

USDA Charges Central Livestock Corporation and Russell M. Frederick, d/b/a/ Atlas Cattle Company with Failure to Pay for Livestock Purchases Totaling \$44,328.70

WASHINGTON, February 22, 2007 - On January 18, 2007, Grain Inspection, Packers and Stockyards Administration (GIPSA) filed a complaint against Central Livestock Corporation (Central), South Hutchinson, Kansas, and Russell M. Frederick (Frederick), Sterling, Kansas, doing business as Atlas Cattle Company.

Central conducts and operates a posted stockyard subject to the Packers and Stockyards (P&S) Act; is engaged in the business of a market agency selling livestock on a commission basis and is registered as a market agency to sell livestock on a commission basis.

Frederick is President and 90% owner of Central and is responsible for the management, direction, and control of Central. Also, Frederick is engaged in the business of a dealer, buying and selling livestock in commerce for his own account; and is registered as an individual doing business as Atlas Cattle Company as a dealer to buy and sell livestock in commerce.

GIPSA has evidence that Central under the direction, management and control of Frederick:

- failed to properly maintain its Custodial Account for Shippers' Proceeds;
- failed to deposit in its custodial account, within the time prescribed, an amount equal to the proceeds receivable from the sale of consigned livestock, whether or not such proceeds had been collected by the market agency;
- had custodial account shortages on several dates;
- misused its custodial account by transferring a total of \$230,500 in funds from Central's custodial account to an account in the name of "Mac Frederick or Clyda J. Frederick";
- issued insufficient funds check to consignors of livestock;
- failed to remit, when due, the proceeds to consignors of livestock; and
- as of the date of the issuance of the complaint, owed \$45,672.82 to livestock consignors.

GIPSA also has evidence that Frederick, doing business as Atlas Cattle Company:

- issued insufficient funds checks and failed to pay, when due, for livestock purchases; and
- owed \$44,328.70 as of the date of issuance of the complaint.

Failure to file an answer to GIPSA's complaint within the time allowed constitutes an admission of the allegations. If the allegations are admitted, or proven in an oral hearing,

Central and Frederick may be ordered to cease and desist from violating the P&S Act and be assessed a civil penalty.

Central held its last sale on February 7, 2006. The market is currently operating under new ownership and is not affected by this action.

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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