

USDA Assesses American Family Farms, Inc. a Civil Penalty of \$50,000

WASHINGTON, February 22, 2007 - On October 31, 2006, Grain Inspection, Packers and Stockyards Administration (GIPSA) filed a decision and order against American Family Farms, Inc. (AFF), headquartered in Elkader, Iowa, by reason of default. AFF was a packing company located in South Dakota. The decision assesses AFF a \$50,000 civil penalty and orders AFF to cease and desist from:

- failing to timely pay the full amount of the purchase price for livestock; and
- purchasing livestock in commerce while insolvent, while current liabilities exceed current assets, unless AFF pays the full purchase price of livestock at the time of purchase in U.S. currency, by cashier's check or wire transfer.

The decision results from an investigation that culminated in a complaint filed on March 8, 2006, in which GIPSA alleged AFF failed to pay the full amount of the purchase price as required by the Packers and Stockyards (P&S) Act. GIPSA also alleged that AFF's current liabilities exceeded its current assets by \$1,141,203.36 as of August 15, 2003.

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.

GIPSA Release #20-07

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