

USDA Settles Complaint Brought Against Kansas Livestock Auction Yard

WASHINGTON, April 3, 2000 -- Central Livestock Auction Market, Inc., and its president and owner, Russell M. Frederick, Hutchinson, Kansas, have agreed to a cease and desist order to settle a complaint issued by the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration. Central is a livestock auction market selling livestock on a commission basis for local farmers and cattle feeders.

Under the terms of the order, Central and Frederick agreed to cease and desist from: (1) engaging in business as a market agency selling livestock on a commission basis while current liabilities exceed current assets; (2) failing to properly maintain the custodial account for shippers' proceeds; (3) misusing custodial funds; and (4) failing to properly reimburse the custodial account. Central and Frederick were jointly and severally assessed a civil penalty of \$16,000, and ordered to provide USDA with monthly custodial account reconciliations and quarterly balance sheets for a period of 2 years.

In agreeing to the cease and desist order, Central and Frederick neither admitted nor denied the federal administrative charges filed by USDA under the authority of the Packers and Stockyards Act. Central and Frederick were placed under a cease and desist order, similar to a permanent injunction, to ensure future compliance with the Act.

The Packers and Stockyards Act is a fair trade practice and payment protection law that is designed to ensure free and open competition, and to prevent unfair and deceptive practices in the marketing of livestock, meat and poultry.

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