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July 27, 2006

VIA HAND DELIVERY

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Farmer Bros. Co.
Stockholder Proposal of Leonard Rosenthal
Securities Exchange Act of 1934 -- Rule 14a-8

Ladies and Gentlemen:

We are counsel to Farmer Bros. Co., a Delaware corporation (the "Company"). The Company has received a stockholder proposal concerning indemnification of directors (the "Proposal") and a supporting statement (the "Supporting Statement") from Leonard Rosenthal (the "Proponent") in connection with the Company's 2006 Annual Meeting of Stockholders (the "2006 Stockholders Meeting"). On behalf of the Company, we hereby notify the Division of Corporation Finance of the Securities and Exchange Commission (the "SEC") of the Company's intention to exclude the Proposal and Supporting Statement from its proxy statement and form of proxy for the 2006 Stockholders Meeting (collectively, the "2006 Proxy Materials") on the bases set forth below, and we respectfully request that the Staff of the Division of Corporate Finance (the "Staff") concur in our view that the Proposal and Supporting Statement are excludable on the bases set forth below.

Pursuant to Rule 14a-8(j), enclosed are six (6) copies of this letter and its attachments. As required by Rule 14a-8(j), a copy of this letter and its

attachments are being mailed on this date to the Proponent informing him of the Company's intention to omit the Proposal and Supporting Statement from the 2006 Proxy Materials. The Company intends to begin distribution of its definitive 2006 Proxy Materials on or about October 20, 2006, and therefore this letter is being submitted more than eighty (80) days prior to the date the Company will file its definitive Proxy Materials with the Commission.

The Proposal relates to precluding indemnification in connection with certain actions of the Company's directors and would have the stockholders make a determination that none of the Company current directors (the "Directors") have satisfied the legal standard that would entitle them to indemnification before any action challenging their conduct has been asserted or any indemnification claim has been made.

We believe that the Proposal and Supporting Statement may properly be excluded from the Company's 2006 Proxy Materials pursuant to the following rules:

1. Rule 14a-8(i)(1), Rule 14a-8(i)(2) and Rule 14a-8(i)(6), because the Proposal, if implemented, is not a proper subject for stockholder action under Delaware law, would cause the Company to not comply with the legally authorized process of permissive indemnification and would otherwise contravene Delaware General Corporate Law ("DGCL") Section 145, and, therefore, cannot be implemented by the Company.

2. Rule 14a-8(i)(1), because the Proposal conflicts with the Company's Certificate of Incorporation (the "Certificate of Incorporation") and is, therefore, not a proper subject for action by the stockholders.

3. Rule 14a-8(i)(6), because the Proposal would cause the company to breach contractual obligations to its directors.

4. Rule 14a-8(i)(3), because the Proposal and Supporting Statement contain false and misleading statements in violation of Rule 14a-9.

I. THE PROPOSAL – INTRODUCTION; SUMMARY OF ARGUMENT

A copy of the Proposal and Supporting Statement is attached hereto as Exhibit 1. Attached hereto as Exhibits 2, 3, 4 and 5, respectively, are DGCL

Section 145, the Company's Certificate of Incorporation (the "Certificate of Incorporation"), Article VIII of the Company's Bylaws ("Bylaws"), and the form of Indemnification Agreement entered into by the directors (the "Indemnification Agreement").

The Proposal purports to make a determination that the Directors are not entitled to indemnification for expenses and other amounts incurred in connection with any "threatened, pending or completed action or proceeding of the Securities and Exchange Commission ("SEC") . . . concerning the failure of [the Company] to register and otherwise comply with the Investment Company Act of 1940 ("ICA")", because the Directors "have NOT met the applicable standard of conduct for indemnification established in DGCL 145(a)"

Although the Proposal seeks to prohibit indemnification in connection with any threatened, pending or completed action, suit or proceeding of the SEC (collectively, "Actions"), there is currently no pending or completed Action and, to the best of the Company's knowledge, no such Action is threatened, against the Directors related to the ICA.

The Proposal is an attempt to short-circuit the legally mandated indemnification process with respect to any Action related to the ICA and adjudge the directors guilty of breach of duty before any accusations have been made, any legal actions brought or threatened, or any request for indemnification having been made by any Director. As such, the Proposal contravenes DGCL Section 145, the Certificate of Incorporation, the Bylaws and the Indemnification Agreement, and, if implemented, would cause the Company to breach its contractual indemnification duties to the Directors. Attached as Exhibit 6 is our legal opinion (the "Opinion") which concludes that the Proposal, if implemented, would contravene DGCL Section 145.

Finally, the Proposal contains an unsupported assertion of fact and the Supporting Statement misstates applicable law and would mislead stockholders concerning the effect of the Proposal.

II. THE PROPOSAL CONTRAVENES THE DELAWARE INDEMNIFICATION STATUTE, CONFLICTS WITH THE COMPANY'S CERTIFICATE OF INCORPORATION AND BYLAWS AND, IF IMPLEMENTED, AND WOULD CAUSE A BREACH OF CONTRACT

(1) The Delaware Indemnification Statute.

DGCL Section 145 provides rules for determining whether indemnification of directors, officers and other agents is proper under Delaware law. This statute provides mandatory indemnification of a director if the director has been successful on the merits in defending an Action (subsection (c)) and provides for permissive indemnification (subsection (d)) in other cases upon a determination "in the specific case" that indemnification is proper in the circumstances because the director has met the applicable standard of conduct set forth in DGCL Sections 145(a) and (b). Any claim brought by the SEC against the Directors related to the ICA (e.g., a third-party claim) would be covered by DGCL Section 145(a) which provides that a corporation shall have the power to indemnify a director "if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful." The foregoing is referred to as the "Legal Standard." A corporation may determine whether a director has satisfied the Legal Standard by any of four alternative means: (1) by a majority of non-party directors even if less than a quorum, (2) by a committee of such non-party directors, (3) by a written opinion from independent legal counsel, or (4) by approval of the stockholders (DGCL Section 145(d)(1)-(4)).

According to the Supporting Statement, "[T]he proposed resolution provides an opportunity to exercise our stockholders' [sic] right to determine whether the conduct of the Company's current directors met the standards required for a Delaware corporation to authorize what is called 'permissive' indemnification pursuant to DGCL 145(d)." This statement is erroneous on its face as the Proposal, which purports to act as a right of stockholders to determine whether the conduct of the Directors satisfies the Legal Standard for authorizing permissive indemnification pursuant to DGCL Section 145(d)(4), is only one of the four alternative means of determining whether the Directors have satisfied the Legal Standard for authorizing permissive indemnification. The Proposal seeks to deny the Directors the ability to determine which of the four permissible methods for determining whether an indemnification claim is proper as provided by the statute, and is, therefore, as confirmed in the Opinion, not a proper subject for action of the stockholders.

In addition, DGCL Section 145(d) states that indemnification must be authorized or not “in the specific case upon a determination that indemnification of the . . . director . . . is proper in the circumstances because the person has met the applicable standard of conduct . . .” DGCL Section 145(d) is clearly intended to deal with the propriety of indemnification by determining whether the director has met the Legal Standard only after there is a specific action resulting in a claim for indemnification, and as stated in the Opinion, it is our view that under DGCL Section 145(d), indemnification can be neither granted nor denied in advance of the disposition of an Action and an actual claim for indemnification related to such Action. Since there is no specific Action resulting in a claim for indemnification, and in fact there is not even a pending or threatened Action against a Director that could give rise to a claim for indemnification related to the ICA and no claim for indemnification has been made, in our opinion the Proposal, which purports to be brought under DGCL Section 145(d), cannot be brought under that statute and for this reason contravenes Delaware law. Moreover, should such a claim be presented in the future, the failure to obtain a stockholder vote authorizing indemnification at this time would not preclude the other means specified by statute and (not referred to in the Supporting Statement) in which satisfaction of the Legal Standard for permissive indemnification can be determined, such as a written legal opinion, approval by a majority or committee of non-party directors even if less than a quorum, or a committee thereof, or even approval at a later date by disinterested stockholders. No facts presently exist, since no claim has yet been asserted, on which to base any determination of the satisfaction of the Legal Standard and appropriateness of indemnification under DGCL Section 145(d).

As such, the Proposal (i) is not a proper subject for the stockholders under Delaware law (Rule 14a-8(i)(1)), because, as confirmed in the Opinion, it seeks to deny the Directors the right to determine which of the four permissible methods for determining whether an indemnification claim is proper, (ii) contravenes DGCL Section 145, as confirmed in the Opinion (Rule 14a-8(i)(2)), and, therefore, (iii) cannot be implemented by the Company (Rule 14a-8(i)(6)). For these reasons, the Proposal may be excluded under Rule 14a-8(i)(1), Rule 14a-8(i)(2) and Rule 14a-8(i)(6).

In *Farmer Bros. Co.* (November 28, 2003), the Staff addressed a similar proposal by a stockholder of the Company prior to the Company's reincorporation from California to Delaware. The proposal in *Farmer Bros. Co.* also sought to deny indemnification to directors involving issues related to the ICA. In *Farmer Bros. Co.* the Company argued, and the Staff concurred that the proposal was not a proper subject for stockholder action under California law because it sought to deny directors the ability to determine the propriety of a claim for

indemnification provided under California law. The Delaware indemnification statute, DGCL Section 145, is substantially similar to the California statute in question in *Farmer Bros. Co. In Travelers Group*, January 29, 1998, the Staff agreed that a proposal which would prohibit indemnification for defense costs despite a successful defense on the merits and alter the procedures for authorizing indemnification of corporate agents violated the Delaware indemnification statute and could be excluded under what is now Rule 14a-8(i)(2). Similarly, in *Western Union*, July 22, 1987, the Staff concurred that Western Union could exclude a proposal to limit indemnification in a manner contrary to the Delaware statute under what are now Rules 14a-8(i)(2) and 14a-8(i)(6).

(2) Conflict with Certificate of Incorporation.

Article Seventh of the Certificate of Incorporation states in pertinent part: "The Corporation shall indemnify its directors and officers to the fullest extent . . . permitted by law, as now or hereafter in effect The rights to indemnification . . . shall not be exclusive of any other right which any person may have or hereafter acquire under this Certificate of Incorporation, the By-Laws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise Any repeal or modification of this Article SEVENTH shall not adversely affect any rights to indemnification . . . with respect to any acts or omissions occurring prior to such repeal or modification." Thus, the Certificate of Incorporation makes mandatory the indemnification permitted by DGCL Sections 145(a) and (b).

The Proposal is in conflict with the Certificate of Incorporation because it purports to revoke the Company's authority to indemnify directors for Actions related to the ICA. The Proposal, therefore, may be excluded under Rule 14a-8(i)(1) because it does not present a proper subject for action by the Company's stockholders. See *Purepac Laboratories Corporation*, April 11, 1974, where the Staff concurred that Purepac could exclude under what is now Rule 14a-8(i)(1) a proposed bylaw amendment that was in conflict with the certificate of incorporation on the ground that it did not present a proper subject for action by such company's stockholders.

(3) Breach of Contract.

In addition to the indemnification rights provided by the Certificate of Incorporation, Article VIII of the Bylaws confers indemnification rights on the directors. Section 8.1 of the Bylaws requires the Company to indemnify Directors for third party claims such as an Action related to the ICA if, consistent with DGCL

Section 145(a), they satisfied the Legal Standard. Section 8.3 follows Section 145(d) and provides for the four alternative means referenced in DGCL Section 145(d), as described in Section II (1), above, for determining whether the Directors have satisfied the Legal Standard. Section 8.4 of the Bylaws defines in more detail the standard of conduct for indemnification. Section 8.7 of the Bylaws makes clear that it is the policy of the Corporation that indemnification shall be made to the fullest extent permitted by law.

Each of the Directors has previously entered into an Indemnification Agreement. Section 3 of the Indemnification Agreement affirms the right of the directors to indemnification from third party claims if they have satisfied the Legal Standard. Section 12 of the Indemnification Agreement makes clear that the Directors may elect to determine whether a Director is entitled to indemnification by either a majority vote of the "Disinterested Directors" or an opinion of "Independent Counsel." Section 13(a) of the Indemnification Agreement states that the persons making a determination as to whether indemnification is proper shall "presume that Indemnitee is entitled to indemnification . . . and the Company shall have the burden of proof to overcome that presumption"

The Directors have relied on the indemnification provisions in the Certificate of Incorporation, the Bylaws and the Indemnification Agreement, and such provisions create contractual rights in favor of the Directors. See FOLK ON THE DELAWARE GENERAL CORPORATION LAW, Sections 242.2 (doctrine that charter is a contract is long established in Delaware) and 109.7 (By-laws generally have the force of a contract between the corporation and the directors) The Proposal seeks to (i) nullify those contractual rights by removing from the Directors, or independent counsel, the ability to determine whether the Directors have satisfied the Legal Standard, and (ii) nullify the requirement that the Company bear the burden of proving that one or more of the statutory grounds for denying indemnification exists. Giving effect to the Proposal would cause the Company to breach its existing contractual obligations with the Directors as provided in the Certificate of Incorporation, Bylaws and the Indemnification Agreement. For this reason, the Proposal may be excluded by the Company under Rules 14(a)-8(i)(2) and 14(a)-8(i)(6). See *Western Union*, July 22, 1987, in which the Staff permitted exclusion under what are now Rules 14a-8(i)(2) and 14a-8(i)(6) of a proposal which both violated the Delaware indemnification statute and would have caused a breach of a contract to indemnify.

In Staff Legal Bulletin No. 14, dated July 13, 2001, at Question E.5, the Staff states that, with respect to Rules 14a-8(i)(2) and 14a-8(i)(6), "[I]f implementing the proposal would require the company to breach existing contractual

obligations, we may permit the stockholder to revise the proposal so that it applies only to the company's future contractual obligations." However, the contractual rights in question derive from the Certificate of Incorporation, the Bylaws and Indemnification Agreement which will not expire. Accordingly, the Proposal cannot be revised to cure this problem and is excludable under Rule 14a-8(i)(2) and Rule 14a-8(i)(6).

III. THE PROPOSAL AND SUPPORTING STATEMENT ARE FALSE AND MISLEADING

The Proposal contains an unsupported assertion of fact:

"[T]he Company's current directors have NOT met the applicable standard of conduct for indemnification established in DGCL 145(a)..."

The Proposal did not provide any factual support for this statement, other than the sweeping statement that the Company has deliberately rejected actions to comply with the ICA since August 2002. See Staff Legal Bulletin No. 14 July 13, 2001, Paragraph G, Substantive Issues 4: "In drafting a proposal and supporting statement, stockholders should avoid making unsupported assertions of fact." This unsupported statement is misleading and violates Rule 14a-9. The Note to Rule 14a-9 states that "misleading" materials include "[m]aterial which directly or indirectly . . . makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation." The Proponent provides no facts to support the above statement and it should be excluded under Rule 14a-8(i)(3) as misleading in violation of Rule 14a-9.

The misstatements in the Supporting Statement include:

- (1) "This Proposed resolution provides an opportunity to exercise our stockholder's right to determine whether the conduct of the Company's current directors met the standards required for a Delaware corporation to authorize what is called 'permissive' indemnification pursuant to DGCL 145(d)." The stockholders have no right to determine if the Directors have satisfied the Standard of Conduct. Only if a matter of permissive indemnification is submitted to them for approval under DGCL Section 145(d)(4) do they have the right to vote. The statement ignores the fact that indemnification can also be authorized under DGCL Section 145(d) by vote of non-party directors even if less than a quorum or by the written opinion of independent legal counsel.

- (2) "Our vote will not interfere with the legitimate indemnification rights of a director who succeeds in any defense or obtains a court order" This statement is also misleading because it omits to state that it is also legitimate for a director to be entitled to indemnification if satisfaction of the Standard of Conduct is determined by non-party directors or by an opinion of independent legal counsel.

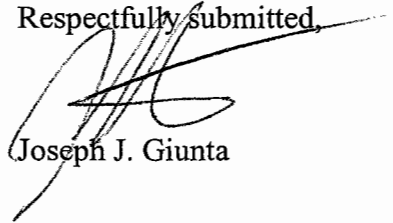
All of these misstatements result from Proponent's failure to comprehend the fact that the Proposal cannot change the rules governing indemnification as provided by DGCL Section 145, the Certificate of Incorporation, the Bylaws and the Indemnification Agreement, and therefore the Proposal cannot achieve its intended result. Accordingly, the Proponent's statements concerning the effect of the Proposal are false and misleading.

Please take note that the Proponent is a college professor and author with ample resources and ability to have researched applicable law and drafted a proper proposal. Although the Company does not believe this Proposal can be salvaged by revisions, the Company submits that affording this Proponent any further opportunity to make a proper proposal would be inappropriate and deleterious to the efficient operation of the stockholder proposal process. See *Pacific Enterprises*, March 9, 1990. The request for a no-action letter in *Pacific Enterprises* contains citations to a number of other no-action letters on this point.

Would you kindly advise us by fax at (213) 687-5600 of your response.

Thank you for your consideration.

Respectfully submitted,


Joseph J. Giunta

JJG:C