of increasing Broiler prices to Plaintiffs and the Class. As a result of Defendant Producers' unlawful conduct, Plaintiffs and the other members of the Class paid artificially inflated prices for Broilers during the Class Period.

61. Following the filing of the Monahan Complaint, Sanderson Farms' share price fell \$3.98, or 4.14%, to close at \$92.21 on October 4, 2016.

62. On October 7, 2016, Pivotal Research downgraded Tyson from "Hold" to "Sell." Explaining the downgrade, analyst Timothy Ramey directed investors' attention to the "powerfully convincing" allegations of price manipulation by Sanderson Farms, Tyson, and their industry peers.

63. On news of the downgrade by Pivotal Research, Sanderson Farms' share price fell \$4.03, or 4.32%, to close at \$89.15 on October 7, 2016.

64. 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

65. 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 Sanderson Farms 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.

66. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Sanderson Farms securities were actively traded on the NASDAQ. 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 Sanderson Farms 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.

67. 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.

68. 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.

69. 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 Sanderson Farms;
- whether the Individual Defendants caused Sanderson Farms 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 Sanderson Farms 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.

70. 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.

71. 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;
- Sanderson Farms 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 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 Sanderson Farms 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.

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

73. 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)

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

75. 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.

76. 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 Sanderson Farms securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Sanderson Farms 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.

77. 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 Sanderson Farms 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 Sanderson Farms' finances and business prospects.

78. By virtue of their positions at Sanderson Farms, 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.

79. 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 Sanderson Farms securities from their personal portfolios.

80. 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 Sanderson Farms, the Individual Defendants had knowledge of the details of Sanderson Farms' internal affairs.

81. 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 Sanderson Farms. 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 Sanderson Farms' 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 Sanderson Farms securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Sanderson Farms' business and financial condition which were concealed by Defendants, Plaintiff and the other members of the

Class purchased or otherwise acquired Sanderson Farms 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.

82. During the Class Period, Sanderson Farms 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 Sanderson Farms 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 Sanderson Farms securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Sanderson Farms securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

83. 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.

84. 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)

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

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

87. 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 Sanderson Farms' financial condition and results of operations, and to correct promptly any public statements issued by Sanderson Farms which had become materially false or misleading.

88. 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 Sanderson Farms disseminated in the marketplace during the Class Period concerning Sanderson Farms' results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Sanderson Farms to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Sanderson Farms 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 Sanderson Farms securities.

89. Each of the Individual Defendants, therefore, acted as a controlling person of Sanderson Farms. By reason of their senior management positions and/or being directors of

Sanderson Farms, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Sanderson Farms to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Sanderson Farms 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.

90. 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 Sanderson Farms.

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.

Dated: October 28, 2016

Respectfully submitted,

POMERANTZ LLP

/s/ Jeremy A. Lieberman

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Attorneys for Plaintiff

Plaintiff's Certification

I, Gordon Gamm, certify that:

1. Plaintiff has reviewed the complaint and authorized its filing.
2. Plaintiff did not purchase the security that is the subject of the complaint at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.
3. Plaintiff is willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff's transactions in the security that is the subject of the complaint during the class period specified in the complaint are as follows:

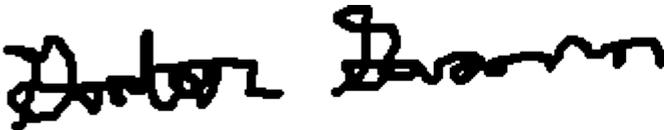
I bought 2569 shares on 10/03/2016 at \$96.63

I sold 2569 shares on 10/05/2016 at \$92.71

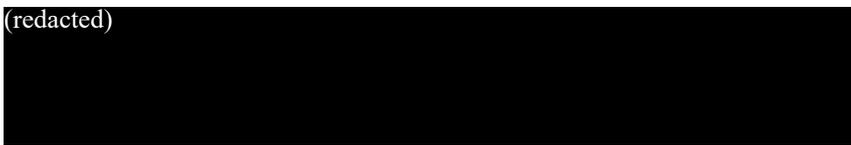
5. Plaintiff has not sought to serve, or served, as a representative party on behalf of a class under this title during the 3-year period preceding the date on which this certification is signed, except as follows:
6. Plaintiff will not accept any payment for serving as a representative party on behalf of a class beyond the plaintiff's pro rata share of any recovery, except as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: 10/24/2016



(redacted)



SANDERSON FARMS INC (SAFM)

Gamm, Gordon

LIST OF PURCHASES AND SALES

DATE	PURCHASE OR SALE	NUMBER OF SHS/UTS	PRICE PER SH/UT
10/3/2016	Purchase	2,569	\$96.6300
10/5/2016	Sale	2,569	\$92.7100