

Decision Reached in GIPSA's Case Against Midwest National Farmers - Sig Ellingson, Inc. and James Gibbons

WASHINGTON, March 16, 2006 - On January 13, 2006, the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration (GIPSA) reached a consent decision with Midwest National Farmers - Sig Ellingson, Inc. (Midwest) and James Gibbons (Gibbons), South St. Paul, Minnesota. Midwest was engaged in the business of conducting and operating as a commission firm at the South St. Paul Union Stockyards, a posted terminal stockyard subject to the provisions of the Packers and Stockyards (P&S) Act; engaged in the business of a market agency buying and selling livestock on a commission basis; and is registered as a market agency to buy and sell livestock in commerce on a commission basis. Gibbons is President and 100% shareholder of Midwest; responsible for the day-to-day direction, management and control of Midwest; and a market agency subject to the provisions of the P&S Act.

The decision follows a complaint issued on July 22, 2004, in which GIPSA alleged that Midwest, under the management, direction, and control of Gibbons sold livestock on a commission basis and issued checks to consignors or shippers of such livestock which were returned unpaid; failed to remit, when due, the net proceeds due from the sale price of such livestock on a commission basis for a total of \$331,448.20; failed to remit \$247,133.29 to the consignors for the sale of livestock.

As of March 31, 2000 and April 30, 2000, Midwest's custodial account had deficiencies of \$351,329.16 and \$289,800.56, respectively.

As of March 31, 2000 and April 30, 2000, Midwest's current liabilities exceeded its current assets by \$218,388.36 and \$231,931.89, respectively.

Under the terms of the decision, Midwest and Gibbons shall cease and desist from issuing checks in payment of the net proceeds from the sale of consigned livestock without having sufficient funds on deposit and available in the custodial account; failing to remit, when due, the net proceeds received from the sale of consigned livestock; failing to remit the net proceeds due from the sale of consigned livestock; and failing to timely deposit in the custodial account an amount equal to the proceeds receivable from the sale of consigned livestock.

In addition, Midwest is suspended as a registrant for a period of 5 years and thereafter until Midwest has demonstrated that the shortage in its custodial account for shippers' proceeds has been eliminated. Gibbons shall not be registered with the Secretary of Agriculture for a period of 5 years and is prohibited from operating subject to the P&S Act without being registered. Upon application to the Packers and Stockyards Program (P&SP), a supplemental order may be issued allowing Midwest and Gibbons to operate subject to the P&S Act at any time after the expiration of 210 day of suspension upon demonstration by Midwest and Gibbons of conditions warranting the issuance of a supplemental order, and this order may be notified upon application to the P&SP to permit the salaried employment of Gibbons by another registrant or packer after the expiration of the initial 210 days suspension.

The P&S 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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