

## **GIPSA Implements New Rules for Resolving Violations of the Packers and Stockyards Act**

WASHINGTON, April 25, 2007 - USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) today published in the *Federal Register* changes to the rules of practice governing proceedings under the Packers and Stockyards (P&S) Act. The changes will allow GIPSA and persons alleged to have violated the P&S Act to settle cases in a more timely and less costly manner than previous procedures. It also provides GIPSA with another enforcement tool to obtain compliance in lieu of letters and warnings.

Under the new rules, GIPSA has the option to offer persons believed to be operating in violation of the P&S Act a stipulation agreement. The stipulation agreement gives notice that certain conduct discovered by GIPSA violates the P&S Act and allows the alleged violator an opportunity to voluntarily pay a specified penalty to resolve the case.

"This change brings GIPSA more in line with other USDA agencies that already have the ability to settle violation cases by stipulation agreement," said Bruce Knight, Under Secretary for USDA Marketing and Regulatory Programs (MRP), which includes GIPSA. "GIPSA can respond quickly to bring violators into compliance and, in doing so, offer better protection to America's farmers and ranchers." Stipulation procedures are available for use by the Animal and Plant Health Inspection Service (APHIS) of USDA, another of the MRP agencies under Knight's oversight. APHIS has authority to use stipulation agreements in settling cases involving the Animal Welfare Act, Plant Protection Act, and Animal Health Protection Act as well as other federal laws.

The P&S Act provides for civil penalties of up to \$11,000 for each violation a person commits. By agreeing to settle cases by stipulation, alleged violators will have the opportunity to pay a civil penalty less than would be imposed if GIPSA were to file a formal administrative complaint. The lower penalty amount does not mean that GIPSA will be letting violators off easy, however. "For most people, a stipulation agreement will be offered just once," says GIPSA Administrator Jim Link, "if violations continue after we've reached an agreement, then GIPSA will file a complaint and seek more severe sanctions." As an additional deterrent, some violators who in the past would have received written warnings will now be faced with civil penalties.

"This change is good for everyone," says Link, "the industry we regulate benefits by having violators pay and come into compliance soon after a violation is discovered, and the violators are able to resolve their case quickly so it's not out there hanging over their heads for a long time." Taxpayers will also benefit as the cost for USDA to reach resolution in many cases will be greatly reduced.

The change in the rules of practice takes effect immediately. Like civil penalties collected in cases where GIPSA files a formal complaint, stipulation payments are paid to the United States Treasury. If a person alleged to have violated the P&S Act chooses not to agree and pay the stipulation penalty, GIPSA will proceed with the filing of an administrative complaint and seek a higher penalty.

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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