



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Stop 3601
1400 Independence Ave., SW
Washington, DC 20250-3601

JAN 15 2009

Richard Klene, CFO
Meadowbrook Farms Cooperative
105 S. Jackson Street, Suite 400
Belleville, IL 62220

Dear Mr. Klene:

Whenever the Administrator of the Grain Inspection, Packers and Stockyards Administration has reason to believe that a bond is inadequate to secure the performance of the obligations of the packer covered thereby, the Administrator must notify the packer to adjust the bond to meet the requirements the Administrator determines to be reasonable. I have determined that Meadowbrook Farms Cooperative's (Meadowbrook) current bond is not adequate for the following reasons:

- 1) Meadowbrook has entered agreements extending payment to livestock sellers significantly past the time payment is normally due.
- 2) I have reason to believe Meadowbrook has been unable to meet even those extended payment terms.

This letter is notification that Meadowbrook's bond must be increased as shown below. The Packers and Stockyards Act, 1921, as amended and supplemented (Act)(7 U.S.C. §§ 181-229), provides that the Secretary may require packers to file a bond under such regulations as he may prescribe to secure the performance of their obligations. Copies of the Act and the regulations (9 C.F.R. 201.1 *et seq.*) are enclosed for your reference. The bonding requirements are addressed in sections 201.27 through 201.34 of the regulations. The Act and regulations are also available online along with approved forms for bonds and bond equivalents and related instructions, at www.gipsa.usda.gov.

In view of Meadowbrook's extended payment terms, which mean that a much greater volume of livestock debt is unpaid for long periods of time, and in view of the fact that payment even on these terms was slow, the Agency had determined that a bond of \$5,970,000.00 is necessary to secure the performance of Meadowbrook's obligations

The increase rider or a new bond must be signed by you, the surety, and the trustee, if one is named. If a trustee has been named, the original of the rider or new bond should be retained by the trustee. You must file the bond increase rider or new bond within 30 days of receipt of this letter.

COPY

If you have any questions, please contact Jay Johnson by telephone at (515) 323-2579.

Sincerely,



Alan Christian
Acting Administrator

BOND INCREASE

From: \$740,000.00 To: \$5,970,000.00 Clause 4