

1 CHRISTINA J. BROWN, Cal. Bar. No. 242130
2 cbrown5@ftc.gov
3 FEDERAL TRADE COMMISSION
4 600 Pennsylvania Avenue, N.W.
5 Washington, DC 20580
6 Tel: (202) 3262125

7 JOHN D. JACOBS, Cal. Bar. No. 134154
8 Local Counsel
9 jjacobs@ftc.gov
10 FEDERAL TRADE COMMISSION
11 10990 Wilshire Blvd., Ste. 400
12 Los Angeles, CA 90024
13 Tel: (310) 8244300

14 Attorneys for Plaintiff Federal Trade Commission

15 UNITED STATES DISTRICT COURT
16 CENTRAL DISTRICT OF CALIFORNIA

17 FEDERAL TRADE COMMISSION,

18 Plaintiff,

19 v.

20 SOUTHERN GLAZER'S WINE AND
21 SPIRITS,LLC,

22 Defendant.

Case No. F Y

COMPLAINT

REDACTED VERSION OF
DOCUMENT PROPOSED TO
BE FILED UNDER SEAL

ACTION SEEKING
NATIONWIDE RELIEF

1 I. NATURE OF THE CASE

2 1. Defendant Southern Glazer's Wine and Spirits, LLC ("Southern") is
3 the largest coast-to-coast distributor of wine and spirits in the United States. For
4 years, Southern has violated the Robinson-Patman Act by selling wine and spirits
5 to small, independent "mom and pop" businesses at prices that are drastically
6 higher than the prices Southern charges large national and regional chains.
7 Southern's discriminatory pricing practices have victimized independent and
8 family-owned neighborhood grocery stores, local convenience stores, and other
9 independent retailers across the country.

10 2. Southern has been the largest U.S. wholesaler of wine and spirits
11 every year for the past [REDACTED]. In 2023, Southern's sales grew to approximately
12 \$26 billion, making it one of the ten largest privately held firms in the entire
13 country. At present, Southern sells one out of every three bottles of wine and
14 spirits purchased in the United States. In some states, Southern's share of wine and
15 spirits sales is so large that Southern operates as the gatekeeper for the majority of
16 wine and spirits sold in those states.

17 3. As the single largest distributor of wine and spirits in the United
18 States, Southern has harmed small businesses by charging them far higher prices
19 than national or regional chains. For instance, Southern routinely charges small,
20 independent retailers as much as [REDACTED]% to [REDACTED]% more for the same bottles of certain
21 wine and spirits than national and regional chains in the exact same geographic
22 area. These independent retailers include neighborhood grocery stores, local
23 convenience stores, and independently owned wine and spirits shops.

24 4. In fact, discriminatory pricing is deeply engrained in Southern's
25 business strategy. In one instance, Southern employees dis [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 [REDACTED]. In another

1 instance,

2

3

.” In yet other instances, Southern

4

5

6

5. These are not one

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1 II. THE PARTIES

2 11. Plaintiff Federal Trade Commission (“FTC”) is an independent
3 administrative agency of the United States government established, organized, and
4 existing pursuant to the FTC Act, 15 U.S.C. §§ 41 et seq., and with its principal
5 offices in Washington, D.C. The FTC is vested with authority and responsibility to
6 enforce, inter alia, Section 5 of the FTC Act, 15 U.S.C. § 45, and Section 2
7 Clayton Act, 15 U.S.C. § 31, and is authorized under Section 13(b) of the FTC Act,
8 15 U.S.C. § 53(b), to initiate federal court proceedings to enjoin violations of any
9 law the FTC enforces, including Section 2 of the Clayton Act, as amended by the
10 Robinson-Patman Act. Since its enactment in 1936, the FTC has brought over
11 1,400 actions to enforce the Robinson-Patman Act.

12 12. Defendant Southern Glazer’s Wine & Spirits LLC is a Delaware
13 corporation with its principal place of business located in Miami, Florida.

14 13. Southern is the largest wholesale distributor of wine and spirits in the
15 country. The company was formed in 2016 from the merger of Southern Wine &
16 Spirits of America, Inc. and Glazer’s, Inc. Each company had grown through a
17 series of acquisitions of other distributors leading up to 2016, including Premier
18 Wine & Spirits, World Class Wines, Olinger Distributing, The Odom Corporation,
19 Star Distributors, Phoenix Wine & Spirits, Stoller Wholesale, Victor L.
20 Robilio Co., Sterling Distributing, Alliance Beverage of Alabama, and Alliance

1 staterun agencies handle distribution and often retail sales; traditional distributors
2 are limited to providing marketing services or serving as brokers for suppliers. This
3 lawsuit concerns Southern's conduct in open and franchise states.

4 26. In some or all of the open and franchise states in which Southern
5 operates, Southern serves as the distributor for many of the largest wine and spirits
6 suppliers, including Fifth Generation (Tito's Vodka), Constellation Brands
7 (Svedka Vodka, Kim Crawford Sauvignon Blanc), Sazerac Co. (Buffalo Tr () Tj 13.42 -V(o

1 [REDACTED]

2 [REDACTED].

3 29. Southern's sales to off-premise retailers totaled approximately \$ [REDACTED]
4 [REDACTED] in 2022. Southern's largest off-premise chain customers include large wine
5 and spirits retail chains like Total Wine, Binny's, Spec's, and BevMo, large
6 grocery chains like Kroger and Albertsons, national club stores like Costco and
7 Sam's Club, and national megastore chains like Walmart and Target.
8 operated by these large retail chains often draw customers [REDACTED]
9 [REDACTED].

10 30. Southern's chain customers often purchase products from Southern
11 through [REDACTED]
12 [REDACTED]
13 [REDACTED]. Southern assigns dedicated teams of employees
14 to support its key chain customers.

15 31. Southern's independent off-premise customers differ in size. Some
16 operate a single store and others a handful of locations. They include neighborhood
17 grocery stores, local convenience stores, and local wine and spirits shops.
18 Independent retailers typically purchase wine and spirits directly from Southern in
19 one of three ways: placing orders directly with a Southern sales representative
20 assigned to their store and other stores, placing orders through Southern's online
21 platform called "Proof," or direct purchases picked up from a Southern warehouse.
22 In some states, independent retailers also are permitted by state law to participate
23 in purchasing cooperatives or "co-ops," which allow them to pool their purchases
24 with other independent retailers. Even with the use of co-ops, however,
25 independent retailers often do not receive the same favorable prices offered to
26 large, favored retailers by Southern.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Southern's includes many deals

40. In numerous instances, Southern gave favored large chain retailers

41. Southern's large, high-volume quantity discounts forced disfavored independent retailers to pay significantly higher prices than favored large chain retailers purchasing the same products and created significant retail pricing and margin advantages for large chain retailers in the resale of those products to end consumers.

2.

1 their respective purchases of wine and spirits.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

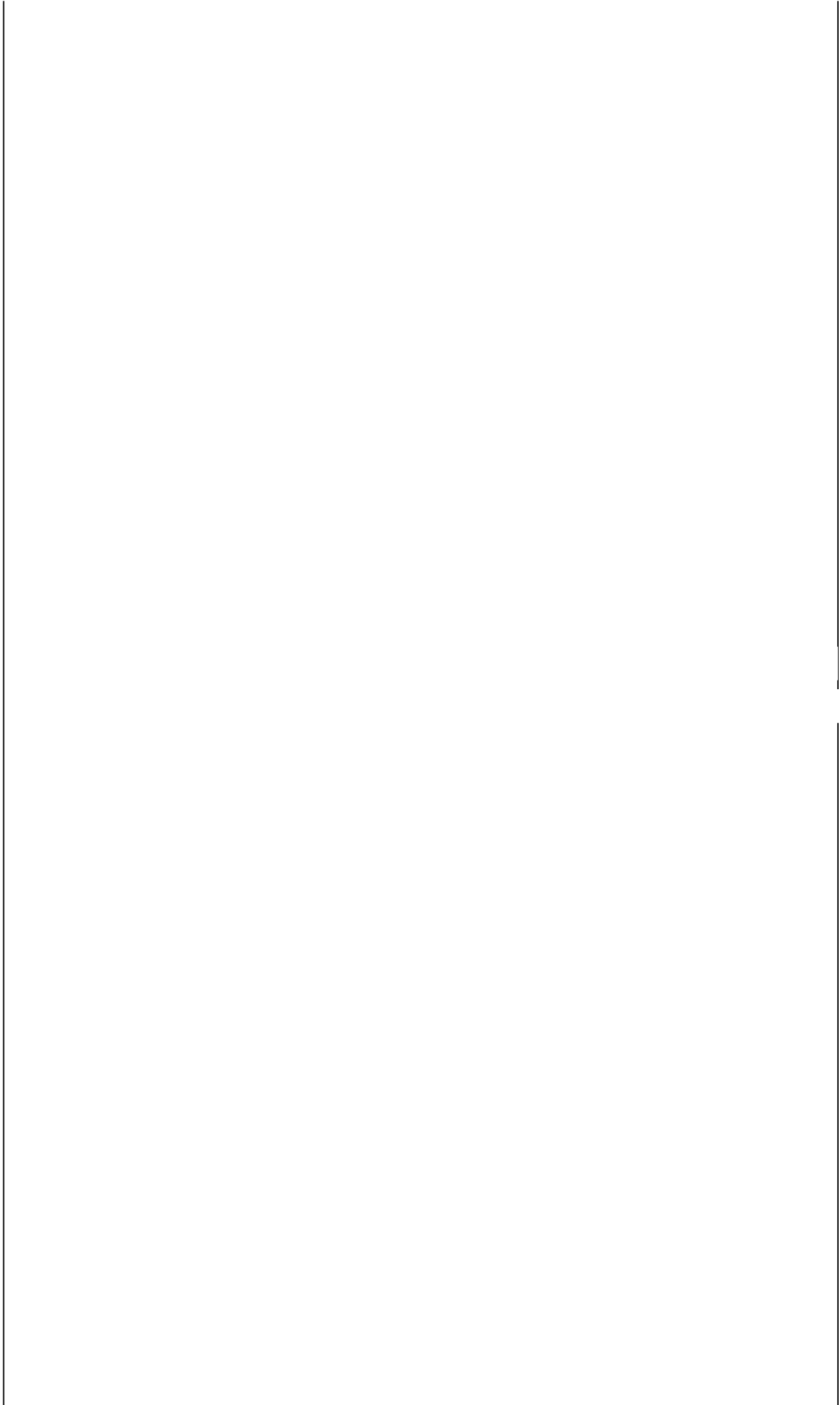
25

26

27

28

COMPLAINT



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Arizona over a five year period. The price most commonly paid by
in Arizona in this period was \$ per bottle \$ (%) per
bottle than —and more than % of
paid this price.
2. (Illinois and California)
59. is the most popular
product in the United States. Southern has consistently sold bottles of this
to in Illinois and California at
. For instance, in Illinois
in 2022, Southern charged a net price of \$ per bottle while Southern
typically charged

rgen s148684409.9 (a)3.6027865 (62of)3.7 (8)J 0 Tc 0 Tw 18.889 0 4

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

.” Another Southern document

.”

67. Disfavored independent retailers frequently are not informed about the

1 the independent retailers.

2 71. The discriminatorily higher prices Southern charged disfavored
3 independent retailers were not justified by cost savings Southern accrued doing
4 business with the favored chain retailers. That is, the pricing differentials between
5 favored and disfavored retailers exceed any cost savings achieved by Southern
6 when selling and delivering wine and spirits to the favored national chains.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

also work with suppliers to develop product plans and distribution goals,

82. In most instances, Southern

83. The demand for wine and spirits from

84. Based on the foregoing circumstances, the wine and spirits purchased

COUNT ONE

(Robinson-Patman Act, 15 U.S.C. § 13(a))

85. Each of the allegations in paragraphs 1

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

COMPLAINT