

## **GIPSA Rapid Response Team Facilitates Payment for Livestock Sellers**

Washington DC (October 19, 2000) On September 26, the USDA Grain Inspection, Packers and Stockyards Administration began receiving complaints that Supreme Beef Packers, Inc. (Supreme), Dallas, Texas, a cow slaughterer, had failed to pay for livestock purchased for slaughter. Supreme filed for bankruptcy on September 25, 2000. GIPSA immediately dispatched a Rapid Response Team to conduct a packer trust investigation.

Under the Packers and Stockyards Act, a Federal statute, packers are required to pay, by the close of the next business day, for their livestock purchases. The Act requires packers who purchase livestock on a cash basis to hold accounts receivables, inventory and proceeds derived therefrom in trust for the benefit of the unpaid cash sellers.

The Team determined that there were 98 unpaid cash sellers of livestock owed over \$800,000. Notice of the sellers' trust interests were provided by GIPSA to the packer's financier and to the bankruptcy court. On September 28, 2000, Supreme petitioned the court for permission to use cash collateral to pay livestock sellers. By order of the court, a special account was opened by Supreme and funded to pay the sellers. Supreme used the information provided by GIPSA's Team to make payments as directed by the court order.

Early intervention and the full cooperation of the USDA's Office of General Counsel facilitated full payment of all livestock sellers by October 9, 2000.

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