

Texas Jury Awards \$30M In Japanese Cattle DNA Row

By **Michelle Casady**

Law360 (July 19, 2021, 4:15 PM EDT) -- A jury in Fort Bend County, Texas, has determined that Twinwood Cattle Company is entitled to about \$30 million in damages from the American Akaushi Association for breaching an agreement to provide proof of pedigree for Twinwood's registered Akaushi cattle.

The jury returned its verdict Friday, after a four-week trial, and agreed with Twinwood that the AAA; its sole shareholder, HeartBrand Holdings Inc.; and its chairman, Ronald Beeman, had fraudulently concealed the breach from Twinwood for years. Twinwood sued in 2018 after it accused AAA of refusing a 2016 request to hand over proof of the DNA-verified pedigrees — critical documentation that shows the value of the elite and rare Japanese cattle.

Twinwood alleged AAA, which told its members it would provide the DNA information to verify the cattle's lineage, said an internal policy prevented it from providing that information to Twinwood. According to Twinwood's seventh amended complaint filed in May 2020, AAA still hadn't provided that DNA information for 184 of the 210 cattle Twinwood purchased from AAA in 2009.

The damages award included \$4.4 million in past lost profits, \$7 million in future lost profits and \$10.5 million in damages for the difference in the value of the herd as a result of AAA's breach. The jury found AAA committed fraud against Twinwood and concealed the fraudulent activity and awarded \$1.3 million in damages for the out-of-pocket losses Twinwood suffered as a result of the alleged fraud.

Twinwood also was awarded \$3.3 million in exemplary damages, \$6.7 million in attorney fees and a possible additional \$740,000 in attorney fees for representation on any appeals up through the Texas Supreme Court.

William Wood of McKool Smith PC, who represents Twinwood, told Law360 on Monday that it's important to note the jury found the two defendants were one company, meaning HeartBrand will be responsible for the damages award as well.

"Jurors enforce contracts and they believe parties should honor their obligations and not conceal facts as pretextual excuses for not honoring their obligations," he said. "And I think there was a real effort to conceal the facts here. This will have a very big impact on the business of HeartBrand and AAA with its producers, and I think they didn't really want the world to know what was going on with the pedigrees of these cattle."

The jury also unanimously agreed that starting on Aug. 22, 2017, the AAA failed to comply with the membership agreement that required it to procure and provide DNA parent verified pedigrees on Twinwood animals registered with AAA. The jury found AAA concealed its failure to comply with the membership agreement and that Twinwood didn't discover the breach until Nov. 8, 2019, according to the jury charge.

Twinwood filed suit in Fort Bend County District Court in April 2018, according to court records. Fort Bend County District Judge Robert Rolnick presided over the jury trial.

Counsel for HeartBrand and AAA didn't return messages seeking comment Monday.

Twinwood is represented by William D. Wood, Veronica Manning and Kaitlyn Dawson of McKool Smith PC, Justin P. Tschoepe of Yetter Coleman LLP and William J. Boyce of Alexander Dubose Jefferson LLP.

HeartBrand Holdings Inc., American Akaushi Association and Beeman are represented by Jason M. Powers, Kallie A. Gallagher and Ashton Murphy of Vinson & Elkins LLP.

The case is Twinwood Cattle Company Inc. v. American Akaushi Association Inc., case number 18-DCV-250789, in the 458th District Court of Fort Bend County, Texas.

--Editing by Ellen Johnson.