

USDA Issues Complaint Against Joseph E. Furr Livestock Inc., and Joseph E. Furr

Washington, DC (May 2, 2000) - On April 19, 2000, the U.S. Department of Agriculture issued an Administrative Complaint against Joseph E. Furr Livestock Inc., (Furr, Inc.) and Joseph E. Furr. The Complaint follows a preliminary injunction filed on March 24, 2000 in the U.S. District Court for the Western district of Virginia in Harrisonburg, which restrained Furr, Inc. and Joseph E. Furr from engaging in business as a dealer or market agency under the Packers and Stockyards Act, and from failing to pay for livestock, failing to pay when due for livestock, and issuing insufficient funds checks in purported payment for livestock.

Furr, Inc. is registered under the Packers and Stockyards Act as a livestock dealer and market agency buying livestock on a commission basis (order buyer). Mr. Furr is alleged to be responsible for the management, direction and control of Furr, Inc.

The Complaint issued by the USDA's Grain Inspection Packers and Stockyards Administration contains the following allegations against Joseph E. Furr Livestock, Inc., and Joseph E. Furr:

- **Failure to Pay for Livestock.** Furr, Inc., under the direction, management and control of Joseph E. Furr, failed to pay eighteen auction markets \$354,668.42 for livestock purchases.
- **Insufficient Funds Checks.** Furr, Inc., under the direction, management and control of Joseph E. Furr, issued eight checks for the purchase of livestock, which were returned unpaid from the bank upon which they were drawn. The checks were returned because there was insufficient funds on deposit and available in the account to pay the checks when they were presented for payment. Three of the checks, totaling \$43,489.49, remain unpaid as of the date of the issuance of the Complaint (April 19, 2000).
- **Financial Condition.** As of October 31, 1999, the financial condition of Furr, Inc., did not meet the requirements of the Act, since current liabilities of \$376,076.02 exceeded current assets of \$73,713.25 by \$302,362.77. The current liabilities of Furr, Inc., presently exceed its current assets. Furr, Inc., under the direction, management and control of Joseph E. Furr, has operated while insolvent between June 30, 1998, and February 17, 2000.

The Complaint contains the following allegations pertaining to Joseph E. Furr while acting in his individual capacity and engaging in business as a market agency selling livestock on a commission basis in connection with the operations of Central Virginia Livestock Market, Inc. (Central) of Amherst, VA:

- Mr. Furr failed to properly maintain and use Central's custodial account for shippers' proceeds and failed to properly reimburse the custodial account for purchases at Central by Furr, Inc. Mr. Furr's failure to reimburse Central's custodial account for \$53,849.42 in purchases he made at Central for Furr, Inc., was a primary cause of custodial account shortages on three dates between December 31, 1999 and March 14, 2000.

Central's custodial account shortages were due in part to

- Joseph E. Furr taking for his own use \$41,508.27 in proceeds receivable collections between July 7, 1999 and August 5, 1999, that he was required to deposit to the custodial account; and

- Joseph E. Furr taking 3 loans totaling \$17,765.85 from the custodial account between July 15, 1999 and August 5, 1999. Central Virginia Livestock Market, Inc., is not named in the Complaint and is not a respondent in this action.

The Complaint alleges that Joseph E. Furr misused the corporate funds of Joseph E. Furr Livestock, Inc. while the corporation had past due livestock payment obligations, and that Mr. Furr disregarded the corporation as a separate legal entity:

- Between January 29, 1999 and July 30, 1999, Mr. Furr directed his bank to make five transfers of funds totaling \$30,874.21 from the corporation's checking account in payments against a personal loan in the amount of \$500,000 that was secured by real estate owned by Mr. Furr and his wife.
- Between September 10, 1999 and February 7, 2000, forty checks totaling \$28,885.25 were drawn on the corporation's checking account and paid to Mr. Furr individually.
- On February 9, 2000, a check in the amount of \$20,652.22 that had been received from Shapiro Packing Company, Inc., in payment for livestock, was deposited to Mr. Furr's bank account and used for personal obligations of Mr. Furr.

If the charges are proven, Joseph E. Furr Livestock, Inc., and Joseph E. Furr could be placed under a cease and desist order, suspended as a registrant, and assessed penalties as provided by the Packers and Stockyards Act.

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

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Leah Akbar 202-720-4998Leah_L.Akbar@usda.gov