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Department of Justice

Office of Public Affairs

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Justice Department Requires Divestitures as Dean Foods Sells Fluid Milk Processing Plants to DFA out of Bankruptcy

Department Also Closes Investigation into Acquisition of Other Dean Plants by Prairie Farms

The Department of Justice announced today the conclusion of its investigation into proposed acquisitions by Dairy Farmers of America Inc. (DFA) and Prairie Farms Dairy Inc. (Prairie Farms) of fluid milk processing plants from Dean Foods Company (Dean) out of bankruptcy. The department's investigation was conducted against the backdrop of unprecedented challenges in the dairy industry, with the two largest fluid milk processors in the U.S., Dean and Borden Dairy Company, in bankruptcy, and Dean faced with imminent liquidation.

The department's Antitrust Division, along with the offices of the Massachusetts and Wisconsin attorneys general (Plaintiff States), filed a civil antitrust lawsuit today in the U.S. District Court for the Northern District of Illinois to block DFA's proposed acquisition of three fluid milk processing plants from Dean, which are located in northeastern Illinois, Wisconsin, and New England. At the same time, the department filed a proposed settlement that, if approved by the court, would resolve the competitive harm alleged in the lawsuit through the divestiture of plants located in Harvard, Illinois; De Pere, Wisconsin; and Franklin, Massachusetts, as well as associated equipment and other assets related to fluid milk production, to an acquirer or acquirers approved by the U.S. During its investigation, the department also expressed concerns to DFA and Dean about the potential loss of competition if DFA were to acquire a number of Dean's fluid milk processing plants in the Upper Midwest, and DFA subsequently ceased its efforts to acquire those plants.

The department is also closing its investigation into Prairie Farms' proposed acquisition of fluid milk processing plants from Dean in the South and Midwest after concluding that the plants at issue likely would be shut down if not purchased by Prairie Farms because of Dean's distressed financial condition and the lack of alternate operators who could timely buy the plants.

"This is a tumultuous time for the dairy industry, with the two largest fluid milk processors, Dean and Borden Dairy Company, in bankruptcy, and a pandemic causing demand for milk by schools and restaurants to collapse. In the face of these challenges and Dean's worsening financial condition, the department conducted a fast but comprehensive investigation, and our actions today preserve competition for fluid milk processing in northeastern Illinois, Wisconsin, and in New England," said Assistant Attorney General Makan Delrahim of the Antitrust Division. "In addition, the closing of the department's investigation into Prairie Farms' acquisition will preserve necessary outlets for dairy farmers and keep milk on consumers' refrigerator shelves by keeping the plants in operation."

"I am very happy that we've been able to help protect competition in the dairy industry here in Wisconsin," said Wisconsin Attorney General Joshua L. Kaul. "While strong competition in the market is always important, it's incredibly important now, as we're living through a pandemic. Our supply chain must have robust competition to ensure a continued supply of milk to those who need it."

Today's settlement with DFA and Dean will ensure the continued operation of dozens of fluid milk plants and that supermarkets, schools, convenience stores, hospitals, and other consumers of fluid milk are not harmed by the loss of Dean's processing plants due to its bankruptcy.

DFA is a Kansas cooperative marketing association headquartered in Kansas City, Kansas. It has nearly 14,000 farmer-members across the United States. DFA had 2018 revenues of \$13.6 billion.

Prairie Farms is an Illinois corporation headquartered in Edwardsville, Illinois. It has over 700 farmer-members and annual revenues of over \$3 billion.

Dean is a Delaware corporation headquartered in Dallas, Texas. It operates 57 fluid milk processing plants in 29 states. Dean had 2018 revenues of \$7.75 billion. On Nov. 12, 2019, Dean filed for Chapter 11 bankruptcy protection and will cease to operate as a going concern in May 2020.

As required by the Tunney Act, the proposed settlement, along with a competitive impact statement, will be published in the *Federal Register*. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Eric Welsh, Acting Chief, Healthcare and Consumer Products Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street NW, Suite 4100, Washington, DC 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the Northern District of Illinois may enter the final judgment upon finding it is in the public interest.

Attachment(s):[Download Complaint](#)[Download Asset Preservation and Hold Separate Stipulation and Order](#)[Download Proposed Final Judgment](#)[Download Explanation of Consent Decree Procedures](#)**Topic(s):**

Antitrust

Component(s):[Antitrust Division](#)**Press Release Number:**

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