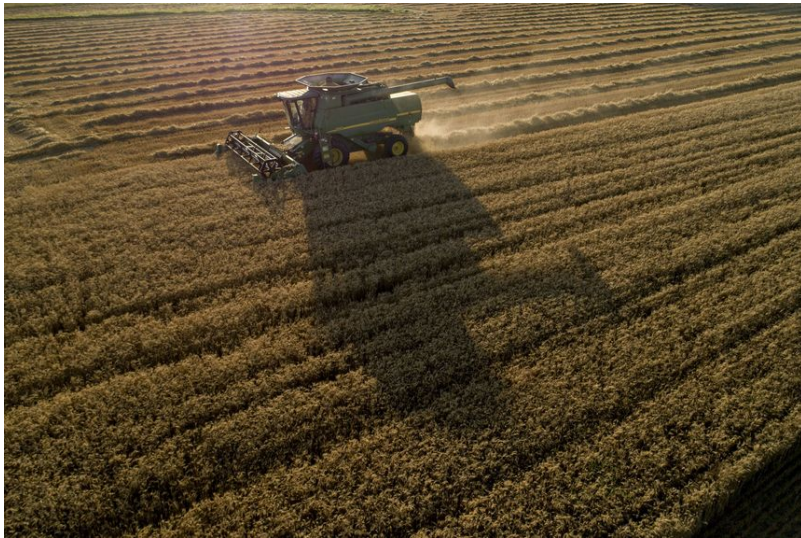


BUSINESS

Mondelez, Kraft Heinz Cry Foul Over Regulator's Comments

Food companies say trading commission violated terms for settlement of lawsuit over market manipulation



A 2015 lawsuit alleged that entities affiliated with Mondelez and Kraft Heinz attempted to manipulate the wheat futures market. PHOTO: DANIEL ACKER/BLOOMBERG NEWS

By Micah Maidenberg

Aug. 15, 2019 3:54 pm ET

Two of the largest food manufacturers in the U.S. said the federal government's commodities regulator failed to hold up its end of a deal that settled a 2015 lawsuit related to alleged manipulation of the wheat futures market.

Mondelez International Inc. [MDLZ -0.11% ▼](#) and Kraft Heinz Co. [KHC 0.39% ▲](#) said statements made by the U.S. Commodity Futures Trading Commission on Thursday violated the terms of a consent order agreed to this week that settled the lawsuit.

The consent order says parties involved in the case would refrain from publicly commenting about it, other than referring to “the terms of this settlement agreement or public documents filed in this case.”

On Thursday, the regulator announced the settlement with entities connected to Mondelez and Kraft that allegedly manipulated the market for wheat futures.

“Market manipulation inflicts real pain on farmers by denying them the fair value of their hard work and crops,” Heath Tarbert, chair of the commission, said in a press statement. “It also hurts American families by raising the costs of putting food on the table.

Mondelez and Kraft plan to seek relief in court over the commission’s messages about the cases, the companies said in separate statements.

“The commission’s statement is fully compliant with the terms of the consent order,” a spokesman for the regulator said.

Four years ago, the agency sued the entities, claiming they developed a plan in 2011 to purchase December-dated wheat futures contracts, thus signaling that food makers and grain processors planned to buy large quantities of wheat at the end of that year.

The prices to purchase physical wheat before December fell, permitting the Mondelez and Kraft entities to take profits and save money, the commission said in the lawsuit. Both entities have denied manipulating the market, according to a court filing.

The settlement requires the Mondelez entity to pay a \$16 million fine and abide by an injunction prohibiting violations of a law governing commodity trading, according to court documents. The predecessor company of Kraft Heinz must also follow the injunction, but doesn’t have to pay a fine, according to an order.

Deerfield, Ill.-based Mondelez International was formed in October 2012, when its former parent company spun off the Kraft North American grocery business into a separate company. That company in 2015 completed a merger with H.J. Heinz Co., forming Kraft Heinz.

Two members of the Commodity Futures Trading Commission said it was unusual for the regulator to be limited in what it can say about any particular case.

Commissioners Dan Berkovitz and Rostin Behnam also said the language of the consent order in question doesn’t restrict individual commissioners from commenting on the matter.

“In our view, in future situations, the commission should not accept any confidentiality provisions or restrictions on the commission’s ability to make public statements,” the two commissioners said in a joint statement.

Both voted in favor of the agreement.

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