

GIPSA Issues Complaint Against 3-State Stockyards, Inc. And Robert J. Witt

WASHINGTON (September 25, 2001) - On August 13, 2001, the Grain Inspection, Packers and Stockyards Administration (GIPSA) issued an administrative complaint against 3-State Stockyards, Inc. (3-State) and Robert J. Witt (Witt) of Falls City, Nebraska. 3-State is registered under the Packers and Stockyards Act (P&S Act) as a market agency selling livestock on a commission basis.

The complaint alleges that 3-State, on several occasions, under the direction, management and control of Witt, violated the P&S Act by failing to maintain and properly use the firm's Custodial Account for Shippers' Proceeds (custodial account). 3-State's failure to properly use the custodial account endangered full and prompt payments due to consignors of livestock. Shortages in the custodial account were allegedly caused, in part, by 3-State's failure to make timely deposits from the sale of livestock into the custodial account, as required by regulations issued under the P&S Act. Additionally, 3-State is alleged to have misused its custodial account by: (1) failing to reimburse the account when full payment was not received from purchasers of livestock; (2) issuing checks from the account to pay buyers' commissions; (3) allowing bank service fees to be deducted from the account; and (4) withdrawing market commissions and fees from the account while there was a deficiency in funds available in the account to pay livestock consignors.

The complaint further alleges that 3-State failed to properly maintain records that fully and correctly disclose all transactions involved in the firm's business. Specifically, the complaint alleges that 3-State failed to maintain a check register, or outstanding checklist for its general checking account, and failed to reconcile the account and maintain reconciliation records.

3-State and Witt have 20 days after receiving the complaint to file an answer to the allegations. Failure to file an answer will constitute an admission of the allegations. If Witt files an answer denying the allegations, a date will be set for an oral hearing. If GIPSA proves the allegations, 3-State and Witt may be ordered to stop violations of the Act and assessed a civil penalty. 3-State may also be suspended as a registrant under the Act.

The Packers and Stockyards Act is a fair trade practice and payment protection law that promotes fair and competitive marketing environments for the livestock, meat, and poultry industries.

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