

United States Department of Agriculture
Grain Inspection, Packers and Stockyards Administration
Packers and Stockyards Program
Change Control Work Group -- Meeting Minutes

May 22, 2013, 11:00 a.m. Eastern Time by Teleconference

1. **Members Present:** Sarah Childress, Regina Ware, Onetisha Anderson, Kari McPherson, LaDondra Taylor, Marilynn Gallagher, Stephanie Feinberg, and Wayne Basford
2. **Old Business:**
 - A. **Update to CCWG Charter:** tabled until next meeting to allow additional time for review and consideration.
 - B. **Change Request # 7499349, Swine Contract Review Module:** Wayne reported that he is continuing to research the law of the 50 states with regard to the Section 209(b) issue pertaining to the application of another state's law. Tabled until next meeting. Wayne will add a note in the CCWG ECM system stating that work continues on this Change Request.
 - C. **Change Request # 7675880, Change to Calculating Packer Bonds:** the CCWG continued its consideration of this CR. The CR relates to Regulation 201.30(d). Sarah reported that she spoke with Patti Tolle, the submitter, and that Patti does not want to propose a Regulation change, and that Patti would most likely want to withdraw the CR if it requires a regulation change. The P&SP Financial Technical Team reviewed this CR at CCWG's request, and voted 3-2 for its adoption and approval in order to increase packer bond amounts and thereby offer more protection to livestock producers. Robert Schmidt, Financial Unit Supervisor for ERO and Chairperson of the FTT, spoke to the CCWG and advised against the adoption and approval of this CR. Mr. Schmidt stated that if adopted, the CR would change the interpretation of a Regulation and may require a change from the 201.30(d) language, "on which business was conducted" to "on which purchases were made." Mr. Schmidt stated that the standard rule for has always been 260 days for as long as packer bonds have been in place (during or about 1976). This CR could have a significant financial impact, especially on small packers. MRO reviewed one small packer who has a \$100,000 bond based on 260 days of conducting business. If the same small packer's bond was calculated on the number of days that the packer purchases livestock, the packer would be required to have a \$475,000 bond, which is an increase of \$375,000. The usual cost for a bond is believed to be about 10 percent of the face amount of the Bond per year, based on average or better credit history, so

a \$375,000 bond increase could cost the packer \$37,500 per year. There may also be costs associated with changing AMS in order to implement this CR, if approved by PMT. The CCWG members raised the question of whether any packer bonds have been called on where the CR's proposed formula would have made a difference in getting more payment for livestock producers. The CCWG voted to table further consideration of this CR in order to gather additional information. Sarah will ask Patti if she knows of any small packers where bond claims were not paid. Stephanie will discuss this CR with Brett Offutt, PLD Director, to obtain his opinion on whether a Regulation change would be required if this CR is approved by PMT. Stephanie will also speak with Amy Blechinger, PLD Senior Program Analyst, to find out about any other changes that are presently being reviewed for packer bonds. Sarah and Stephanie will report back to the CCWG on these matters at the next meeting.

3. New Business:

A. Change Request # 7716680, Proposed Revision of Work Instruction 23 (WI-23) (Clearing Agencies' Responsibilities): the CCWG discussed this CR. Provisions in the current version of WI-23 appear to be incorporated, but is responsibility for payment by a clearor clearly established? WI-23 needs to state that clearors are responsible for payment in one of its sections. The CCWG decided to seek further expert input prior to voting on this CR. LaDondra will review this CR with a Marketing Specialist. Sarah will review the CR with Patti Tolle. Onetisha will review the CR with a Legal Instruments Examiner. Reports from these consultations are requested by June 14, 2013. Tabled until next meeting.

B. Newsletter Ideas: the CCWG discussed options for an article in the next GIPSA newsletter. Articles are due to the editor by May 31, 2013. CCWG won the Administrator's Award for Teams in 2010, but that was never announced. Ruth Ortiz will be consulted with on whether there is going to be any announcement. Other ideas included an article about the annual update to the CCWG Charter, and CRs that have been implemented, such as CR # 6664062 (return of cases by the Office of the General Counsel, submitted by Gale Mason), and 7206718 (Change "Hearings" Screen Settings in ECM PLD/OGC Enforcement Folders, submitted by Amy Blechinger).

4. Date for Next Meeting: June 20, 2013, 11:00 a.m. Eastern Time.