



## Contract Poultry Growers Have Rights under Federal Law

As a contract poultry grower, your relationship with your processing company is governed by your contract. However, you do have certain rights beyond that contract under a federal law called the Packers and Stockyards Act. Regulations provide further details under the Packers and Stockyards Act.

### What is the Packers and Stockyards Act?

The Packers and Stockyards Act is a law designed to promote fair competition and ensure fair trade practices in the livestock and poultry industries. The Act protects farmers who grow broilers for poultry companies under a poultry growing contract. It probably does not protect contractors who grow breeder hens or pullets. It does not protect employees of the processing company.

### What does the Packers and Stockyards Act say about my contract?

- The company must provide you with a copy of the contract.
- The contract must clearly specify how long it will last and under what conditions it may be terminated by either you or the company.
- The contract also must clearly lay out the terms relating to your payment.
- The company cannot require you to keep confidential the terms and details of any contract entered into, changed, renewed, or extended after May 13, 2002. You have the right to discuss the terms and details with your lawyer, lender, accountant, manager, landlord, family members, or a federal or state government agency.

### What are the payment requirements under the Packers and Stockyards Act?

- **The P&S Act gives you the right to prompt and full payment.** The company you have a contract with must pay you by the close of the 15<sup>th</sup> day following the week in which the poultry is slaughtered.
- **You are entitled to receive a “settlement sheet” at the time of settlement.** The settlement sheet must contain all the information you need to calculate how much you are owed under contract. If the weight of the birds is a factor in your payment, the settlement sheet must show the number of live birds marketed, the total and average weights of the birds, and the payment per pound.
- **If you are paid under the “tournament system” (based on a ranking of growers), your company must give you a copy of the ranking sheet.** The ranking sheet need not give the names of other growers, but it must show your exact position in the ranking, as well as the actual numbers upon which the ranking was based for each of the growers.
- If official USDA condemnations or grades or both are factors in determining your payment, the company must give you a copy of the official USDA condemnation or grading certificate prior to or at the time of your settlement.

### **What are the requirements under the Packers and Stockyards Act for weighing feed and birds?**

- Live poultry dealers must act **carefully and quickly** when loading, transporting, holding, yarding, feeding, watering, or weighing live poultry to prevent waste of feed, shrinkage, injury, death, or other avoidable loss.
- Poultry growers must be **allowed to observe** the balancing, weighing, and recording procedures for both live poultry and feed.
- All scales used to weigh live poultry must be able to **print weight values** and other information on a scale ticket. Scale tickets should not be hand-written. One copy of the printed ticket is kept by the live poultry dealer, and **one should be given to you**. The same requirements apply to feed deliveries whenever the weight of feed is a factor in determining payment.
- If poultry or feed are weighed on a truck scale, additional requirements apply.
- Whenever the weight of feed is a factor in determining your payment, any **feed that is picked up or returned must be weighed**, or its weight reasonably determined using a method that is agreeable both to you and your company.

### **What can I do if I think a violation has occurred?**

The agency authorized to investigate complaints of violations of the P&S Act is the Grain Inspection, Packers and Stockyards Administration (GIPSA).

- **You can call GIPSA toll-free at 1-800-998-3447 to report possible violations of the P&S Act.** You may do so anonymously, though if you do not provide your name and contact information, GIPSA will not be able to report back to you on the results of its investigation.
- **For payment violations, GIPSA will use a “statutory trust” to ensure that you are paid for all products you deliver.** If your company has fails to pay you, you may file a notice with GIPSA. You must also send a copy of your complaint to the company. There is no special form for the complaint. However, non-payment claims must identify the grower and must reach GIPSA and the company within 30 days of the final date the company should have paid the grower.
- **A complaint about failure to pay should:**
  - State that it is notice of intent to preserve trust benefits
  - Include your name and address
  - Description of the problem
  - Date the problem occurred
  - Amount of money which has not been paid or in dispute
- **The “statutory trust” forces the poultry company to hold assets in trust until the poultry grower has been paid in full.** It is a strong remedy for growers.

These materials provide a very general overview of the protections for contract poultry growers provided under the Packers and Stockyards Act. For more detailed information, contact Farmers' Legal Action Group or consult an attorney with experience in this area of law.