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**LOS ANGELES
SUPERIOR COURT**

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 FOR THE COUNTY OF LOS ANGELES

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In the Matter of the)
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12 ROY E. FARMER I CHILDREN'S TRUST,)
pursuant to Children's Trust Agreement, dated)
13 October 24, 1957.)

Case No. BP 079060
PETITION FOR APPOINTMENT OF
TRUSTEE AD LITEM OF CHILDREN'S
TRUST UNDER PROBATE CODE
SECTIONS 17200, 17206

1 Petitioner Steven D. Crowe, a beneficiary of the Roy E. Farmer I Children's Trust
2 (the "Children's Trust"), hereby presents his Petition for Appointment of Trustee *Ad Litem*,
3 Limited Suspension of Trustee's Powers, and alleges as follows:

4 THE PARTIES AND JURISDICTION OF THE COURT

5 1. Petitioner Steven Douglas Crowe is an individual who resides in Los Angeles
6 County. He is an income and residual beneficiary under Trust B of the Children's Trust.
7 Petitioner is also a beneficiary of related trusts of which Respondent is trustee.

8 2. Respondent Roy F. Farmer ("Respondent" or "Roy II") is an individual who resides
9 in Los Angeles County. He is the trustee of the following trusts for the benefit of Petitioner,
10 Petitioner's mother, Catherine Crowe (Roy II's sister), and Petitioner's sister, Janis Crowe
11 (collectively referred to as the "Crowe trusts"): (a) The Children's Trust, dated October 24, 1957;
12 (b) The Elizabeth H. Farmer Trust ("EFT") fbo Steven D. Crowe, dated December 21, 1964; (c)
13 EFT fbo Steven D. Crowe, dated August 14, 1969; (d) EFT fbo Steven D. Crowe, dated May 3,
14 1972; (e) EFT fbo Steven D. Crowe, dated March 22, 1995; (f) EFT fbo Janis Crowe, dated
15 December 21, 1964; (g) EFT fbo Janis Crowe, dated August 14, 1969; (h) EFT fbo Janis Crowe,
16 dated May 3, 1972; (i) EFT fbo Catherine Crowe, dated August 14, 1969; and (j) EFT fbo
17 Catherine Crowe, dated May 3, 1972. Los Angeles is the principal place of administration of the
18 Crowe trusts. Catherine Crowe and Janis Crowe support this petition and intend to file separate
19 petitions for the same relief with respect to their trusts.

20 3. Pursuant to Probate Code sections 17000, 17003, 17005, 17200 and 17206, this
21 Court has jurisdiction over Respondent and the subject matter of this Petition, and this Court is the
22 proper venue for such proceedings.

23 RELIEF REQUESTED

24 4. The only principal asset of the Crowe trusts is stock in Farmer Bros. Co. ("Farmer
25 Bros."), a public company founded by Petitioner's grandfather, Roy E. Farmer ("Roy I"). Farmer
26 Bros. supplies coffee and coffee-related products to restaurants, hotels and other retail enterprises.

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1 5. Roy II is Chairman of the Board of Directors of Farmer Bros., and was until
2 recently, its President and Chief Executive Officer (“CEO”). Roy II’s son, Roy E. Farmer (“Roy
3 III”), is the current President and CEO of Farmer Bros. and a member of the Board of Directors.

4 6. A Petition to Remove and Surcharge Roy F. Farmer as Trustee of Children’s Trust
5 for breach of trust, conflicts of interest and hostility is currently pending before this Court. A true
6 and correct copy of the Removal Petition dated April 14, 2003 (the “Removal Petition”) is
7 attached hereto as Exhibit 1. Petitioner has filed similar petitions with respect to the related trusts
8 of which Roy II is also trustee.

9 7. Recently and subsequent to filing the Removal Petition, a Proxy Statement was
10 filed with the Securities and Exchange Commission by Farmer Bros. A copy of the Proxy
11 Statement, filed as of October 24, 2003 (the “Proxy Statement”), is attached hereto as Exhibit 2.
12 The Proxy Statement reveals that several proposals will be presented for a vote of shareholders at
13 the annual meeting of shareholders scheduled for January 5, 2004. Two of the proposals were
14 submitted by the minority public shareholders in order to make management more accountable to
15 the concerns of stockholders, including (1) a proposal to amend the company’s bylaws to restore
16 cumulative voting; and (2) a proposal to limit indemnification of Directors who breach their
17 fiduciary duties. In response, management submitted a proposal of its own to reincorporate
18 Farmer Bros. in the State of Delaware (after 80 years of incorporation in California). If
19 successful, the reincorporation proposal would nullify the shareholder proposals, even if a
20 majority of the shareholders approve them, and would further entrench management to the
21 detriment of the shareholders.

22 8. **Roy II has publicly disclosed to the Securities and Exchange Commission that**
23 **he intends to vote the shares he controls in the Crowe trusts against the shareholders and in**
24 **favor of reincorporation and other proposals to entrench himself, his son Roy III, and his co-**
25 **Board members. Roy II’s conflict could not be more acute and his advance proclamation**
26 **that he intends to vote against the interests of the beneficiaries and for his own personal**
27 **profit and gain demands the appointment of an independent to vote the shares of the Crowe**
28 **trusts at the annual meeting with undivided loyalty to the beneficiaries.**

1 9. The beneficiaries are entitled to a trustee who can analyze the proposals solely from
2 the perspective of whether they are in the best interests of a shareholder of Farmer Bros. Given
3 Roy II's personal interest in the outcome of the vote on January 5, 2004, which conflicts with his
4 role as a trustee, Petitioner seeks the temporary and limited suspension of Roy II's powers, and the
5 appointment of the Honorable Arnold H. Gold as trustee *ad litem* for the limited purposes of:

6 a. To conduct an independent examination as to the propriety of the proposals
7 which will be presented for shareholder vote at the annual meeting of shareholders of Farmer
8 Bros. Co. on January 5, 2004 and any adjournments thereof; and

9 b. To cast votes on the aforementioned proposals on behalf of the shares of
10 stock which comprise the trust estate of Trust B of the Children's Trust.

11 10. Respondent is housebound due to his poor medical condition. It is unlikely that
12 Respondent will attend the annual shareholders meeting to cast his votes in person or, in the
13 alternative, whether he intends to execute or already has executed proxies for the recording of his
14 votes. In the event that Respondent has already executed proxies to preserve the recording of his
15 votes as trustee of Trust B of the Children's Trust and other related trusts of which Petitioner is a
16 beneficiary, Petitioner prays that the Court invalidate such proxies and/or order Respondent to
17 revoke such proxies on account of the Respondent's incurable conflict of interest.

18 APPOINTMENT OF TRUSTEE AD LITEM AUTHORIZED

19 11. Section 17206 of the Probate Code provides the probate court the discretion to
20 "make any orders and take any other action necessary or proper to dispose of the matters presented
21 by the petition, including the appointment of a temporary trustee to administer the trust in whole
22 or in part." Section 16420(a)(4) provides that when a trustee "threatens to commit a breach of
23 trust," the beneficiary may commence a proceeding for the appointment of a temporary trustee.

24 12. The appointment of a trustee *ad litem* in circumstances such as those presented here
25 was expressly authorized by the California Court of Appeal in *Getty v. Getty* (1988) 205
26 Cal.App.3d 134, 141-42. In *Getty*, the trustee sold stock from the trust to a third party, and
27 shareholders in the third party corporation then sued the trustee and the trust. The Court found
28 that there was a conflict of interest between the personal interests of the trustee, on the one hand,

1 and the interests of the beneficiaries in defending the trust against third party claims, on the other
2 hand. In response, the probate court suspended the trustee's powers regarding only the pending
3 lawsuits and appointed a retired judge as trustee *ad litem* to conduct the litigation.

4 13. In *Getty*, the Court of Appeal held that the appointment of a trustee *ad litem*
5 constituted a proper exercise of the probate court's general equity jurisdiction and the power to
6 modify the trust where necessary to preserve the trustor's original intentions. Despite the
7 appointment of a trustee *ad litem* in *Getty*, the trustee retained all of the powers originally granted
8 to him while the beneficiaries were afforded the protection that only an independent fiduciary
9 could provide with respect to matters in which the trustee had a conflict of interest. This same
10 structure could and should be created here.

11 14. As described below, Roy II's conflict demands the appointment of an independent
12 trustee *ad litem* to analyze the proposals and vote in the best interests of the trust beneficiaries.

13 THE PROPOSALS ARE AIMED AT ENTRENCHING MANAGEMENT

14 15. Before discussing the specific proposals, it is important to understand the
15 motivation behind them. At present, Roy II and his family currently control an arithmetic majority
16 of the company as follows: (a) 33.1 percent of the outstanding shares of Farmer Bros. stock owned
17 outright or in trust by members of the Farmer side of the family; (b) 12.5 percent through trusts
18 that are supposed to benefit the Crowe family; and (c) 7.4 percent of Farmer Bros. owned by the
19 company's Employee Stock Ownership Plan ("ESOP").

20 16. However, the Farmers' arithmetic majority could be short-lived. Roy II is 87 and
21 in failing health. When Roy II and Catherine Crowe die, the Children's Trust will terminate. At
22 that time, Janis and Steven Crowe will obtain ownership and control over the stock in Trust B
23 (representing about 7.6 percent of the outstanding stock of the company). Thus, the Trust's 7.6
24 percent of the stock represents the difference between Roy II and his family having an arithmetic
25 majority and losing it. Catherine Crowe owns outright 10.6 percent of the stock. By
26 reincorporating in Delaware, Roy II and Roy III are seeking to protect Roy III's continued control
27 over the company, even after the Children's Trust terminates, through the advantage of
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1 Delaware's anti-takeover statute and other provisions of Delaware law that provide management
2 with additional means to entrench itself.

3 17. Indeed, Roy II and in particular, Roy III, have been on a campaign to solidify
4 control and to marginalize the minority stockholders. For example, management of Farmer Bros.
5 scheduled the last annual meeting of shareholders for December 26th in an attempt to reduce
6 shareholder turnout. The minority, public shareholders were at that time also proposing to
7 increase the accountability of management for its decisions, actions and failures to act.

8 18. The Board is also attempting to accumulate greater management control over the
9 shareholders by funding the purchase of enormous blocks of stock by the company's ESOP.
10 Management controls that stock. In the Proxy Statement, Farmer Bros. explained, "The ESOP
11 plan committee, comprised of Company officers, directs the voting of 145,888 unallocated shares
12 and if plan participants fail to vote, 25,592 allocated shares and has sole dispositive power over
13 145,888 shares." Proxy Statement, p. 2.

14 19. Now, management is taking new and extreme measures to stymie shareholder
15 efforts to gain a greater voice in management. By August 4, 2003, the minority stockholders
16 submitted their proposals to restore cumulative voting and to restrict indemnification of the
17 company's Directors. Both proposals threatened the status quo of the current Board members.

18 20. Subsequently, the Board proposed its drastic measure to reincorporate the company
19 in Delaware, after 80 years in California. The Board brazenly admits in the Proxy Statement that
20 reincorporation would nullify the shareholder proposals for cumulative voting and restricted
21 indemnification, even if a majority of stockholders approve those measures.

22 21. Management's drastic response to the minority shareholder proposals is part and
23 parcel of its scheme to entrench itself at the expense of the shareholders.

24 REINCORPORATION IN THE STATE OF DELAWARE

25 22. Farmer Bros. has been incorporated in California for 80 years. The proposal to
26 reincorporate in Delaware is a desperate response by management to the growing shareholder
27 unrest and dissatisfaction with the governance of Farmer Bros.

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1 23. It is uncontroverted that reincorporating Farmer Bros. in Delaware would
2 materially alter the rights of all shareholders, including the beneficiaries of the Crowe trusts of
3 which Roy II is trustee. The Proxy Statement filed by Farmer Bros. acknowledges, “[I]f the
4 Reincorporation Proposal is approved, the Proposed Reincorporation will result in certain changes
5 in the rights of shareholders.” Proxy Statement, p.6.

6 24. The Proxy Statement provides that in the event the reincorporation proposal is
7 approved, the board of directors of Farmer Bros. will implement the following:

- 8 a. new anti-takeover measures;
- 9 b. the elimination of shareholders’ ability to act by written consent (page 9);
- 10 c. the establishment of a staggered board of directors, making it more difficult to
11 uproot entrenched management (page 9);
- 12 d. the elimination of the ability of shareholders controlling at least ten (10%)
13 percent of the voting shares to call a special meeting of shareholders (page 9);
- 14 e. the establishment of advance notice procedures for shareholder nominations
15 and other proposals (page 9);
- 16 f. the establishment of a voting requirement of at least eighty (80%) percent of the
17 outstanding shares to amend the bylaws by shareholder action instead of a majority of the
18 outstanding shares (page 9); and
- 19 g. the elimination of cumulative voting, in the event the shareholders vote to
20 approve cumulative voting (page 9).

21 25. On its face, the proposal to reincorporate in Delaware is harmful to shareholders
22 and serves simply to entrench management. Yet Respondent and his son have publicly declared
23 their intent to vote all shares of Farmer Bros. Co. stock owned by the Crowe trusts in favor of the
24 proposal to reincorporate Farmer Bros. in Delaware, thereby assuring its passage: “Roy F. Farmer
25 and Roy E. Farmer have notified the Company that they intend to vote all the shares owned by
26 them directly, **and all the shares held in various trusts, of which they are trustee, in favor of**
27 **the Reincorporation Proposal.** . . . Therefore, if all of the shares referred to above are voted in
28 accordance with such direction, shareholder **approval of the Reincorporation Proposal is**

1 assured as such shares constitute more than fifty (50%) percent of the currently outstanding
2 shares.” Proxy Statement, p. 9 (Emphasis added).

3 26. While Petitioner seeks the appointment of the Honorable Arnold H. Gold as trustee
4 *ad litem* with exclusive authority to conduct an independent examination as to the propriety of the
5 proposals, a summary of certain significant differences between California and Delaware law
6 illuminates the harm shareholders will suffer if Roy II were permitted to vote the stock in the
7 Crowe trusts in favor of reincorporation:

8 I. Removal of Directors

9 A. California law

10 Under California law, a **majority** of the outstanding shares entitled to vote may
11 remove any director or the entire board of directors, **with or without cause**. At
12 present, directors of Farmer Bros. may be removed with or without cause, with the
13 approval of a majority of the outstanding shares entitled to vote.

14 B. Delaware law

15 Under Delaware law, a certificate of incorporation may include a supermajority
16 voting requirement for removal of directors. In fact, the new certificate of
17 incorporation prepared by the current directors in the event the reincorporation
18 proposal is approved, provides that any or all of the directors of Farmer Bros. may
19 be removed by shareholders **only for cause** and only with the approval of **eighty**
20 **percent** of all of the outstanding shares entitled to vote at an election of directors.

21 II. Calling of Special Meetings

22 A. California law

23 **The holders of at least ten percent of the shares** entitled to cast votes may call a
24 special meeting of shareholders.

25 B. Delaware law

26 Stockholders may not call a special meeting of shareholders absent a charter or by-
27 law provision granting such rights. In the event the proposal to reincorporate
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1 Farmer Bros. in Delaware is approved, **only the Chairman of the Board, the**
2 **President or the Board of Directors shall have the authority to call a special**
3 **meeting** of company shareholders.

4 III. Charter and Bylaw Amendments

5 A. California law

6 Amendments to the articles of incorporation require the approval of the board of
7 directors **and** the holders of a majority of the outstanding shares entitled to vote. A
8 corporation's bylaws may be amended by the board of directors **or** by the holders
9 of a majority of the outstanding shares of the company's stock, provided that a
10 corporation's articles may include a provision requiring a greater vote of the
11 shareholders (**not to exceed sixty-six and two-thirds percent**).

12 B. Delaware law

13 If the reincorporation proposal is approved, the certificate of incorporation for
14 Farmer Bros. specifies that the affirmative vote of at least **eighty percent** of the
15 outstanding shares shall be required to amend the company's certificate of
16 incorporation with respect to: (1) **the Board of Directors and the classification**
17 **thereof**; (2) **the prohibition against action by the shareholders by written**
18 **consent**; (3) **the prohibition against special meetings called by shareholders**; (4)
19 **the requirement of an eighty percent vote of stockholders to amend corporate**
20 **bylaws**; and (5) **amendments to the certificate of incorporation**.

21 IV. Inspection of Shareholder Lists

22 A. California law:

23 California law provides the following individuals an absolute right to inspect and
24 copy the corporation's shareholder list: (1) persons holding an aggregate of five
25 percent or more of the corporation's voting shares; or (2) shareholders holding an
26 aggregate of one percent or more of such shares who have initiated a proxy contest
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to the election of directors. This right to inspect and copy the shareholder list has been held to be without restriction based on the shareholder's purpose.

B. Delaware law:

Under Delaware law, shareholders cannot access the shareholder list until ten days prior to any shareholder meeting. This makes it more difficult for shareholders to communicate and cooperate toward achieving common goals.

V. Delaware Anti-Takeover Statute

A. Delaware Law

Section 203 of the Delaware General Corporations Law prevents an "interested" stockholder from acquiring a public Delaware corporation for three years after the shareholder achieves the status of "interested" stockholder, unless certain alternative statutory requirements are satisfied. An "interested" shareholder is one who is a direct or beneficial owner of 15 percent or more of the outstanding voting stock of the corporation.

Further, when an "interested" stockholder seeks to participate in a merger or acquisition involving the corporation which would trigger application of Section 203, the proposed business combination must receive the approval of a supermajority (two-thirds of the disinterested stockholders) of the outstanding voting stock of the corporation. Interestingly, stockholders who are pre-approved by management are exempt from operation of the statute. The statute is clearly intended to force prospective acquirors to negotiate with existing management.

Other aspects of Delaware law would further aid management in thwarting takeovers by potential acquirors not aligned with management regardless of the financial benefits to the majority of shareholders. For example, if the reincorporation proposal is successful, management intends to create a staggered

1 Board of Directors. Thus, any acquiror “hostile” to management would have to
2 live with “hostile” Board members for a period of time.

3 B. California Law

4 There is no similar statute in California.

5 ELECTION OF DIRECTORS

6 27. At the forthcoming annual shareholders meeting, an election will also be held to
7 determine all seven members of the company’s Board of Directors. The Board of Directors, in the
8 company’s Proxy Statement, recommends that the shareholders re-elect the existing seven-
9 member Board, including Roy II, and his son, Roy III. Proxy Statement, p. 3. Clearly, Roy II has
10 an incurable conflict in voting the trust shares for himself and his son.

11 28. The conflict is particularly poignant, because Roy II has voted the stock in the
12 Crowe trusts in the past **against the Crowes** and for himself and his son, and those loyal to Roy II
13 and Roy III. In 1981, by example, Respondent, as trustee of the Crowe trusts, voted all of the
14 trusts’ shares **against the candidacy of Petitioner’s own mother, Catherine Crowe**, for a
15 position on the Board of Directors. Respondent voted the trust shares against Catherine Crowe,
16 despite the fact that: (a) Catherine Crowe was the largest individual shareholder of the company;
17 (b) Catherine Crowe, in combination with her children, represented 23 percent of the stock; (c)
18 Catherine Crowe had sufficient experience based on her years of employment with the company;
19 (d) at the time, there was no family member in management or on the Board to represent the
20 Farmer and Crowe family’s 56 percent aggregate interest if Roy II died; and (e) the beneficiaries
21 of the Crowe trusts uniformly supported Catherine Crowe’s candidacy.

22 SHAREHOLDER PROPOSAL TO AMEND BYLAWS

23 TO RESTORE CUMULATIVE VOTING

24 29. The Proxy Statement reveals that one of the shareholders intends to present a
25 proposal at the forthcoming annual meeting to restore cumulative voting. Cumulative voting is
26 critical here because there is virtually no market for the stock (even though it is ostensibly a public
27 company), and Roy II is able to exercise total dominance and control over the company through
28 his power to vote stock in the Crowe trusts of which Roy II is trustee.

1 Accordingly, a *trustee ad litem* should be appointed to determine whether and to what degree Roy
2 II, Roy III, and the rest of the directors should be indemnified by Farmer Bros.

3 APPOINTMENT OF PUBLIC ACCOUNTANTS

4 34. In the Proxy Statement, the Board recommends a vote for approval of the
5 appointment of Ernst & Young LLP as the company's independent public accountants for the next
6 fiscal year. It has never been Petitioner's intention to interfere with the day-to-day management of
7 Farmer Bros., and Petitioner has no objection to the company's choice of Ernst & Young.

8 TRUSTEE ROY F. FARMER HAS AN INCURABLE CONFLICT OF INTEREST

9 35. The appointment of a trustee *ad litem* is necessary and proper in this matter. Roy II
10 has an incurable conflict of interest which prevents him from making an independent
11 determination as to how to vote the shares on the proposals to be presented at the annual meeting
12 of shareholders on January 5, 2004. As trustee, Roy II is duty bound to analyze the proposals
13 from the perspective of the beneficiaries. Since the Crowe trusts consist entirely of Farmer Bros.
14 stock, Roy II must therefore vote from the perspective of the public stockholders in the company.
15 But Roy II has a conflict in that he is also: (a) the immediate past President and CEO of Farmer
16 Bros.; (b) the father of the current President and CEO; (c) the current Chairman of the Board of
17 Directors; (d) the outright owner, along with his wife, of 171,041 shares of Farmer Bros. as
18 trustees of a revocable living trust; and (e) the trustee of the Crowe trusts, owning 662,121 shares
19 of Farmer Bros. stock.

20 36. The proposals squarely pit Roy II's fiduciary duties qua trustee in conflict with Roy
21 II's personal interests as the Chairman of the Board. Indeed, by already proclaiming his intent, as
22 trustee, to vote all shares of the various Crowe family trusts (a) in favor of the nominated
23 directors, (b) in favor of the reincorporation proposal, (c) in opposition to the shareholder proposal
24 to restore cumulative voting, and (d) in opposition to the shareholder proposal to limit
25 indemnification of directors, Roy II has violated his fiduciary duties to administer the trust solely
26 in the interest of the beneficiaries and to not use or deal with trust property for the trustee's own
27 profit or for any other purpose unconnected with the trust.

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1 37. Roy II's conflict of interest and divided loyalties raise fundamental concerns as to
2 the propriety of his casting votes for or against shareholder proposals as the trustee of the Crowe
3 trusts. A trustee's primary duty is to administer the trust solely in the interest of the trust
4 beneficiaries. Probate Code § 16002(a). As such, the trustee cannot engage in any act that puts
5 personal interests in conflict with those of any of the trust beneficiaries. Probate Code § 16004(a).

6 38. Moreover, where a trustee holds sufficient shares of a corporation to control
7 actually or substantially the conduct of the corporation, he is under a duty to exercise that control
8 for the benefit of the trust's beneficiaries. See Scott on Trusts (4th ed. 1988) § 193.2, p.151;
9 *Estate of Feraud* (1979) 92 Cal.App.3d 717. In *Estate of Feraud*, a factual situation was presented
10 similar to the instant matter. The beneficial owners of the stock of a corporation were the
11 beneficiaries of three trusts. The Court of Appeal, in *Estate of Feraud*, found that the trustee "was
12 under a duty to administer the three trusts, including their principal asset, the Company, solely in
13 the [beneficiaries'] interests, to use reasonable care and skill to make trust property productive, and
14 to pay the net income of the various trusts to the beneficiaries thereof." 92 Cal.App.3d at 723.

15 39. Historically, however, Roy II has demonstrated a predilection for misusing the
16 trusts under his control in order to extend his control and dominance over Farmer Bros. Indeed, so
17 blatant is his disregard of his fiduciary duties that he is unable to appreciate the nature of the trust
18 estate and the beneficiaries to whom his duties run. During his deposition, Roy II testified
19 erroneously that he has the absolute right to use the assets of the Children's Trust as he sees fit for
20 the exclusive benefit of Farmer Bros., because, after all, Roy II says "this is my trust":

21 "A. . . .[D]uring the operation of Farmer, *I could use that trust for the benefit*
22 *of Farmer Brothers if I found it necessary because that was their inheritance if there*
23 *was anything left. But there was no guarantee that there would be anything left.*

24 "Q. So you could use the assets in the Children's Trust for Farmer Brothers if
25 you wanted to?

26 "A. For the benefit of the company.

27 "Q. I see. Were there any restrictions on you or you just had full authority to
28 use the assets of the trust for the company?

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“A. Well, I had authority to use that.

“Q. You had full authority?

“A. *I mean this is my trust. I mean, I created this trust with the approval of the courts.*

“Q. What do you mean it’s your trust?

“A. *Well, I approved it. We didn’t have to have this. I mean this wasn’t something that was forced on us that we had to do. We did it voluntarily. We did it for the benefit of Farmer Brothers.*

“Q. So it’s your trust to benefit Farmer Brothers?

“A. The trust was for the benefit of Farmer Brothers.

“Q. And it’s--the Children’s Trust is your trust to do with as you deem fit?

“A. If necessary I could use the assets if it was necessary.

“A. This is something that they might inherit at our demise. *There might not be anything for them. There is no guarantee. They own nothing. Steve Crowe owns nothing.* There are so many shares in that trust, but it doesn’t belong to him until he inherits whatever is left.

“Q. And there may be nothing?

“A. There may be nothing.

“Q. But you said that if Farmer Brothers needed capital, you could use -- you could use assets in the trust --

“A. *In the -- well, see, this is part of Farmer Brothers. This trust -- it isn’t for the benefit of the children.*”

[Deposition Transcript of Roy F. Farmer, p. 34, line 17 to p. 35, line 22; p. 36, lines 10 to 17, p.38, lines 12 to 17 (emphasis added).] A copy of the transcript is annexed hereto as Exhibit 4.

1 [Deposition Transcript of Roy F. Farmer, p. 12, lines 5 to 23; p. 14, lines 18 to 21
2 (emphasis supplied).] A copy of the transcript is annexed hereto as Exhibit 4.

3 42. In its annual report filed with the Securities and Exchange Commission on October
4 30, 2003, Farmer Bros. confirmed that Respondent's poor health necessitated that he take a
5 medical leave this past year whilst serving as Chairman of the Board of Directors: "The
6 [Compensation] Committee noted that Mr. Farmer had been on medical leave for much of [the
7 year] . . ." See Annual Report, p. 32, a copy of which is annexed hereto as Exhibit 5.

8 43. Indeed, it is notable that Respondent was the only Director who did not affix his
9 signature to the Annual Report of Farmer Bros. for the fiscal year ended June 30, 2003.

10 44. Nevertheless, Roy II continues to accept a salary of \$850,000 a year for serving as
11 the titular Chairman of the Board.

12 45. Respondent has abused and continues to abuse his conflicting roles for his own
13 profit and to the detriment of the beneficiaries of the Crowe trusts. Roy II's latest proclamation
14 that he intends to vote against the shareholders but for entrenching management is simply a sad
15 continuation of his abusive conduct and demonstrates the serious need for a trustee *ad litem*.

16 NOMINATED TRUSTEE AD LITEM IS WELL QUALIFIED

17 46. The Honorable Arthur H. Gold is highly qualified to serve as trustee *ad litem* in this
18 case. Judge Gold is a highly-respected jurist, having served more than a dozen years on the Los
19 Angeles Superior Court bench and having served as Supervising Judge of the Probate Department.
20 Judge Gold is an author of the five-volume West Group California Civil Practice Module on
21 "Probate and Trust Proceedings," lectures frequently, and has written numerous articles. Judge
22 Gold's consent to act as trustee *ad litem* is annexed hereto as Exhibit 6.

23 INTERESTED PERSONS

24 47. The names and addresses of all persons interested in these proceedings and entitled
25 to notice thereof is attached hereto as Exhibit 7.

26 WHEREFORE, Petitioner prays for an order as follows:

27 1. Appointing the Honorable Arnold H. Gold as trustee *ad litem* with exclusive
28 authority for the following purposes:

1 a. To conduct an independent examination to determine the propriety of the
2 proposals submitted for shareholder vote at the annual meeting of Farmer Bros. shareholders on
3 January 5, 2004 and adjournments thereof;

4 b. To retain counsel at the expense of Trust B of the Children's Trust to assist the
5 trustee *ad litem* in carrying out his duties hereunder; and

6 c. To cast votes at the annual meeting of Farmer Bros. shareholders on January 5,
7 2004 on behalf of the shares of Farmer Bros. stock comprising the trust estate of Trust B of the
8 Children's Trust;

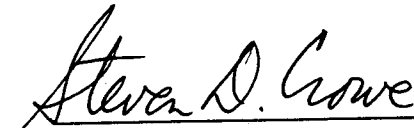
9 2. Requiring the trustee to pay the fees and expenses of the trustee *ad litem* and his
10 counsel from the assets of Trust B of the Children's Trust;

11 3. Invalidating any proxies executed by Roy F. Farmer as trustee of Trust B of the
12 Children's Trust for the purpose of voting on proposals presented to shareholders at the annual
13 meeting of Farmer Bros. scheduled for January 5, 2004 and any adjournments thereof;

14 4. Prohibiting Roy F. Farmer from executing any proxies as trustee of Trust B of the
15 Children's Trust for the purpose of voting on proposals presented to shareholders at the annual
16 meeting of Farmer Bros. scheduled for January 5, 2004 and any adjournments thereof; and

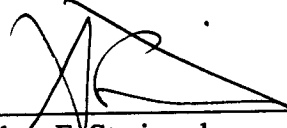
17 5. Granting such other and further relief as the Court may deem just and proper.

18
19 Dated: November 14, 2003



Steven D. Crowe

20
21 LOEB & LOEB LLP
22 ANDREW S. GARB
23 DAVID C. NELSON
24 ADAM F. STREISAND

25 By: 

26 Adam F. Streisand
27 Attorneys for Petitioner
28 STEVEN D. CROWE, a beneficiary

VERIFICATION

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I, Steven D. Crowe, declare as follows:

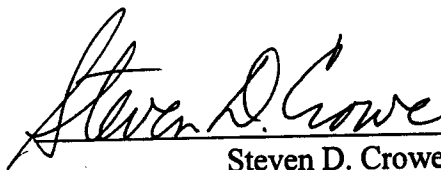
I have read the foregoing PETITION FOR APPOINTMENT OF TRUSTEE AD LITEM OF CHILDREN'S TRUST UNDER PROBATE CODE SECTIONS 172000, 17206 and know its contents.

I am a party to this action.

The matters stated in the foregoing document are true of my own knowledge.

Executed on November 14, 2003, at Los Angeles, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.



Steven D. Crowe