

GIPSA Issues Complaint Against Sugarcreek Livestock Auction

WASHINGTON (November 6, 2001) - On October 15, 2001, the Grain Inspection, Packers and Stockyards Administration issued an administrative complaint against Sugarcreek Livestock Auction, Inc. and Leroy H. Baker, Jr., of Sugarcreek, Ohio. Sugarcreek is registered under the Packers and Stockyards Act as a market agency selling livestock on a commission basis.

The complaint alleges that Sugarcreek on several occasions, under the direction, management, and control of Baker, violated the P&S Act by failing to maintain and properly use the firm's custodial account. Sugarcreek's failure to properly use the custodial account endangered full and prompt payments due to the consignors of livestock. Shortages in the custodial account were allegedly caused, in part, by Sugarcreek's failure to make timely deposits from the sale of livestock into the custodial account, and failure to make timely reimbursement to the account for purchases by market owners as required by regulations issued under the P&S Act. Additionally, Sugarcreek is alleged to have misused its custodial account by allowing bank service fees to be deducted from it, and by making unlawful withdrawals from the account while there was a lack of sufficient funds available in the account to pay livestock consignors.

Sugarcreek and Baker 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. A denial of the allegations will result in an oral hearing. If GIPSA proves the allegations, Sugarcreek and Baker may be ordered to stop violating the P&S Act and be assessed a civil penalty. Sugarcreek may also be suspended as a registrant under the P&S 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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GIPSA Release #58-01
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