

**WESTERN DISTRICT OF WASHINGTON AT SEATTLE
BEFORE THE
UNITED STATES DISTRICT COURT**

Corker et al.)	
Plaintiffs,)	
v.)	
Costco Wholesale Corporation et al.)	Case No. 2:19-CV-00290-RSL
Defendants.)	

**DECLARATION
OF
Dr. Jeremy Verlinda and Dr. Yong Paek**

April 19, 2021



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A. Qualifications

1. Jeremy Verlinda. My name is Jeremy Verlinda. I am a Principal with The Brattle Group, specializing in competition issues in both antitrust and regulatory contexts as well as product liability and false advertising issues. I have provided and supported testimony in product liability, false advertising, and competition matters before U.S. district courts, federal regulatory agencies, and various state public utilities commissions, as well as before competition and regulatory agencies in Europe, Canada, and Australia. Prior to joining The Brattle Group, I spent 8 years as a staff economist at the Antitrust Division of the U.S. Department of Justice. Before that, I earned a Ph.D. in Economics at the University of California, Irvine.
2. Yong Paek. My name is Yong Paek. I am an Associate with The Brattle Group, specializing in competition issues. I have supported the execution of analysis on antitrust, product liability, environmental and false advertising matters submitted to U.S district courts and federal regulatory agencies. Prior to joining The Brattle Group, I earned a Ph.D in Economics at the University of Maryland, College Park.

B. Assignment & Summary

3. We understand that this case arises from claims among Kona coffee growers that a number of blenders have marketed and sold Kona coffee products under wrongly and misleadingly labelled packaging, allegedly designed to induce consumers to believe that there is a higher percentage of genuine Kona coffee contained in the product than the actual content of genuine Kona coffee.
4. Counsel for Plaintiffs has asked us to estimate U.S. domestic Kona product revenue shares among defendant coffee blenders. We used sales data provided by counsel and represented to us as having been produced in discovery. We can provide a full list of documents relied upon on request. Table 1, below, provides the results of these revenue share calculations, and the remainder of this declaration explains the methodology used.¹

¹ It is our understanding that discovery is ongoing. The revenue shares calculated are our estimates as of April 15, 2021.

TABLE 1: REVENUE SHARES

Blender	Data Type	Data Start	Data End	Scaled Revenue (\$mm)**	Revenue Share
	[1]	[2]	[3]	[4]	[5]
Boyer's	Wholesaler Product-Level Sales	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cameron's	Wholesaler Product-Level Sales	03/01/2015	02/29/2020	14.7	[REDACTED]
Copper Moon	Profit & Loss Statement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cost Plus Private Label	Wholesaler Product-Level Sales	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gold	Profit & Loss Statement	01/01/2015	12/31/2018	28.7	[REDACTED]
HIKC	Profit & Loss Statement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Kroger Private Label***	Wholesaler Product-Level Sales	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
L&K	Profit & Loss Statement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
MCC	Wholesaler Product-Level Sales	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mulvadi	Retailer Product-Level Sales*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sprouts Private Label	Wholesaler Product-Level Sales	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total:				117.0	100.0%

Table Notes:

* When retailer data is relied upon, the retailers' cost of goods sold (COGS) is taken as revenue. When retailer COGS is not directly available, an estimated COGS is used. See Section C.3 for details.

** L&K revenues are not scaled.

*** [REDACTED]

[2], [3]: When monthly or quarterly data are available, the sum of sales from the period best representing February 27, 2015 to May 31, 2020 is taken. For example, when data are monthly, sales are taken from the period starting March 2015 and ending May 2020. If data are quarterly, sales are taken from the period starting from Q2 2015 and ending Q2 2020.

[4]: Revenues are multiplied by the ratio of 1,920 (the number of days between February 27, 2015 and May 31, 2020) to the number of days covered by the data. See Section C.3 for details.

[5]: [4] / Total Scaled Revenue

Sources: Full list of documents relied upon can be provided if requested.

[REDACTED]

C. Calculation of Kona Coffee Blender Revenues and Revenue Shares

5. Blenders are companies that source coffee from various growers and/or roasters, to then blend, package and sell their labeled products. Blenders may sell Kona coffee products through multiple distribution channels, including through “wholesale” transactions with retailers as well as direct-to-consumer sales transactions such as on-site sales, owned website sales, and through marketplace platforms such as Amazon. As shown in the table above, we received information on blender sales across a variety of these channels, spanning varying start/end dates and degrees of completeness. Below we describe how the data are processed in order to generate approximate apples-to-apples comparisons across blenders.

C.1. Calculating Blender Revenue Shares

6. For each blender listed in Table 1, Kona product revenue shares are estimated using the equation below:

$$\text{Blender Revenue Share} = \frac{\text{Blender Revenues}}{\text{Total Revenues for All Blenders}}$$

C.2. Calculating Blender Revenues using Blender Information

7. With the exception of Mulvadi, we calculate each blender’s revenues using direct sales data or profit and loss statements related to their Kona products sales.³ For these blenders, we calculate cumulative revenues during the reported data periods by adding up total sales amounts over the time period provided by each. Due to an absence of comparable sales information for Mulvadi, we estimate its revenues by summing estimated direct-to-consumer sales through Amazon Third Party⁴ data and estimates of Mulvadi’s wholesale revenues based on the cost of goods sold for █████ and Safeway, two retail grocers that reported selling Mulvadi products.⁵

³ For Boyer’s, under advice from counsel we use the data tables appearing between pages 4-12 of *Boyer’s Sales Data (Compilation).xlsx*.

⁴ Amazon Third Party (i.e., Amazon Marketplace) data, as received, indicate neither the identity of the seller nor the associated COGS. We attribute all reported Mulvadi product sales appearing in Amazon Third Party data to the corresponding blender. To the extent that some Amazon Third Party transactions could involve an intermediary reseller, the revenue for that (unidentifiable) subset of transactions would overstate the blenders’ revenues by the amount of that reseller’s markup, if any.

⁵ We reviewed retail sales data for the remaining named retailer defendants. █████ and Safeway were the only retailer defendant that recorded having sold Mulvadi products. To the extent that Mulvadi may have sold relevant Kona products through channels other than the Amazon (third party) Marketplace, █████ or Safeway, the figures in Table 1 would be a lower bound estimate of its revenues in the relevant period.

C.3. Scaling for Data Start and Data End dates

8. As shown in columns [2] and [3] of Table 1, the raw revenues calculated for each blender are derived from data with various start and end dates. Consequently, the available revenue number are not directly comparable across blenders. Additionally, counsel has advised us that the relevant period for damages calculations is from Feb 27, 2015 until May 31, 2020, a period of 1,920 days. To account for the varying data start and end dates, we multiply the raw revenues by the following factor:

$$\text{Revenue Multiplier} = \frac{1920}{\text{Data End} - \text{Data Start}}$$

The resulting, scaled revenue values are reported in column [4] of Table 1.⁶

We declare under penalty of perjury that the foregoing is true and correct. Executed on April 19, 2021.

Dr. Jeremy Verlinda:



Dr. Yong Paek:



⁶

[REDACTED]