

The National Agricultural Law Center



University of Arkansas



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# **GIPSA's Proposed Rule Changes:**

**What are they?  
How might they affect you?  
How can you affect them?**

**(479) 575-7646**

**NatAgLaw@uark.edu**

The National Agricultural Law Center



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# The National Agricultural Law Center



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# Who AREN'T We?



- I. We are not GIPSA, and have no affiliation with the agency
- II. Comments you make tonight will not be recorded, maintained or considered in the rulemaking process.
- III. If you want your comments heard and considered, you must make them to GIPSA through any of the ways we'll talk about later.

# Parameters of Workshop



- Informational and educational only
- Not “pro” or “con”
- Not offering legal or policy advice
- May be some questions about proposed rules we are not able to answer
  - i.e. definitions
- Time awareness
  - Save questions for Question & Answer session
- Workshop Materials

# Evaluation



- After the workshop, please fill out the evaluation form that you'll be given.
- This is very important to helping us review the effectiveness of the workshop, and prepare other workshops for the future.
- No identifying information (name, address, etc) will be collected.
- Information is for internal use by the National Agricultural Law Center only, and will not be shared with anyone else.



# Outline



- I. Introduction/Background
- II. What is “GIPSA”?
- III. How does GIPSA make rules?
- IV. What are the proposed changes?
- V. How do you make comments?
- VI. Question & Answer

# Introduction/Background



- Packers and Stockyards Act enacted in 1921
  - Statutory trust, prompt payment, packer bond requirements
- 2008 Farm Bill, Livestock Title
- Proposed Rule issued June 22, 2010
- Original deadline for comment period was August 23, 2010
- Has been extended to **November 22, 2010**

# What is “GIPSA”?



## WHAT DO THEY DO NOW?

**RUSTY RUMLEY  
STAFF ATTORNEY**

# Topics



- The 3 Branches of Federal Government and their role in the proposed Regulations
- Administrative Agencies
- GIPSA
- Packers and Stockyards Act of 1921
- 2008 Farm Bill

# Legislative Branch: Congress

- Passes Legislation (Big picture)
- “Power of the Purse”
- Elected by the people they represent
- Involvement in regulations:
  - Passed the Packers and Stockyards Act in 1921 and the Farm Bill
    - ✦ The laws where GIPSA is claiming authority to make the regulations



# Judicial Branch: Federal Courts

- In charge of “interpreting” federal law
- Appointed by President and approved by Congress
- Involvement in regulations:
  - Power to stay regulations
  - Power to interpret regulations



# Executive Branch: President

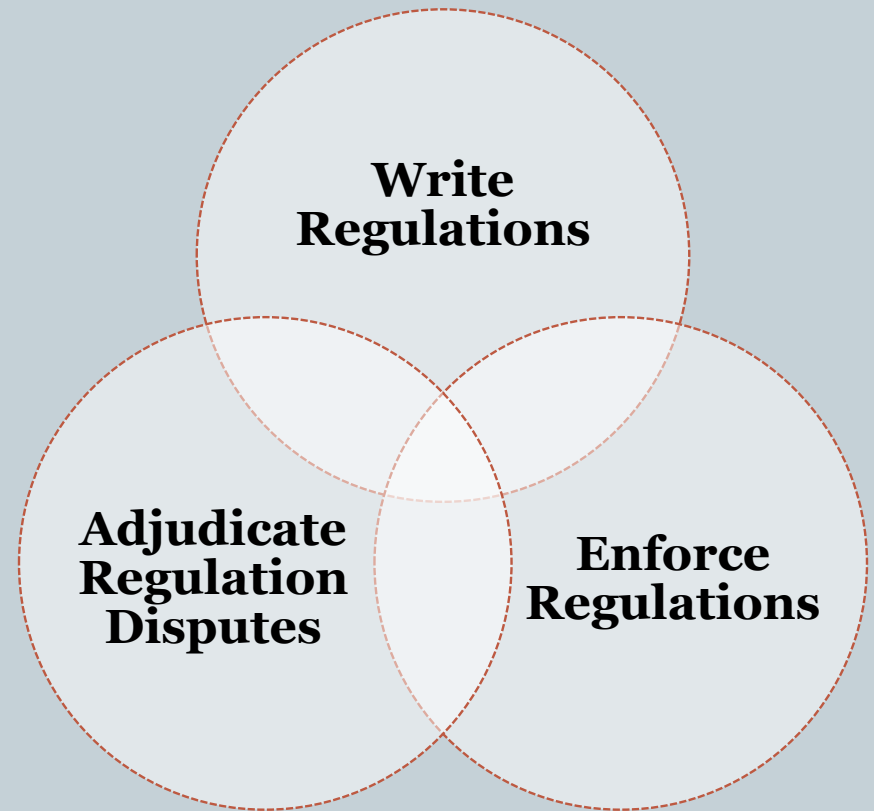
- Executing and enforcing legislation
- Elected like Congress
- Involvement in regulations:
  - In charge of most Administrative Agencies
    - ✦ Various heads of agencies (called Secretaries) are members of the Cabinet



# What are Administrative Agencies?



- Entities created by Congress and the President to regulate specific areas
- The vast majority of federal employees work for administrative agencies.
- Agencies have the powers of all three branches of government
  - ✦ They write regulations (today's topic)
  - ✦ They enforce regulations
  - ✦ They adjudicate any disputes under the regulations.





# Why Do Agencies Have So Much Power?



- Congress, the President, and courts may not have the necessary knowledge and time to make every decision that is needed.
  - For example, many GIPSA employees are economists and lawyers.
- Agencies are limited to regulating issues within their scope of authority
  - For example, the Department of Labor doesn't regulate the same issues as the Department of Education



# What About “Checks and Balances”?



- They still exist, but they’re slightly different- here’s how they work...

## Legislative Branch

- Statutory Authority
- Has the “power of the purse”

## Executive Branch

- Oversees most of the agencies
- Appoints agency heads

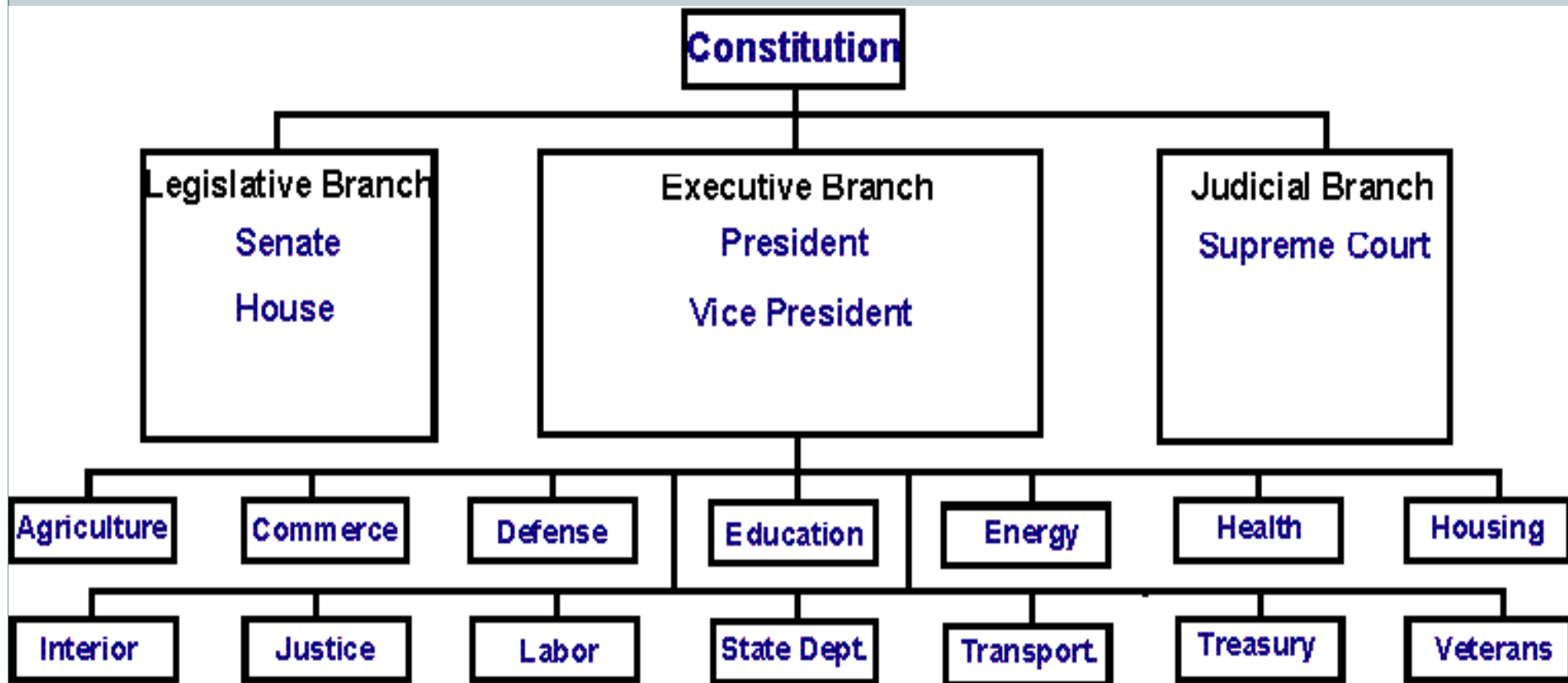
## Judicial Branch

- Hears agency decisions on appeal

## Citizens

- Participate in “notice and comment” rule making

# Where Does GIPSA Fit In?



# USDA Agencies



**The United States Department of Agriculture (USDA) has many agencies under its jurisdiction.**

- Agricultural Marketing Service (AMS)
- Agricultural Research Service (ARS)
- Animal and Plant Health Inspection Service (APHIS)
- Center for Nutrition Policy and Promotion (CNPP)
- Economic Research Service (ERS)
- Farm Service Agency (FSA)
- Food and Nutrition Service (FNS)
- Food Safety and Inspection Service (FSIS)
- Foreign Agricultural Service (FAS)
- Forest Service (FS)
- **Grain Inspection, Packers and Stockyards Administration (GIPSA)**
- National Agricultural Library (NAL)
- National Agricultural Statistics Service (NASS)
- National Institute of Food and Agriculture (NIFA)
- Natural Resources Conservation Service (NRCS)
- Risk Management Agency (RMA)
- Rural Development (RD)

# GIPSA is:



The federal agency within USDA that is responsible for issuing regulations and enforcing rules that govern the contracting, buying and selling of livestock and poultry.



United States Department of Agriculture

Grain Inspection, Packers & Stockyards Administration

# What Does GIPSA Do?



**Main Goal:** Helps “ensure a productive and competitive global marketplace for U.S. agricultural products.”

- Regulates the marketing of poultry, livestock, meat, grains, and various other agricultural products
- Upholds “fair and competitive trading practices”
- Enforces the Packers and Stockyards Act



United States Department of Agriculture

Grain Inspection, Packers & Stockyards Administration

# Packers & Stockyards Act of 1921



## **89 year old statute meant to protect consumers and producers**

- Prohibits “unfair and deceptive practices”
- Undue preferences
- Price manipulation

New Regulations are partially based on the original PSA(plus amendments) and partially on the 2008 Farm Bill amendments.

# What, Specifically, Does PSA do Now?



- Requires that poultry growers are entitled to observe the weighing and recording procedures of their birds.
- Requires stockyards to register with the government, maintain accurate weights, and pay shippers promptly
- Requires meat packers with annual livestock purchases of over \$500,000 to be bonded
- Trust protection for producers in the event of nonpayment for livestock by a meat packer



# Changes from the 2008 Farm Bill

- “...not later than 2 years after the date of the enactment of this Act, the Secretary of Agriculture shall promulgate regulations with respect to the Packers and Stockyards Act...”
  - ✦ PUBLIC LAW 110-246—  
JUNE 18, 2008



## SEC. 11006. REGULATIONS, continued



[E]stablish criteria that the Secretary will consider in determining:

- (1) whether an undue or unreasonable preference or advantage has occurred in violation of such Act;
- (2) whether a live poultry dealer has provided reasonable notice to poultry growers of any suspension of the delivery of birds under a poultry growing arrangement;

## SEC. 11006. REGULATIONS, continued



- (3) when a requirement of additional capital investments over the life of a poultry growing arrangement or swine production contract constitutes a violation of such Act; and
- (4) if a live poultry dealer or swine contractor has provided a reasonable period of time for a poultry grower or a swine production contract grower to remedy a breach of contract that could lead to termination of the poultry growing arrangement or swine production contract.



## Contact Information:

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# How Does GIPSA Make Rules?



## HOW CAN YOU PARTICIPATE IN THE PROCESS?

**SHANNON MIRUS  
STAFF ATTORNEY**

# Laws v. Regulations



- Laws (or “statutes”) passed by Congress are broad
- Regulations and rules are implemented by Agencies and contain the details
  - To specify, clarify and refine Congress’s work product

# Notice and Comment Rulemaking



- Method often used by Agencies to implement laws passed by Congress and signed by the President
- Process outlined in Administrative Procedure Act
- Not as complicated as it sounds

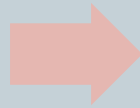


# Notice and Comment Rulemaking



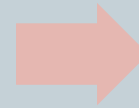
## Notice

- Agency provides public notice in Federal Register that they intend to make a rule and offer a draft of the rule



## Comment

- Agency seeks comments from the public on the proposed rule



## Rulemaking

- Agency reviews comments and implements changes before issuing final rule



# Where are we in the process?

## **Congress must pass a law directing an agency to develop rules**

- In this case, GIPSA claims that the Packers and Stockyards Act and the 2008 Farm Bill were the laws that allowed them to draft these rules

## **Next, the agency must draft the rules**

## **After that, the agency must publish a Notice of Proposed Rulemaking**

- GIPSA published the Notice of Proposed Rulemaking in the Federal Register on June 22, 2010

# GIPSA is Accepting Comments



- Comment period is generally open for 60 days
  - Originally comment period expired on August 23, 2010
  - On July 26, GIPSA extended the comment period by 90 days because of several requests for the extension.



**Comment period now expires  
November 22, 2010**

# Notice and Comment Rulemaking



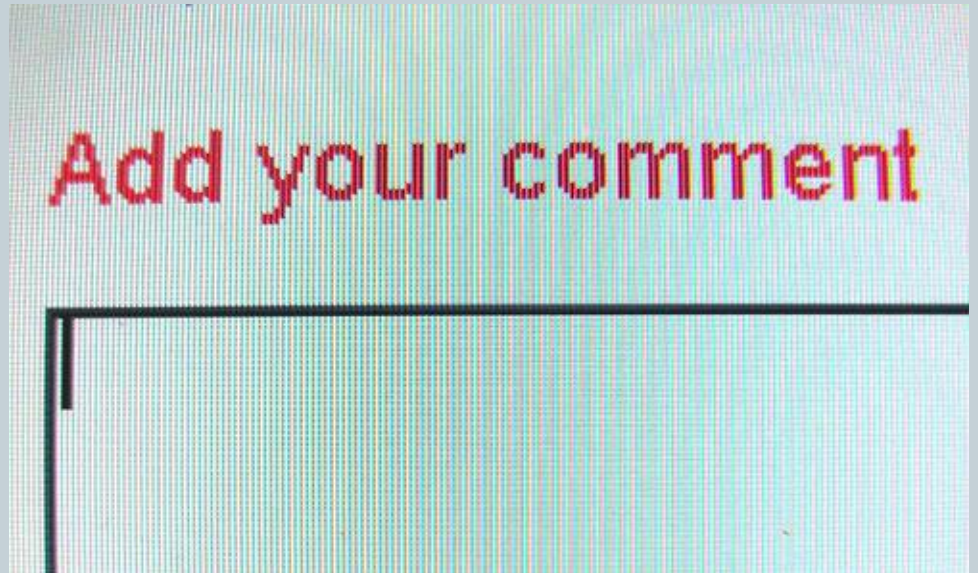
- Comments may address any part of the rule
  - Agree with some part
  - Disagree with another part
- Anyone can submit comments
  - Individuals
  - Companies
  - Special interest groups
- Comments can be submitted anonymously



# Your Comments



- May include data
- May make arguments for or against rule
- May state how the rule will impact you
- Should be reasoned and well written
  - Spelling and grammar can be important





## How to Submit Comments:

- **Email:**  
[comments.gipsa@usda.gov](mailto:comments.gipsa@usda.gov)
- **Mail or Hand Deliver:**  
Tess Butler  
GIPSA, USDA  
1400 Independence Avenue, SW  
Room 1643-S  
Washington, DC 20250-3604
- **Fax:**  
(202) 690-2173
- **Online:**
  - Federal eRulemaking Portal

# Do your comments matter?



## Yes!

- **Comments become part of the permanent record**
  - Anyone can review any comment online at [Regulations.gov](https://www.regulations.gov)
  - All information, including names/addresses/contact information is included
- **How you make sure your voice is heard**
  - Like voting in elections
- **Facilitate the exchange of information**
  - You may point out issues the agency hasn't considered

# Final Rule



- After comment period closes, GIPSA will review the comments
  - All comments are reviewed and considered
- Issue a final rule and publish it in the Federal Register
  - We do not have a date when the final rule will be published
- Usually goes into effect 30 days after final rule is issued



# Final Rule



- Will include a statement of “basis and purpose”
  - GIPSA will explain their rationale for the rule
  - Respond to comments that were submitted
    - ✦ Must justify the rules in light of the comments received





# Final Rule



- Courts give a great deal of deference to agencies
  - Agencies are deemed to have an expertise in the areas they regulate
- Regulations are hard to overturn in court



# Final Rule



- However, if a law suit is filed, a judge may stay implementation of the regulations
  - Stop rules or parts of rules from going into effect until they can be reviewed
- GIPSA may repeal the regulations at a later date
- Congress may pass legislation dictating the rules
- Congress may cut funding to GIPSA, so the rules cannot be enforced



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# What Are The Proposed Changes?



**HOW DO THEY AFFECT  
YOU?**

**ELIZABETH RUMLEY  
STAFF ATTORNEY**

# Packers and Stockyards Act



It is unlawful for any packer, swine contractor or live poultry dealer to

1. “Engage in or use any unfair, unjustly discriminatory or deceptive practice or device;” or
2. “Make or give any undue or unreasonable preference or advantage to any particular person or locality in any respect, or subject any particular person or locality to any undue or unreasonable prejudice or disadvantage in any respect”

7 U.S.C. 192(a) & (b)

---

Any livestock or poultry contract that contains a provision requiring the use of arbitration shall contain terms that conspicuously disclose the right of the contract producer or grower, prior to entering the contract, to decline the requirement to use arbitration to resolve any controversy that may arise

7 U.S.C. 197

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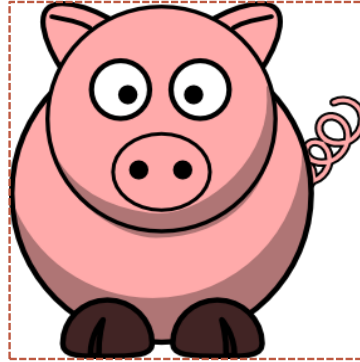
7 U.S.C. 197

# Who Would These Regulations Apply To?



## Packer

- Buyer of livestock for slaughter
- Person who manufactures or prepares meat for sale or shipment
- Marketer of livestock products in an unmanufactured form
  - Wholesale brokers, dealers or distributors



## Swine Contractor

- A person who pays another to raise and care for hogs under a swine production contract.



## Live Poultry Dealer

- Person who obtains live poultry by purchase or under a poultry growing arrangement
- Includes all stages of live poultry production, including pullets, laying hens, breeders and broilers

# Examples of Application



## PSA Directly Applies

- LLC involved in swine production contracts
- Broiler integrator contracts
- Forward contracts of beef producers

## PSA Does Not Directly Apply

- Producer marketing his own livestock
- Producer buying livestock for her own stocking or feeding purposes.
- Producer who raises hens that lay table eggs



# Packers and Stockyards Act



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7 U.S.C. 197

# Unfair, unjustly discriminatory or deceptive practice or devices



- 1. Specifically prohibited practices**
- 2. Capital investments**
  - 1. Initial investments**
  - 2. Additional investments**
- 3. Notice of suspension of delivery of birds**
- 4. Reasonable period of time to remedy contract breach**

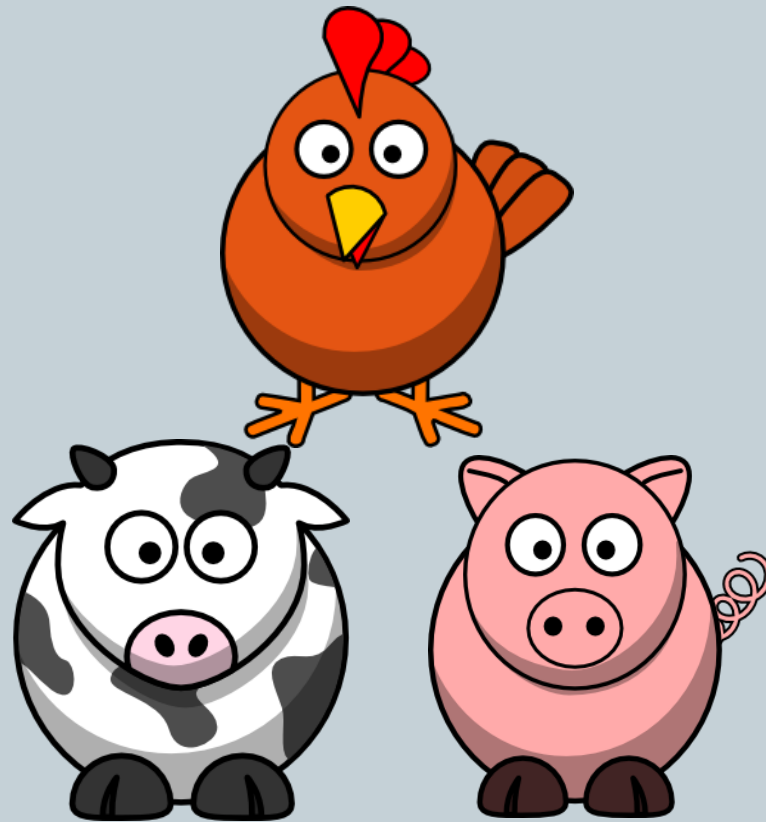
# Specifically Prohibited Practices

*“unfair, unjustly discriminatory and deceptive practices”*

## What:

- Breach of contract or action/omission that a reasonable person would consider “unscrupulous, deceitful or in bad faith”
- Actions intended to mislead a producer about a “material condition or a term” in a contract or business transaction.

## By Who:



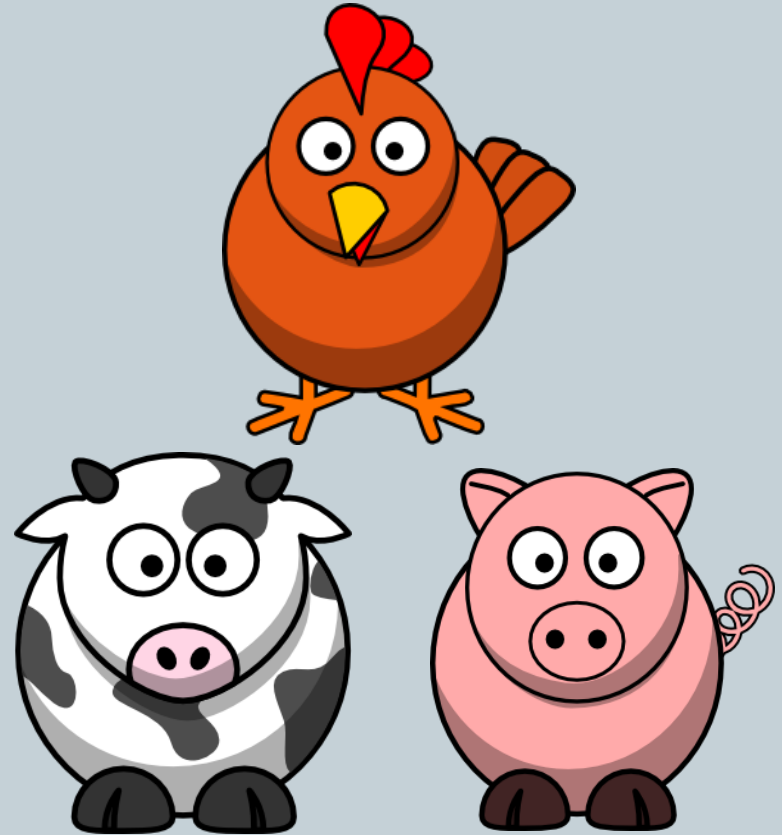
# Specifically Prohibited Practices

*“unfair, unjustly discriminatory and deceptive practices”*

## What:

- Retaliation in response to a producer’s “lawful expression, spoken or written, association, or action”
  - Retaliation can include “coercion, intimidation, or disadvantage” to any producer in beginning, ending, extending or renewing a contract

## Who:



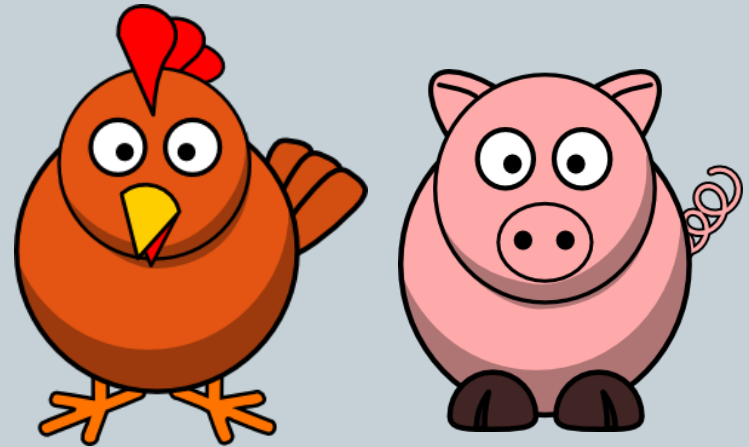
# Specifically Prohibited Practices

*“unfair, unjustly discriminatory and deceptive practices”*

## What:

- Refusing to answer a contract grower’s request for statistical information and data used to determine production contract compensation.
  - Including: feed conversion rates, feed analysis, origination and breeder history

## Who:



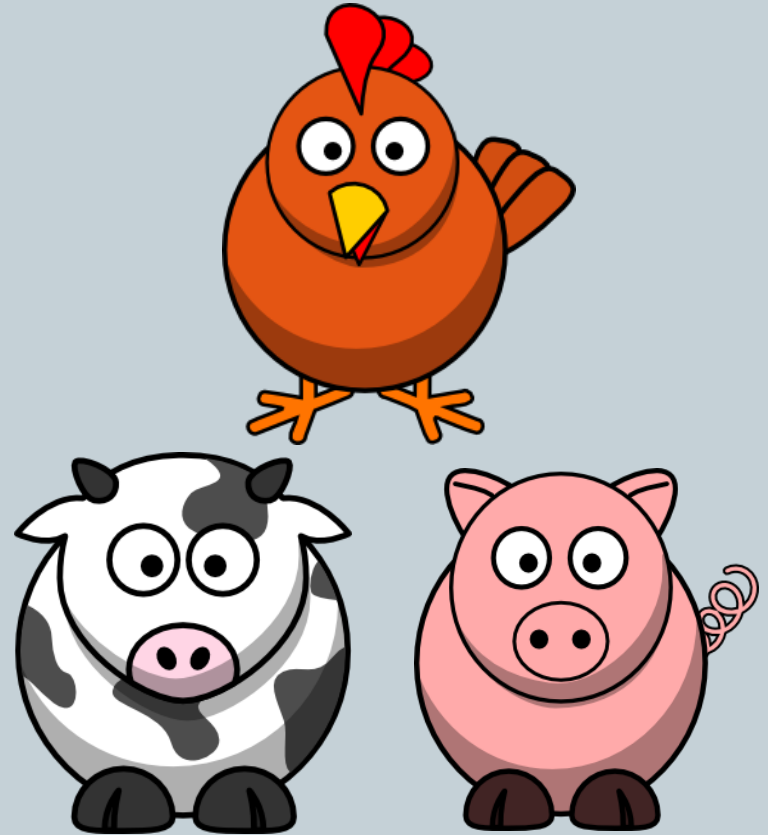
# Specifically Prohibited Practices

*“unfair, unjustly discriminatory and deceptive practices”*

## What:

- Attempt to limit producer’s legal rights and remedies, including:
  - Right to trial by jury
  - Right to damages;
  - Rights under bankruptcy;
  - Authority of judge/jury to award attorney fees;
  - Requirement that trial or arbitration be held in a location other than where the main part of the contract occurs

## Who:



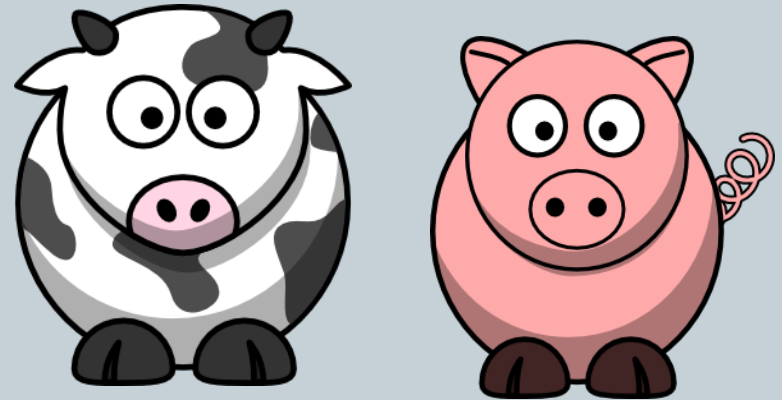
# Specifically Prohibited Practices

*“unfair, unjustly discriminatory and deceptive practices”*

## What:

- Applying a premium or discount in price received for sale of livestock without **documenting the reasons** and **substantiating the revenue and cost justification** associated with the premium or discount

## Who:



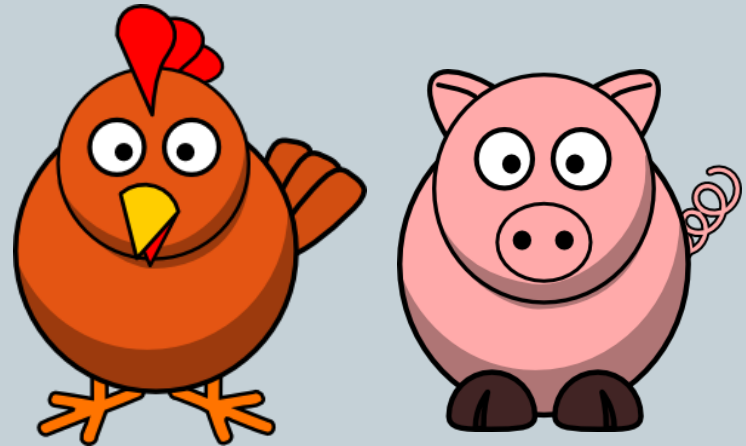
# Specifically Prohibited Practices

*“unfair, unjustly discriminatory and deceptive practices”*

## What:

- Termination of a contract with only an allegation that the producer “failed to comply with an applicable law, rule or regulation.”
  - In order to use an alleged violation as grounds to terminate, it must be immediately reported to the relevant law enforcement authorities

## Who:





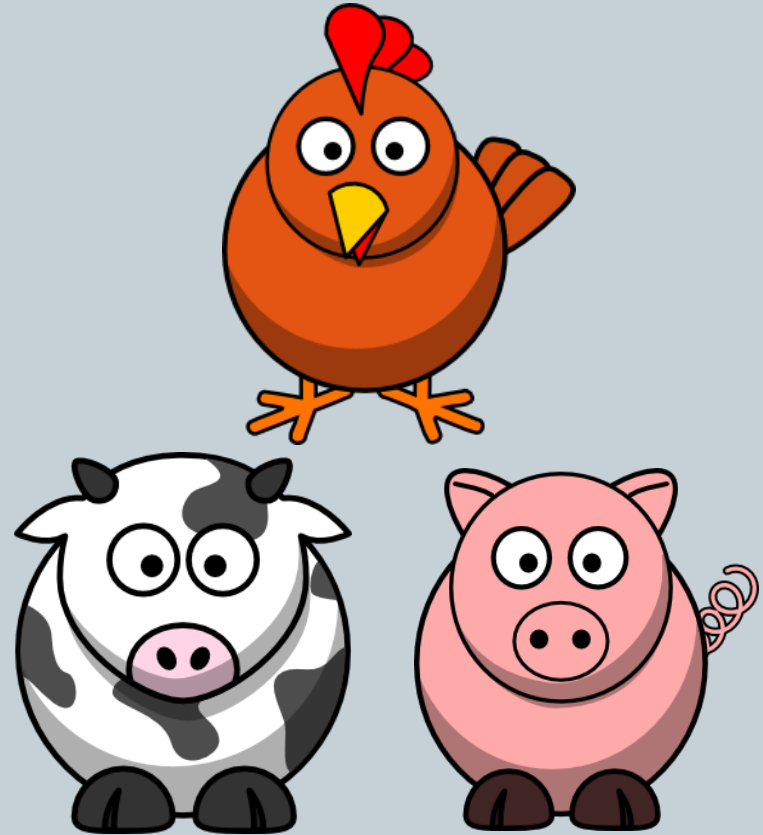
# Specifically Prohibited Practices

*“unfair, unjustly discriminatory and deceptive practices”*

## What:

- “Any other act that causes competitive injury or creates a likelihood of competitive injury”

## Who:



# Capital Investments



- A “capital investment” is “any initial capital investment of \$25,000 or more paid by a grower for growing and raising facilities.”
  - Includes: total cost of equipment, goods, professional services and labor utilized, plus any interest incurred and any increased labor and operating costs that are directly attributable to the capital investment
- An “additional capital investment” is “a combined amount of \$25,000 or more paid by a poultry grower or swine production contract grower beyond the initial investment for growing and raising facilities by the grower to make a capital improvement to the raising or growing facility.”
  - Includes: same factors as a “capital investment”
  - Does not include: costs of maintenance and repair

# Capital Investments

*“unfair, unjustly discriminatory and deceptive practices”*

## Requirements:

- If producer must make initial or additional capital investments in order to raise animals, the contract must be for a sufficient length of time for the producer to recover 80% of the cost of the investment.
  - Repayment rate based on a percentage of the grower's yearly compensation.

## Who:



# Capital Investments

*“unfair, unjustly discriminatory and deceptive practices”*

## Requirements:

- Additional capital investment cannot be required from a producer who has given written notice of intent to sell the farm and facilities, unless notice of such additional capital investment was given at least 90 days before the producer’s notice.

## Who:



# Capital Investments

*“unfair, unjustly discriminatory and deceptive practices”*

## Requirements:

- If previously approved equipment is in good working order:
  - Equipment changes cannot be required unless integrator provides “adequate compensation incentives.”
  - Integrator can’t reduce the animals placed with a producer or terminate a growing or production contract if the producer doesn’t make the changes.

## Who:



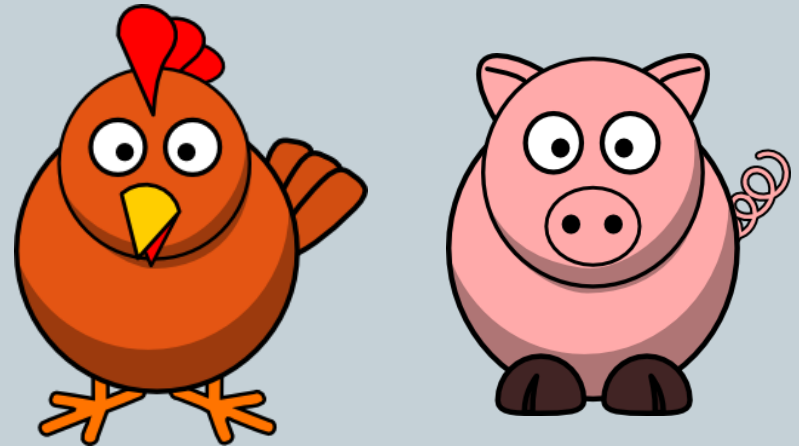
# Capital Investments

*“unfair, unjustly discriminatory and deceptive practices”*

## Requirements:

- Cannot engage in conduct that would limit a producer from making a voluntary or informed decision about production contracts or arrangements
  - Can't use intimidation, threats, false or misleading information, statements or data, or conceal any material information, statements or data.

## Who:



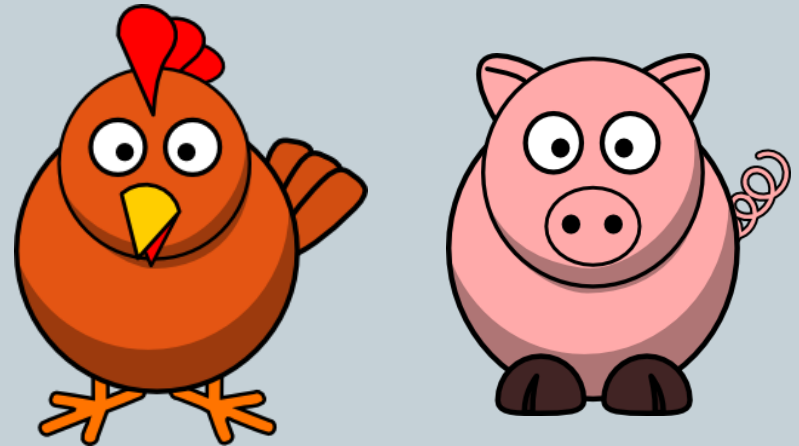
# Additional Capital Investments

*“unfair, unjustly discriminatory and deceptive practices”*

## Factors:

- Does the producer have discretion to decide for or against the capital investment?
- Is the investment the result of coercion, retaliation or threats of coercion or retaliation?

## Who:



# Additional Capital Investments

*“unfair, unjustly discriminatory and deceptive practices”*

## Factors:

- Does the integrator intend to (or actually does) close or substantially reduce operations at the processing facility within one year of requiring the investment?
  - Dealers may apply for emergency waivers of this provision

## Who:





# Additional Capital Investments

*“unfair, unjustly discriminatory and deceptive practices”*

## Factors:

- Is the investment cost reasonably expected to be recouped by the producer?
- Is the producer given a reasonable time period to implement the required investments?

## Who:



# Additional Capital Investments

*“unfair, unjustly discriminatory and deceptive practices”*

## Factors:

- How old are the producer’s facilities?
  - Taking into account recent upgrades to or capital investments in the facilities
- Are all similarly situated producers required to make the same investments?

## Who:



# “Reasonable notice” of bird delivery suspension

*“unfair, unjustly discriminatory and deceptive practices”*

## Factors:

- If grower has been given written notice of intent to suspend delivery
- If notice is given at least 90 days before suspension date
  - Dealers may apply for emergency waiver
- If notice includes
  - Reason for suspension
  - Length of suspension
  - Date delivery will resume

## Who:



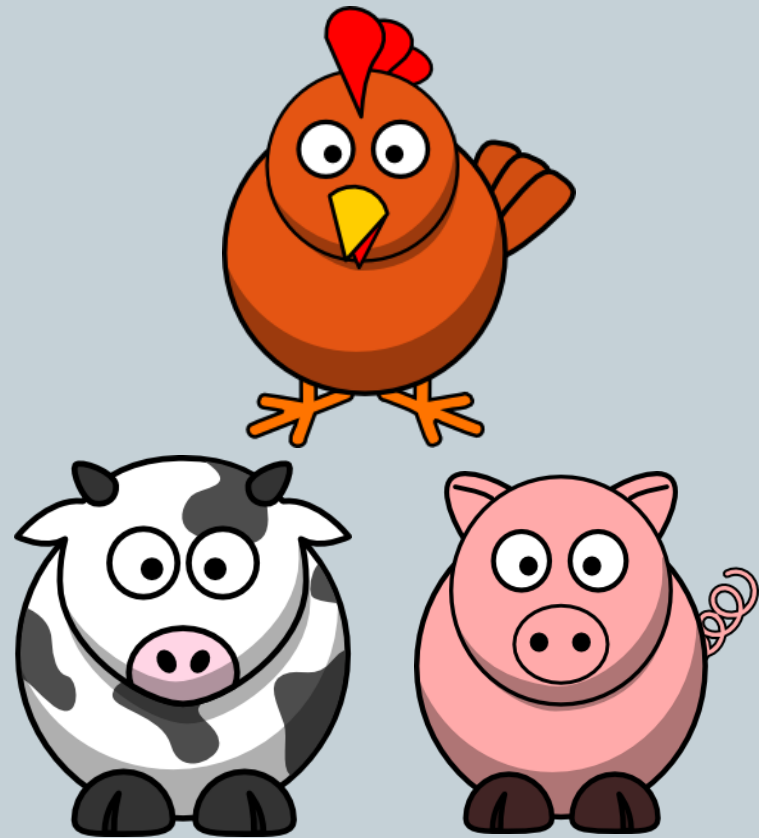
# “Reasonable Time” to Cure Breach

*“unfair, unjustly discriminatory and deceptive practices”*

## Factors:

- If written notice was supplied upon initial discovery
  - If not supplied within 90 days of discovery, generally considered a waiver of the breach
- If notice includes
  - Description of the act/omission
  - Date of breach;
  - Explanation of how producer can remedy breach (if possible);
  - Date of reasonable time to remedy

## Who:



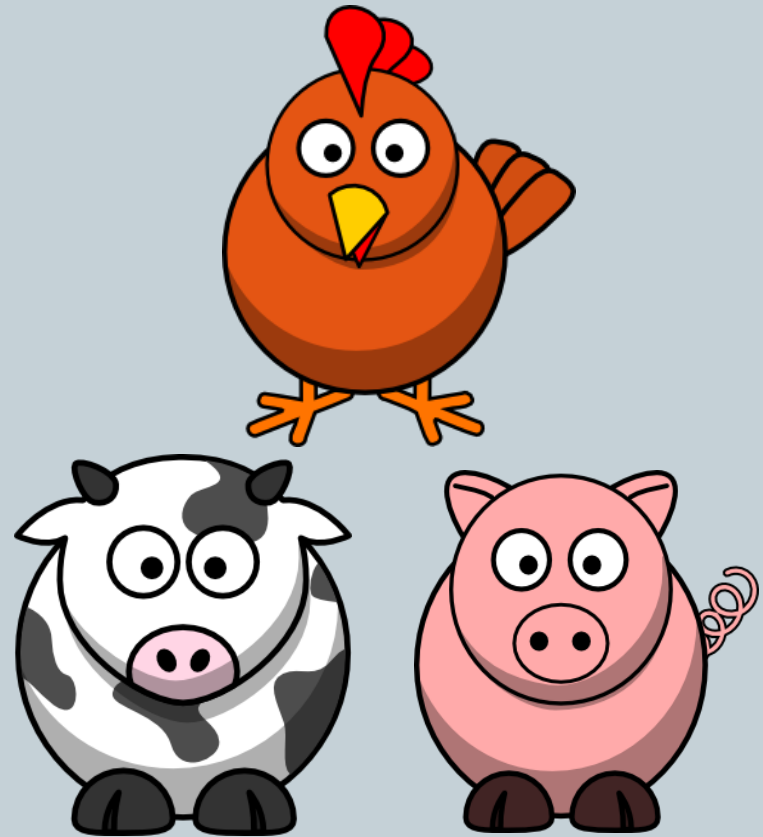
# “Reasonable Time” to Cure Breach

*“unfair, unjustly discriminatory and deceptive practices”*

## Factors:

- If notice allows a response to the claimed breach and gives enough time to do so (generally 14 days)
- If time period takes into account the producer’s ongoing responsibility to the animals under their care
- If the contract is terminated after the alleged breach was submitted to arbitration where the grower won.

## Who:



# Packers and Stockyards Act



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2. **“Make or give any undue or unreasonable preference or advantage to any particular person or locality in any respect, or subject any particular person or locality to any undue or unreasonable prejudice or disadvantage in any respect”**

7 U.S.C. 192(a) & (b)

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Any livestock or poultry contract that contains a provision requiring the use of arbitration shall contain terms that conspicuously disclose the right of the contract producer or grower, prior to entering the contract, to decline the requirement to use arbitration to resolve any controversy that may arise

7 U.S.C. 197

# Undue or unreasonable preference/prejudice or advantage/disadvantage



- 1. Factors to determine if an undue or unreasonable preference/prejudice or advantage/disadvantage has taken place**
- 2. Purchasing practices**
- 3. Sample contracts**
- 4. Tournament systems**
- 5. Differential pricing**

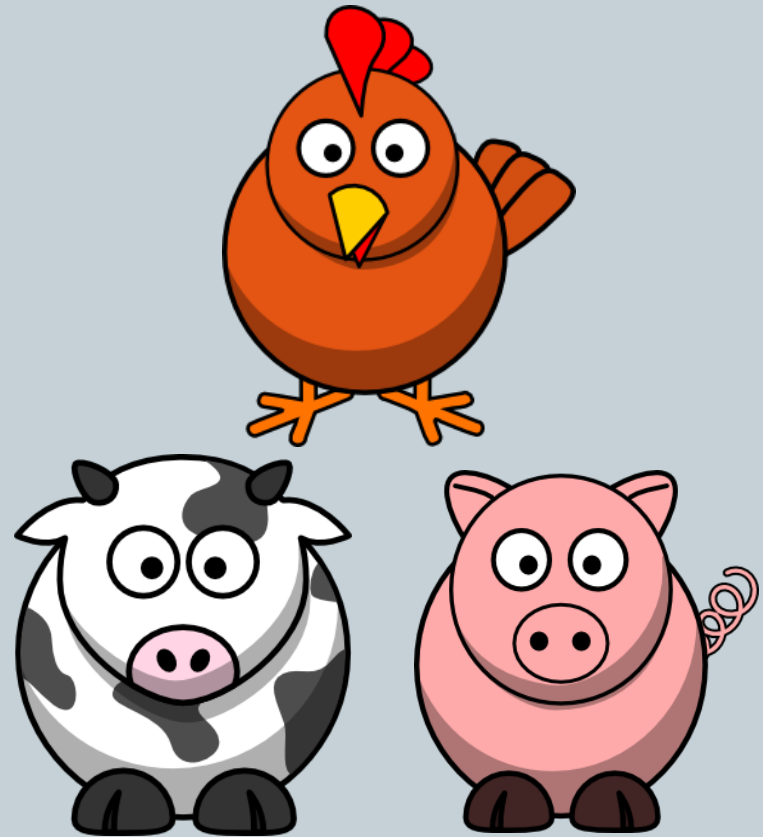
# Factors to Determine Violation

*“undue or unreasonable preference or advantage ”*

## Factors:

- When a specific price is offered for a specific number/volume of animals, is the same price available to all producers who individually or collectively meet that number or volume?
  - Ex: \$1/lb for a full truckload  
v. 90 cents per lb for smaller lots

## Who:





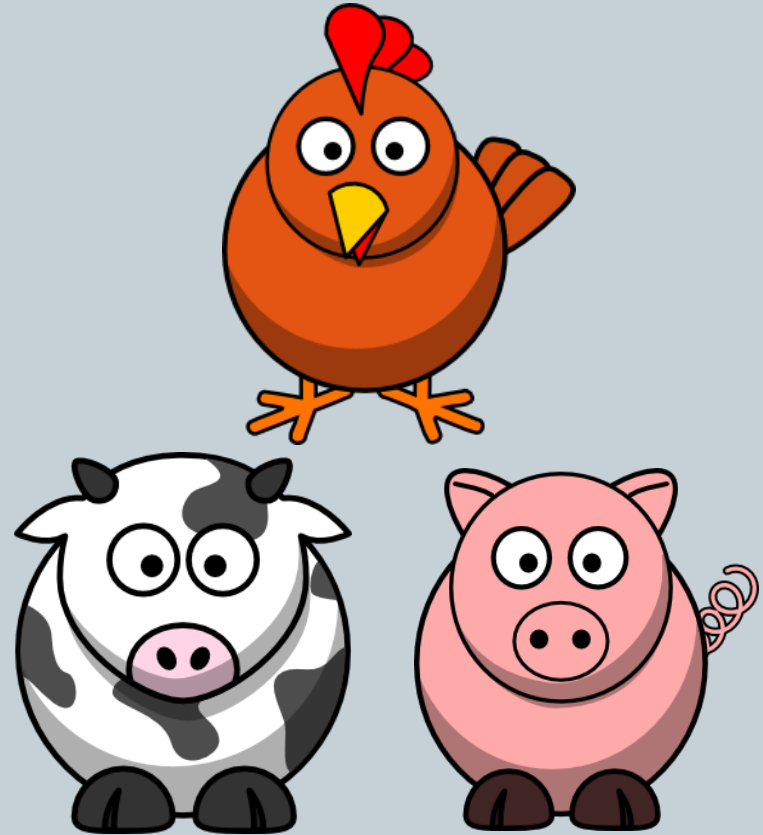
# Factors to Determine Violation

*“undue or unreasonable preference or advantage ”*

## Factors:

- Are price premiums (for quality, time of delivery and production methods) offered to all producers or groups of producers that can meet the same standards?
- Is information disclosed equally to all producers?
  - Handling, processing info etc..

## Who:



# Purchasing Practices

*“undue or unreasonable preference or advantage ”*

## What:

- Dealers who buy solely for one packer must be identified as doing so.
  - They must be identified as “packer buyers”
- Packer buyers may purchase livestock only for the packer they are associated with.
- Packers may not buy/sell livestock between themselves.
  - Packers may apply for emergency waivers of this rule

## Who:



Producer

Dealer or  
Packer Buyer

Packer

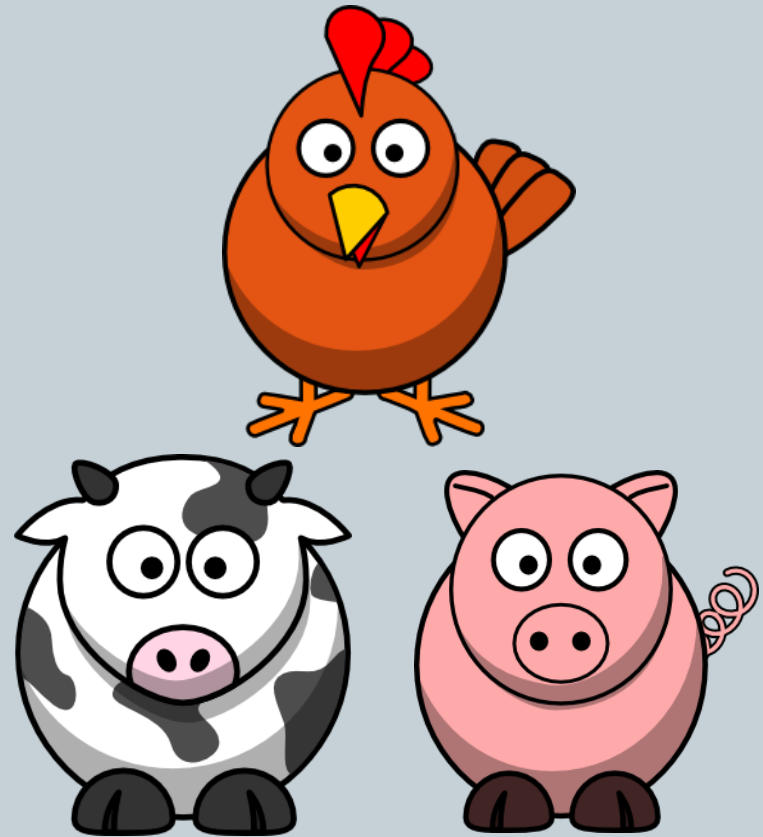
# Sample Contracts

*“undue or unreasonable preference or advantage ”*

## What:

- Must submit a sample copy of each type of contract or arrangement to GIPSA
  - Including forward, formula, and production contracts, marketing agreements and poultry growing arrangements
- Deadlines:
  - Submit within 10 days of starting use.
  - Notify within 10 days of stopping use.
- GIPSA may then post the contracts on their website
  - Not including confidential business information, trade secrets or personally identifiable information

## Who:



# Tournament System

*“undue or unreasonable preference or advantage ”*

## What:

- All growers raising the same type and kind of poultry must receive the same base pay.
- No poultry growing arrangements may decrease compensation below the base pay rate
- Growers must be ranked in settlement groups with other growers who use the same house type

## Who:



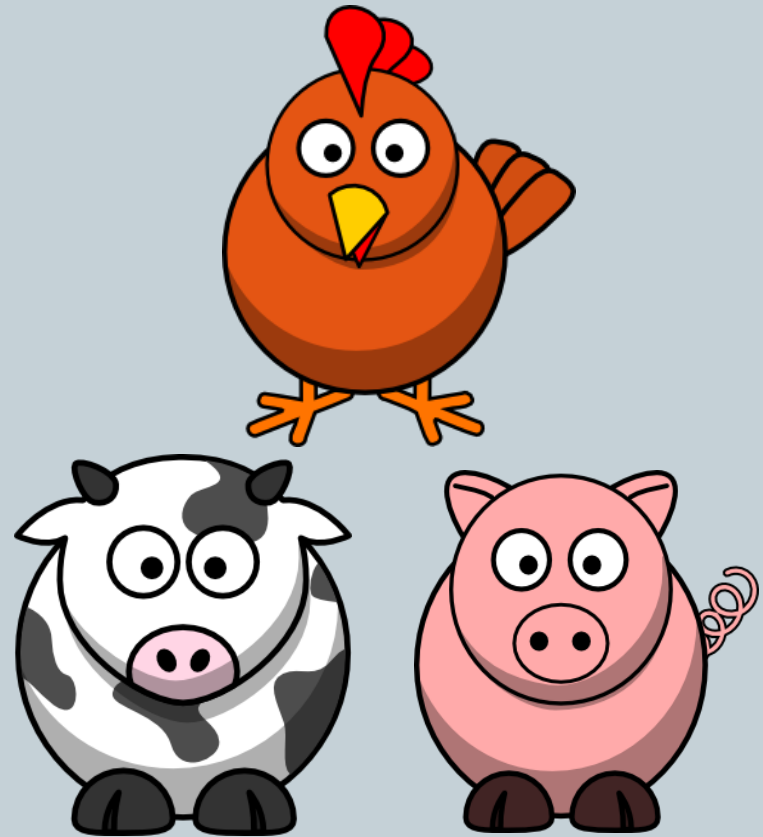
# Differential Pricing

*“undue or unreasonable preference or advantage ”*

## What:

- Must keep written records to justify differential pricing or any deviation from standard price or contract terms
  - Should be enough to identify the benefit-cost basis of any pricing differentials received or paid
  - May include: higher/lower trucking costs, market price for meat, volume, labor, energy or maintenance costs, etc.

## Who:



# Packers and Stockyards Act



It is unlawful for any packer, swine contractor or live poultry dealer to

1. “Engage in or use any unfair, unjustly discriminatory or deceptive practice or device;” or
2. “Make or give any undue or unreasonable preference or advantage to any particular person or locality in any respect, or subject any particular person or locality to any undue or unreasonable prejudice or disadvantage in any respect”

7 U.S.C. 192(a) & (b)

---

**Any livestock or poultry contract that contains a provision requiring the use of arbitration shall contain terms that conspicuously disclose the right of the contract producer or grower, prior to entering the contract, to decline the requirement to use arbitration to resolve any controversy that may arise**

7 U.S.C. 197

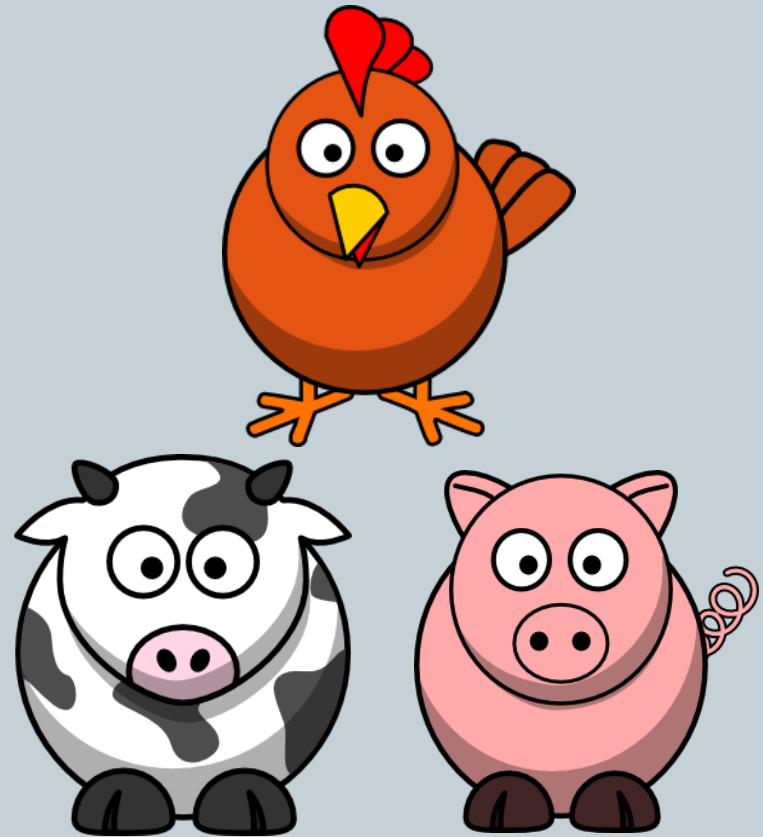
# Arbitration Clauses

*Arbitration as a “meaningful opportunity” for participation*

## Factors:

- If disclosure is made in “bold, conspicuous print” describing
  - The costs paid by the producer;
    - ✦ Reasonableness of costs for typical arbitration
      - May include administrative and filing fees, arbitrator deposits and fees
  - The arbitration process;
    - ✦ If it complies w/ the Federal Arbitration Act
  - Any limitations on legal rights and remedies of the producer

## Who:



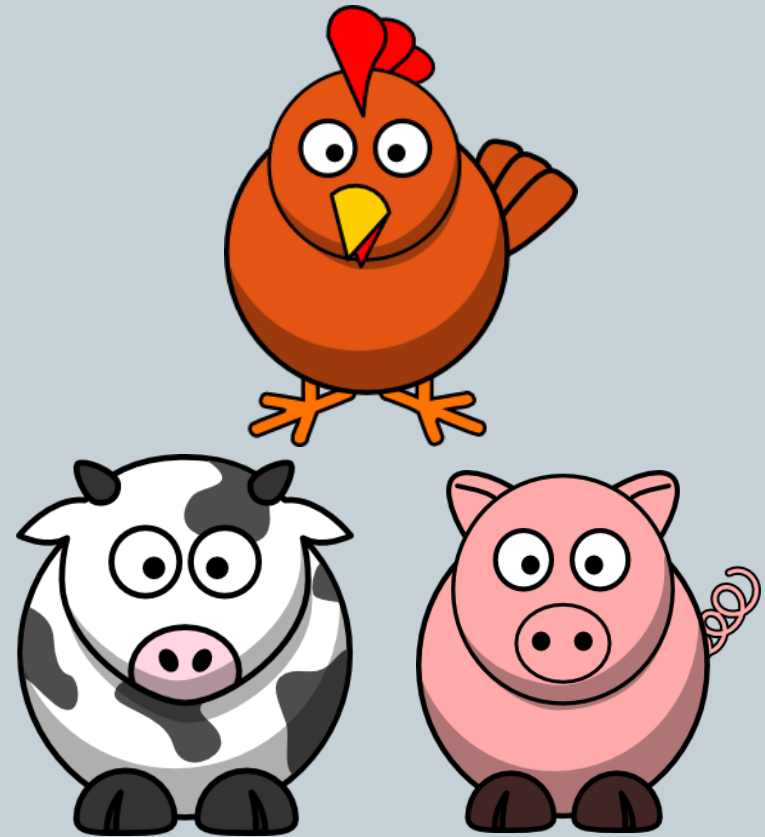
# Arbitration Clauses

*Arbitration as a “meaningful opportunity” for participation*

## Factors:

- If qualified neutral parties will be used as arbitrators
- If a written opinion based on law and precedent will be given to the parties
- If there are reasonable time limits to the arbitration process and outcome
- If arbitration is used only to resolve disputes relevant to contractual obligations

## Who:

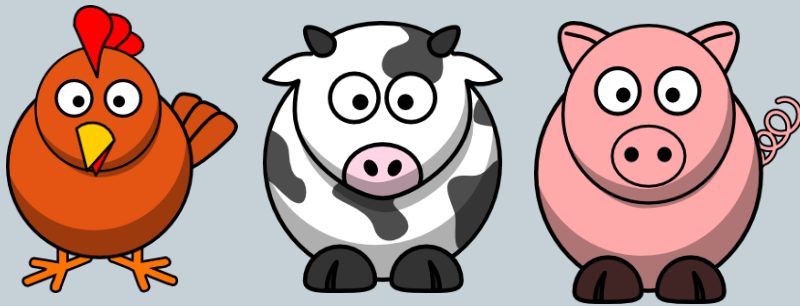




# Arbitration Clauses

*Arbitration as a “meaningful opportunity” for participation*

- The arbitration clauses must immediately proceed the following statement:



*Right to Decline Arbitration.* A poultry grower, livestock producer or swine production contract grower has the right to decline to be bound by the arbitration provision set forth in this agreement. A poultry grower, livestock producer or swine production contract grower shall indicate whether or not it desires to be bound by the arbitration provision by signing one of the following statements:

I decline to be bound by the arbitration provisions set forth in this Agreement: \_\_\_\_\_

I accept the arbitration provisions as set forth in this Agreement : \_\_\_\_\_

Failure to choose an option by signing one of the above renders the contract void.

# Competitive Injury



- As mentioned earlier, one of GIPSA's goals is to maintain “fair and competitive trade practices.”
- Under proposed regulations, a **finding** that the challenged act or practice adversely affects or is likely to adversely affect competition would not be necessary
- Instead, actions establishing a “likelihood of competitive injury” are also prohibited. The likelihood occurs when “there is a **reasonable basis to believe** that a competitive injury is likely to occur in the market channel or marketplace.”

# Examples of Competitive Injury



- **When an integrator:**
  - Raises rivals' costs
  - Improperly stops competition in large share of the market through exclusive dealing
  - Misuses market power to distort competition among other integrators

# Examples of Competitive Injury



- **When an integrator:**
  - Wrongfully depresses prices paid to a producer or grower below market value
  - Impairs a producer's or grower's ability to compete with other producers or growers or to receive the reasonable full economic value from a transaction in the market channel or marketplace
  - Restrains competition among integrators

# What If These Regulations are Violated?



- **GIPSA Penalties:** Violations are resolved, according to their seriousness, as follows:
  - Cease and desist orders
  - Suspension of business operations
  - Civil Penalties up to \$11,000 per violation (up to \$27,000 for violations of poultry trust provisions)
  - Serious violations can be referred to the Dept. of Justice for permanent injunctions, fines, and jail sentences.
- **Private party civil penalties include reparations and damages**

# How Do You Make Comments?



**HOW CAN YOU MAKE  
YOUR VOICE HEARD**



## Comments:

- **Email:**  
[comments.gipsa@usda.gov](mailto:comments.gipsa@usda.gov)
- **Mail:**  
Tess Butler  
GIPSA, USDA  
1400 Independence Avenue, SW  
Room 1643-S  
Washington, DC 20250-3604
- **Fax:**  
(202) 690-2173
- **Online:**
  - Federal eRulemaking Portal

## Workshops on Proposed GIPSA Rules

GIPSA, the federal agency responsible for issuing regulations that govern contracting, buying and selling of livestock and poultry has written new rules that- if finalized- would drastically change the way that producers, packers, dealers and contractors raise, buy, and sell livestock and poultry. The National Agricultural Law Center at the University of Arkansas is hosting a series of workshops, including a webinar, for poultry and livestock producers. At these workshops, staff attorneys will provide an overview of GIPSA's proposed rule changes for poultry and livestock, and include a question and answer session. The webinar will be hosted via eXtension for participants around the country. All workshops are free and open to the public.

### Workshop Schedule

#### Northwest Arkansas Workshop (Fayetteville, AR)

Date: Tuesday, Sept. 21, 2010  
Time: 6-8 p.m. (CST)  
Place: Pauline Whitaker Animal Science Arena, Room 102  
1235 West Knapp Drive  
Fayetteville, AR 72701

For directions, [click here](#).

#### Central Arkansas Workshop (Russellville, AR)

Date: Tuesday, Sept. 28, 2010  
Time: 6-8 p.m. (CST)  
Place: Pendergraft Library, Arkansas Tech University  
305 West O Street  
Russellville, AR

For directions, [click here](#).

#### Southwest Arkansas Workshop (Nashville, AR)

Date: Tuesday, Oct. 19, 2010  
Time: 6-8 p.m. (CST)  
Place: Coastal Community College, Room 102  
1555 Highway 271 W  
Nashville, AR 71852

For directions, [click here](#).

#### Contact Information for Workshops and Proposed Rules

For more information on the workshops or on the proposed rules, please contact Staff Attorney Elizabeth Rumley at (479) 357-2321 or [erumley@uark.edu](mailto:erumley@uark.edu).

### Webinar (Nationwide)

Date: Thursday, Oct. 14, 2010  
Time: 11 a.m. to 1 p.m. (CST)

#### Webinar Instructions:

Before the webinar, please visit the following URL to confirm your ability to connect to the server: <http://www.extension.uark.edu/webconnect/>.

At the meeting time (October 14, 2010 at 11 AM Central Standard Time), simply click on the following link or copy and paste it into your browser to enter the meeting: <http://connect.extension.uark.edu/aglaw>. That URL will be a login page. Enter your name and password. A pop-up window will display how to join the integrated phone audio conference will display when you join the meeting.

## Materials

To download a copy of the proposed rules, [click here](#).

To leave a comment on the proposed rules, [click here](#).



## Document Details

[Home](#) > [Search](#) > [Document](#)

[Submit Comment](#)

### Implementation of Regulations Required Under Title X Conservation and Energy Act of 2008: Conduct in Violation of the Act

Document ID: GIPSA-2010-PSP-0001-RULEMAKING-0001

Document Type: PROPOSED RULES

[» Show Details](#)

### Proposed Rules

Views:

Requirements, Stockyards, Surety Bonds, Trade Practices

[Federal Register: June 22, 2010 (Volume 75, Number 119)]  
[Proposed Rules]  
[Page 35338-35354]  
From the Federal Register Online via GPO Access [wais.access.gpo.gov]  
[DOCID:fr22jn10-15]

## Submit a Comment

[Home](#) > [Search Result](#) > [Submit a Comment](#)

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You are commenting on a PROPOSED RULES:

***Please note that you are provided 20 minutes to complete this form and submit your comment. If you receive a timeout prompt, you must choose to extend your session to avoid being timed out.***

### 1. ENTER INFORMATION

First Name

Middle Name

Last Name

Category

Mailing Address

Mailing Address 2

City

Country

State or

### 2. \* TYPE COMMENT & UPLOAD FILE

2000 characters remaining

# Comment Period:



Comments on the proposed rules must be submitted on or before November 22, 2010.



## Contact Information:

The National Agricultural Law Center



University of Arkansas



Elizabeth R. Rumley

Phone: (479) 387-2331

Email: [erumley@uark.edu](mailto:erumley@uark.edu)

[www.nationalaglawcenter.org](http://www.nationalaglawcenter.org)

The National Agricultural Law Center



University of Arkansas



[www.nationalaglawcenter.org](http://www.nationalaglawcenter.org)

# Question & Answer

# “Packer” Definition



The term “packer” means any person engaged in the business

- a) of buying livestock in commerce for purposes of slaughter, or
- b) of manufacturing or preparing meats or meat food products for sale or shipment in commerce, or
- c) of marketing meats, meat food products, or livestock products in an unmanufactured form acting as a wholesale broker, dealer, or distributor in commerce.

# “Tournament Systems” Section



- A. If a live poultry dealer is paying growers on a tournament system, all growers raising the same type and kind of poultry must receive the same base pay. No live poultry dealer shall offer a poultry growing arrangement containing provisions that decrease or reduce grower compensation below the base pay amount.
- B. Live poultry dealers must rank growers in settlement groups with other growers with like house types.

## **Disclaimer**

The University of Arkansas 's National Agricultural Law Center does not provide legal advice. Any information provided on or by this Website is not intended to be legal advice, nor is it intended to be a substitute for legal services from a competent professional. This work is supported by the U.S. Department of Agriculture under Agreement No. 59-8201-9-115, and any opinions, findings, conclusions, or recommendations expressed in the material on this Website do not necessarily reflect the view of the U.S. Department of Agriculture.

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