

SEPTEMBER 13, 1976

Office of the White House Press Secretary

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NOTICE TO THE PRESS

The President has signed H. R. 8410--Livestock packer bonding. This bill amends the Packers and Stockyards Act to assure that livestock producers will receive payment for livestock sold to meat packers.

Under present law, the Secretary of Agriculture is authorized to provide close supervision, including imposition of a bonding requirement for dealers and market agencies, over transactions involving the purchase and sale of livestock at terminal markets.

The major provisions of the bill will:

- authorize the Secretary to require packers, purchasing more than \$500,000 of livestock annually, to obtain reasonable bonds to protect livestock sellers;
- broaden the Secretary's authority in eliminating impediments to fair competition to cover all persons competing in the wholesale marketing of meat or meat products;
- empower the Secretary, after notice and a hearing, to issue an order requiring an insolvent packer to cease and desist from purchasing livestock, either entirely or under such conditions as the Secretary may prescribe;
- give the Secretary authority to request the Attorney General to seek a temporary injunction or order to restrain persons subject to the Act from operating except under those conditions necessary to protect livestock sellers until administrative action is completed--such action could be taken when an operator fails to pay for livestock or operates while insolvent or without a bond;
- require payment by packers, market agencies and dealers for livestock by the close of the next business day unless other prior arrangements are expressly agreed to in writing between the buyer and seller;
- stipulate, for all sales in which the seller does not extend credit to the buyer, that the livestock, the product inventory of the packer, and the accounts receivable and proceeds therefrom, be held in trust for the livestock sellers until the packer has paid for the livestock (applies only to packers purchasing over \$500,000 of livestock annually);
- authorize the assessment of civil penalties of up to \$10,000 for each violation of the Act; and,
- provide generally for the preemption of State laws dealing with bonding and prompt payment requirements for packers.

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