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ADM, Cargill lose bid to end suit over corn-syrup price-fixing

Laurie Asseo

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WASHINGTON, D.C. -- Archer Daniels Midland Co., Cargill Inc. and another maker of corn sweeteners must face a trial over price-fixing claims after the U.S. Supreme Court refused to throw out a \$4 billion suit by food companies.

The suit says the producers colluded to fix the price of a corn sweetener used in soft drinks, candy and baked goods. In a separate case, Archer Daniels Midland (ADM), the world's largest grain producer, paid a then-record \$100 million fine in 1996 and three executives were sent to prison for conspiring to fix the price of lysine, an animal feed additive.

ADM and closely held Cargill are the two biggest rivals in the \$3 billion U.S. market for the high-fructose corn syrup. ADM's purchase of Minnesota Corn Processors last year put it ahead of Cargill, which had surpassed it earlier in the year by buying Cerestar.

"We don't think there's any basis to the suit, us and everybody else," said Dwight Grimstead, vice president of investor relations at Decatur, Ill.-based ADM. The high court refused to hear the case, "so we're in trial," he said.

The justices, without comment Monday, declined to hear arguments by ADM, Cargill and A.E. Staley Manufacturing Co. that the food and beverage companies didn't provide enough evidence of a price-fixing conspiracy to go to trial.

"While we're disappointed by the court's decision not to review the case, it wasn't a ruling on the merits," said Cargill spokesman Bill Brady. "Cargill observed the law in its business practices, and we look forward to presenting our case at trial."

Shares of ADM fell 31 cents to close at \$10.83 in New York Stock Exchange composite trading.

The 1995 class-action suit was filed on behalf of several thousand food companies, such as PepsiCo Inc. and Coca-Cola Co. The companies estimate they suffered \$1.4 billion in damages and will ask a jury to triple that amount, said their lawyer, Robert Kaplan.

"There are thousands of people, bakeries, dairies, bottlers, canners" who would benefit if the suit is successful, Kaplan said Monday.

The food makers say the corn-sweetener producers agreed in 1988 to raise prices. The suit claims that the companies implemented the policy the following year and that the conspiracy continued until the FBI raided ADM in 1995 over the lysine price-fixing case.

ADM, Cargill and Staley argued in separate appeals to the Supreme Court that the evidence was too weak to warrant a trial. Cargill's lawyers called the price-fixing evidence "speculative and ambiguous."

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