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USDA/PACA ROUNDTABLE ON PROCEDURES IN HANDLING GRIEVANCES IN THE FRUIT AND VEGETABLE INDUSTRY AND RECOMMENDATIONS FOR FUTURE EXPORTERS.

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**PROEXAG
NON-TRADITIONAL AGRICULTURAL EXPORT SUPPORT PROJECT**

**USDA/PACA ROUNDTABLE ON PROCEDURES IN
HANDLING GRIEVANCES IN THE
FRUIT AND VEGETABLE INDUSTRY
AND
RECOMMENDATIONS FOR FUTURE EXPORTERS**

Assignment Number: ST/87-59

Contract Number: 596-0108-C-00-6060-00

SUBMITTED TO:

**Regional Office for Central America and Panama (ROCAP)
U.S. Agency for International Development
Guatemala City, Guatemala**

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October 8, 1987

PREFACE

This report is based on a trip by Thomas R. Walp to Guatemala, El Salvador, and Costa Rica in September 1987. The trip was originally intended to include Honduras, but that portion was cancelled as a result of financial problems.

The purpose of the trip was to inform Central American federation staffs and their members how to export fruits and vegetables to buyers and agents in the United States, while protecting their rights under the Perishable Agricultural Commodities Act (PACA). Practical and technical information was presented through PACA round tables.

This paper summarizes the recommendations made to the export federations in Guatemala (GREMIAL), El Salvador (ASPENT) and Costa Rica (CAAP), as well as PROEXAG. It covers the scope of existing marketing problems that each group was made aware of, together with the possible solutions. The information here was obtained from both the group sessions and one-on-one meetings.

EXECUTIVE SUMMARY

Export federation staffs and members interviewed indicated that for at least the last five years, they have experienced marketing problems with American firms importing their fruits and vegetables, especially in agency transactions. Difficulty in collecting funds due on purchase and negotiating sales contracts at firm prices was also commonplace.

There was an almost complete lack of knowledge concerning USDA/PACA's ability to help exporters resolve contract disputes through the available legal machinery without any charge to the federation members. Those interviewed acknowledged that their oral agreements were seldom recorded as written contracts clearly spelling out each party's rights and responsibilities, as required of PACA licensees in agency transactions.

Growers/exporters had no knowledge of PACA trust protection and how federation members can preserve and exercise their rights through USDA, and be secured creditors in cases involving insolvency or bankruptcy of United States produce/buyers and agents.

Federation members were also unaware of an agent's responsibility to dispose of produce for the account of another in a prompt and proper fashion, as required under PACA, and of the agent's liability for a monetary loss to the principal resulting from the agent's negligence.

In addition, they were unaware that to support a claim about the quality or condition of produce arriving in the United States, the agent must obtain a timely USDA inspection upon its arrival.

Recommendations

A. More Research on Prospective Buyers and Agents

Export federation members in Guatemala, El Salvador, and Costa Rica need to make more critical evaluations before selecting U.S. buyers or hiring agents (commission merchants, grower's agents, sales agents, brokers) to dispose of the growers production of fruits and vegetables. To do so, they should contact several sources:

1. USDA concerning PACA licenses and previous problems experienced by PACA;
2. Trade media (Blue Book, Red Book) for credit ratings;

3. Trade organizations (United Fresh Fruit & Vegetable Association, Produce Marketing Association, state and local trade groups) to find out the U.S. buyers/agents' reputations for integrity and fair dealings.

B. Written Contracts

Exporters need to put oral agreements into written contracts, or written statements of company policy as evidence of the terms agreed upon between the parties. The written contracts should set forth in detail:

1. The duties and responsibilities of both parties.
2. The authority given to the agent to dispose of the produce on terms other than firm sales at FOB prices, such as on consignment, at auctions, through joint accounts, or through brokers, and who will be responsible for the charges for such services.
3. The commission agreed upon.
4. The handling charge.
5. The agent's authority to file carrier claims and agreed upon charges for the service.
6. The agent's authority to make adjustments and arrange settlements with buyers on disputed shipments at terminal markets, without first consulting the exporter for approval.
7. When the agent must liquidate (account) and remit payment.
8. How profit/loss is to be split, for example, 50-50.

C. Complete Documentation of Contract Terms

In order to be in a position to successfully pursue past claims, exporters need to prepare and retain complete documentation to prove contract terms. Recording temperature tapes must be placed in all shipments to show transit temperature to place blame for carrier mishandling. They will also help establish whether or not the produce was in "suitable shipping condition" at the time it was loaded and billed out to the receiver (consignee).

D. Inspection Prior to Shipment

Exporters need shipping point inspections made at the time of shipment to demonstrate quality control and to prove the produce met the terms of the contract. The inspections are no guarantee that latent or inherent defects were not developed in transit.

To provide inspection service, the federations will either have to hire retired USDA inspectors or have them train/supervise Central Americans to conduct the inspections and issue certificates.

In either case, the cost can be financed by an assessment for each package exported. The shipping point certification would be used in claims against carriers, including those filed with PACA.

E. PACA Assistance in Settlements

There was a universal expression of "helplessness and frustration" by the exporters when they recalled previous attempts to obtain redress from U.S. importers when they were involved in marketing disputes. The exporters said they now have some hope that PACA can be of assistance to them in reaching settlements, and the exporters indicated they intend to file PACA claims.

It was pointed out that all correspondence and documentation sent to PACA must be in English. Any information in Spanish must be accompanied by an English translation.

F. Caution in Flower Sales

Exporters of flowers/ornamentals must exercise the same great care in selling their commodities to American importers as fruit and vegetable exporters. Indeed they face a greater risk in dealing with U.S. firms because of the lack of PACA protection. Flower exporters' only recourse is through the U.S. courts or collection agencies, and even then there are no guarantees of success. Letters of credit are of utmost importance, but will not assure receipt or payment unless paper work/documentation is complete.

SECTION I

GUATEMALA

A. Introduction and Background

During a June seminar, an overview of PACA and trust provisions were presented by PROEXAG project marketing specialist, Ricardo Frohmader. The Federation Gremial de Exportadores de Productos No Tradicionales (Gremial) then requested an in-depth follow-up program in round-table format. The group wanted to review specific cases involving the export of produce to the U.S., to gain an understanding of PACA procedures in handling claims and reaching settlements in disputes.

The PACA round table on September 21, 1987, was sponsored by the host federation GREMIAL. It was attended by 24 staffers and members of the federation. Members had registered their concerns over alleged unfair practices of U.S. importers. They claimed the importers did not pay for their production of fruits, vegetables, flowers and ornamentals, and also failed to account truly and correctly for produce the importers handled in their capacity as agents (growers' agents, sales agents, joint venture partners, commission merchants).

B. Description of PACA and Its Standards

1. History and Structure

Many of the people at the September round table had not attended the June seminar. Therefore, a detailed presentation on PACA was given. The participants were told that the Perishable Agricultural Commodities Act (commonly called "PACA") was enacted by the United States Congress on June 10, 1930. It is a federal law to suppress/prohibit unfair practices in the marketing of fresh and frozen fruits and vegetables shipped in interstate or foreign commerce.

The law is administered by the PACA Branch (also referred to as PACA), Fruit and Vegetable Division, Agricultural Marketing Service of the United States Department of Agriculture. PACA sets up legal machinery for settling contract disputes.

There is no charge for PACA's services. The cost of administering PACA is borne by licensees who pay a minimum of \$300 a year to a maximum of \$3,000, depending on the number of branches, for example, multiple stores of large supermarket chains.

PACA's offices are located in:

- o Tucson, Arizona (serving nine western states, plus Alaska and Hawaii)
- o Wooddale, Illinois (a suburb of Chicago, serving 11 Mid-Western states)
- o Fort Worth, Texas (serving seven southwestern states)
- o New Brunswick, New Jersey (serving 10 northeastern states)
- o Washington, D.C. (the main office, serving 11 southeastern states)

2. PACA's Standards

PACA sets the following ground rules for fair business trading in the fruit and vegetable industry.

a. PACA traders must live up to their contracts or be liable for paying damages (losses) sustained by other party.

b. PACA traders must pay bills promptly within contract payment terms, or 10 days after produce is received if no date for payment is specified in the contract. PACA is a unique law: it is the only one that makes it illegal not to pay your bills.

c. PACA traders are required to maintain proper records suited for their particular type of business. For example, these traders may be shippers, commission merchants, processors, retailers, wholesale dealers, brokers, growers' agents, or sales agents.

d. PACA traders must avoid misbranding or misrepresenting produce as to place of origin, grade, weight, count, size, etc. PACA does not require containers for anything, but if a container is used, any information stamped, labeled, or marked on it must be accurate.

e. PACA traders must maintain trust funds. They have to have sufficient money in a non-segregated bank account to pay all current produce debts. Failure to do so makes the firm subject to PACA disciplinary action, suspending or revoking its trading license.

C. Procedures Used in Issuing PACA Claims

1. Informal Reparation Complaints

All complaints received are first handled on an informal basis by one of the four field offices or the main office.

When an exporter files a claim alleging a violation of PACA rules, it must submit evidence and records to prove that:

- a. A written contract was made.
- b. The contract was breached and damages (loss) claimed resulted from the breach.
- c. PACA has jurisdiction because a perishable agricultural commodity (PAC) was involved.
- d. The complaint was filed within the nine-month statutory period from the time a cause of action arose (normally on the date payment was due).
- e. There was movement in interstate or foreign commerce (or such movement was intended or contemplated by the parties).
- f. There were damages (money loss). The amount and method of computation must be specified.
- g. The exporter complied with the contract and shipped the quantity, commodity, grade, size, etc., specified in the agreement.
- h. There was a violation of the PACA Act (failure to pay, etc.).

If a contract or documentation is submitted in Spanish, it must be accompanied by an English translation.

When PACA claims are received, they are handled by phone, correspondence, or by personal investigation by an auditor, depending on the circumstance. Often, time is of the essence, due to the large amount of the claim or the financial difficulty of the importer, owing to the firm's previous history in pending PACA claims.

Of the more than 3,000 informal complaints received by PACA in reparation claims, over 90 percent are settled, generally within two to three months after receipt. Payments by certified

or cashier's checks received from PACA licensees are sent to the parties filing the complaints. PACA then closes its file.

2. Formal Complaint Procedures

When there are genuine disputes that cannot be resolved informally, when payment cannot be made because of a lack of funds or there is an outright refusal to pay, exporters are given a chance to file a formal complaint. This is done through a legal document in a format required by the Secretary of Agriculture. An original and three copies of the document must be submitted, with supporting exhibits attached. Foreign nationals are required to submit a surety bond in double the amount of their claim to ensure that if the decision by USDA judicial officer is adverse, the PACA licensee can collect the costs of defending the formal procedures.

Formal complaints received by PACA are reviewed for sufficiency (jurisdictional questions, damages alleged and supported, etc.) before transmission to the Office of General Counsel where attorneys handle PACA claims. PACA serves the formal complaint on the importer, who has 20 days after receipt to file a response with PACA. The response is then sent to the exporter, who in turn has 10 days to reply.

Either party can request an oral hearing if the claim exceeds \$15,000. The hearing is conducted by a hearing officer, just like any court trial. The parties introduce their evidence through oral testimony and have a chance to cross-examine witnesses. Attorneys are then recommended to prepare and present cases at oral hearings.

If there is no hearing, PACA sends all records on the case to the Office of the General Counsel, and the case is decided based on the written evidence. A USDA ruling in favor of the exporter requires the PACA licensee to pay within 30 days of the order the principal amount, plus interest at 13 percent from the date of transaction(s). In addition, reasonable attorneys' fees, and the cost of travel, lodging, food, and all related expenses in attending an oral hearing are recoverable by the winning party.

Failure to pay a formal complaint reparation award results in suspension of the importers's PACA license and also restricts principals of the firm from being relicensed by PACA or reemployed by another PACA licensee. It may also lead to a PACA disciplinary action to revoke the PACA license.

3. Written Contracts

a. General Form

(1) All contracts must be put in writing, since oral agreements are difficult, if not impossible, to enforce.

(2) If the contract or documentation submitted to PACA is in Spanish, it must be accompanied by an English translation.

(3) Contracts must clearly define the duties and responsibilities of both parties. They should show:

- o Terms of sale, such as FOB CAF prices (includes freight charges to destination); Cost Insurance Freight (CIF); Cost and Charges (CAS), including freight, refrigeration/heating, etc.
- o Unit price per container (package)
- o Quantity
- o Commodity
- o Grade
- o Size
- o Weight
- o Payment due date (trust provisions).

b. Timing of Claims

Under PACA's trust, in order to be a secured creditor in case of a bankruptcy or insolvency, the payment time cannot exceed 30 days after receipt of the commodity at the contract destination. A PACA trust claim may be filed with USDA by the trust beneficiary within 30 days after the debtor defaults. If this is not done, the creditor loses trust protection and becomes an unsecured creditor.

Exercising trust rights insures a beneficiary of any proceeds realized from the sale of fruits and vegetables. Any funds that revert to a non-trust beneficiary are recoverable through a United States District Court action to preserve PACA trust rights.

c. Contracts Covering Joint Venture Exports and Importers Brokering for Growers

When exporters enter into joint venture agreements, or agency transactions involve PACA importers acting as growers' agents, sales agents, or commission merchants (previously called "brokers" by Central American exporters) their written contracts should cover the following points:

(1) Does the PACA licensee have authority to use its best judgment in disposing of the merchandise through consignments, joint accounts, or auctions, or is it restricted to firm sales at FOB prices?

(2) If authority is given to use consignment, joint account, brokers, etc., who is to bear the additional expenses for such services? When liquidations (accounting) are to be made, there must be definite understanding and time to remit payment, especially in view of trust revisions.

(3) Does the agent have authority to make adjustments and arrange settlements with buyers without first consulting the exporter on disputed lots. It was pointed out that to support any allowances given to buyers, agents are required to obtain USDA inspection certificates from buyers to show unrestricted, timely inspections upon arrival and quality and condition problems. Agents, in their filed accounts of sales, must also support claimed losses and include dumping certificates from USDA to show produce discarded had no commercial value or was unfit for human consumption.

(4) Does the agent have authority to file claims with carriers and what is the customary charge for such services?

(5) What are the agreed upon selling fees or commission percentage, and handling charges?

(6) How is the joint venture profit or loss to be split? Fifty-fifty?

D. Review of Historical Cases
(Using Real Cases, with Substituted Names for the Firms Involved)

1. Costa Rican Strawberry Exporter (Fruiticola) and Chicago (U.S.) Receiver/Importer

a. Background

During January, 1986, Fruiticola de C.R. exported 300 flats of fresh strawberries to the United States. The oral

agreement between the parties was not reduced to a written contract. The terms were disputed. The Costa Rican firm claimed a sale price was set of \$17 (U.S.) per flat CFC Miami. The importer claimed it was a consignment.

The round table participants had been furnished a summary of the case by PROEXAG and were aware of the circumstances involved between the disputing parties.

b. Ruling

It was pointed out that when the strawberries were received and accepted by the importer in Miami and then arrived in Chicago in perfect condition, the importer became liable to the exporter for at least the reasonable value of the strawberries. This price would be based on USDA Market News quotes in Chicago on the date of arrival.

Since neither party had any written evidence to show the contract terms, USDA's judicial officer would probably rule that there was "no meeting of the minds, and, hence, no contract." He would then use Market News quotes to establish the amount of the importer's liability.

PACA generally puts the burden on the PACA licensee to prove its affirmative defense, because that firm should be aware of the regulations under PACA governing record requirements. In many instances, the grower/exporter's position is accepted because the PACA licensee is unable to rebut the exporter's testimony. In this case, the exporter probably would have been awarded the full amount of its claim plus 13 percent interest from the date or time the strawberries arrived at the contract destination.

If the Costa Rican exporter had opted to proceed with a formal PACA complaint, it would have taken more than a year: due to PACA's work loss and limited personnel, it takes an average of 18 months in disputed cases in order for the judicial officer to issue a reparation order.

The procedure for obtaining surety bonds was explained. The U.S. Treasury Department must be contacted to obtain a listing of firms, usually insurance companies approved to issue surety bonds. The bonds must be payable to the Secretary of Agriculture. They remain in effect until cancellation or payment is authorized by USDA.

Based on the excessive delay in handling the strawberry sales, PACA would rule that the agent was negligent if the transaction had been a regular consignment transaction. The net proceeds of \$335 reported by the Chicago importer would not be accepted as evidence of reasonable value. Rather, Market News

quotes would have been used to determine a sale price in a computed PACA audit accounting.

In conclusion, the Costa Rican exporter had a cause of action against the importer, in spite of the case being weakened by a lack of written evidence of whether or not the contract called for sale at an FOB price or consignment.

c. Recommendations

(1) Reduce all oral agreements to written contracts. Send a copy to the importer/buyers. PACA has consistently ruled that the written confirmation is evidence of the agreement between the parties. If an immediate objection is not raised and the document sent back with exceptions noted, it becomes the contract and it is considered to have been ratified. By remaining silent one waives one's right to complain later, under the PACA and Zone Uniform Commercial Code adopted by most states and accepted by the courts.

(2) Exporters should not be reluctant to pursue formal complaints with PACA if they have a strong case. The surety bond should not be a deterrent to prevent filing a formal complaint. The loss can be offset by recovery of the principal amount of the claim plus 13 percent interest and oral hearing expenses. The only alternatives are to take the financial loss or to file a civil suit in a U.S. court and incur prohibitive lawyer fees and court costs. PACA is a much more viable choice, charging nothing for the service rendered. Although decisions in formal complaints may take 18 months or more, the majority of PACA cases are settled informally, many within two to three months.

2. Mexican Exporters of Cucumbers and Peppers (Four Rio Brothers) versus USA Produce Co., Arizona

An audit was conducted of a joint venture agreement involving four brothers, each independently growing cucumbers and peppers in Mazatlán, Sinaloa for shipment to a grower's agent in Nogales, Arizona, who could sell them. The Rio Brothers consolidated their production into 37 truck lots during March and April 1978.

a. The Paca Complaint

The growers filed a PACA complaint on August 2, 1978, questioning their joint partners' handling of the cucumbers and peppers. It was further claimed that the contract between the parties was entirely oral and no liquidation (accounting) had been received. The brothers stated that:

(1) Their agent was not authorized to make adjustments in the sale prices to buyers without consulting them

(2) A 10 percent commission had been agreed upon, but the importer charged commissions ranging from eight to 15 percent

(3) All packages shipped had been accounted for by the importer

(4) The importer had double- or over-charged for advances for picking and packing cucumbers (no advances were agreed upon for the pepper production)

(5) The importer was not authorized to use commission merchants, auctions, brokers, joint account partners, etc., and charge the growers the expenses for these services.

A personal investigation was made at the importer's place of business in Nogales, Arizona, between April 16 and 26, 1979. The sole owner of the firm admitted there was no written contract, but claimed the original agreement for a 10 percent commission was subsequently changed to 15 percent after a loan was made to one of the brothers. There was no written confirmation to support the importer's claim. The importer denied any further liability to the growers, and contended they had been over-advanced.

The PACA audit involved a detailed review of the following records of the importer:

- o Liquidations (accountings) to the Mexican growers
- o Importers' sales invoices to buyers (American/Canada)
- o Importers' credit memos to buyers covering adjustments in original sales terms
- o Shipping point inspections, Nogales, Arizona
- o Mexican and American custom brokers invoices (crossing records at point of entry into the U.S.A.)
- o Mexican growers' truck bills of lading (manifests) of all 37 truck lots
- o Exporters' truck freight bills (Mexican)
- o American produce brokers' memos or confirmations of sale to buyers in U.S./Canada
- o Bills of lading prepared by importer in U.S.

b. Ruling

It was found during the audit that the importers' records were not being maintained according to PACA regulations. In view of the lack of supporting evidence, a total of \$30,143.41 was credited to the growers. This amount included:

- o \$19,353.76 in adjustments and allowances because of the lack of inspections in the U.S. to justify the charges on the original invoice amounts
- o \$6,925.43 due to the failure to account for 540 crates of cucumbers and 67 cartons of cucumbers
- o \$101.67 for unaccounted-for crates of Caribe peppers
- o \$80.32 for unaccounted-for crates of Anaheim peppers
- o a computer overcharge of \$2,773.72 for commissions
- o \$549.15 due to sales of cucumbers below going market prices
- o \$225.30 for an overcharge on expenses for handling expenses for manquilas
- o \$134.07 for a U.S. Custom Duty rebate not accounted for.

The grand total of \$30,143.41 due the growers was reduced by \$2,605.50 for over-advances for picking and packing cucumbers, leaving an adjusted gross of \$27,537.91. The growers' one half joint account portion amounted to \$13,768.95, less \$532.09 payment made due to mathematical errors found during the audit. This left a net computed amount of \$13,236.86, which was subsequently sent to the growers by certified check. The PACA reparation file was then closed.

c. Agents' Responsibilities

The federation staff and members were advised that:

(1) PACA licensees are required to prepare and maintain proper records to show their handling and disposition of all packages of produce received in their capacity as agents.

(2) Written contracts or letters of company policy are required to show the agents' authority to dispose of the produce, and the agreed upon charges for commissions and expenses.

(3) Agents have a responsibility either to sell the produce in line with the market or to have evidence in their files, such as of timely USDA inspections, to show quality or condition problems, accountings from buyers to support returns reported, or dumping certificates covering any amount discarded.

(4) Agents, in other words, have an obligation not to be negligent in disposing of produce being handled for the account of another. They cannot sell merchandise below the going

market price without justification or permission of their principals.

(5) Agents have a duty to file PACA trust claims and pursue collection of proceeds due; they must file and pursue collection of PACA reparation and carrier claims.

(6) Failure to perform the duties and responsibilities of an agent make agents liable to any loss incurred by their principals.

d. General Recommendations

(1) Put all oral agreements in writing and send a copy to the agent.

(2) If the growers/exporters are unable to obtain accounting or payment in joint venture agreements, file a PACA complaint within the nine-month statutory period in reparation cases and within 30 days for trust protection after the agent has defaulted, provided there is evidence of 30-day payment terms to establish timely filing.

3. Mexican Cherry Tomatoes Growers (Al Produce Company Distributors) versus Two Brothers Imports Inc., Nogales Arizona

a. Background

This PACA audit resulted from a letter of February 4, 1977, filed by a Nogales, Arizona, importer of Mexican cherry tomatoes shipped to another Nogales, Arizona grower firm, for handling as a growers agent/sales agent. A total of 56,675 packages of cherry tomatoes were resold by the agent in 146 transactions involving sales to American and Canadian buyers. The agent gave the importer an accounting of each sale covering all but 353 cherry tomatoes. The importer claimed it was due \$3,979.64 for the unaccounted-for cherry tomatoes shipped between May 26, 1976 and June 25, 1976, plus interest of \$1,020.36.

Admittedly the agreement was entirely oral; nothing was put in writing. An audit of the agent's records by PACA was requested.

During the audit at Two Brothers Imports Inc.'s place of business, November 7 through November 16, 1977, in Nogales, Arizona, the agent claimed the following:

- o 25 cents per package commission was agreed upon
- o There was verbal authority to use brokers consignments, and to make adjustments without consulting the importer;

- o Allowances were granted to buyers due to excessive checker-boarding (wide range in color and maturity) and market decline.

It was acknowledged that in most instances, the agent did not have records of USDA inspections from buyers in the files to support price reductions. And only in a few cases did the agent's files--which were computerized--contain accounts of sales received from terminal market buyers. Furthermore, Two Brothers entered consignment transactions at firm FOB prices at the time of shipment only; the figures were not retrieved and re-entered when final liquidations (accountings) were received from commission merchants in order to show correct net proceeds reported.

b. Audit Findings and Rulings

As a result of the audit accounting, the following was credited to Al Produce Company:

(1) \$731.88, which in six consignment transactions, the agent had underreported and underpaid the produce distributors.

(2) \$12,301.30, resulting from 16 transactions involving firm sales to buyers at definite prices, in which the agent had given adjustments to buyers without obtaining USDA inspections or other evidence from the buyers to justify the charges in the original contract terms.

(3) \$990, which the agent collected after filing a carrier claim on a shipment to Philadelphia, but failed to account to the importer.

(4) A computed underpayment of \$1,352.40 was made when a shipment to a Los Angeles produce firm was sold at \$1.90 FOB, while the market price on the date of shipment was \$4.00 FOB.

(5) \$1,593.12 because of incorrect reporting.

The total computed underpayment amounted to \$18,192.30. The importer's claim initially was for \$5,000 including interest, which is not collectible through PACA unless it is an integral part of the contract.

The PACA reparation case was settled after an amicable settlement was reached between the parties. USDA/PACA filed a disciplinary action against the agent for failing to account truly and correctly while acting as a grower's agent and for failure to prepare and maintain adequate records.

c. Recommendations

(1) Put oral agreements in written contracts to avoid disputes over contract terms and rights and responsibilities of the parties.

(2) File PACA complaints requesting an audit if you question the agent's handling of your produce, or the returns reported. PACA audits take notice of an agent's responsibility and negligence in disposing of produce for the account of another.

(3) File trust claims after 30 days of receipt of the produce, and within 30 days of default in making payment.

(4) File a PACA reparation complaint within the nine-month statutory period to protect your rights under PACA.

E. Sample Letter Filing PACA Reparation Case with the United States of America

PACA reparation claims must be in writing and supported by detailed documentation in order to be accepted for handling. They should be sent either to the main office in Washington, D.C. (recommended for federation staff and members) or to one of the field offices in Tuscon, Arizona; Ft. Worth, Texas; Wooddale, Illinois; or New Brunswick, New Jersey. The Washington office has the the largest and most experienced staff to handle audits and claims correspondence.

Contents of Letter

The letter must establish:

- o PACA's jurisdiction
- o PACA violation (non payment)
- o Perishable agricultural commodity, for example, cantaloupes
- o Interstate/foreign commerce
- o Amount of claim and method of computation
- o timely filing within PACA nine-month statutory period (for example, for a shipment June 14, 1987, a complaint is received by PACA September 21, 1987).
- o The facts allegedly known to the exporter, such as the absence of quality and condition problems on arrival,

acceptance without complaint, and numerous attempts to obtain payment without success.

Temperature recording tapes are invaluable to PACA for determining whether there is apparent carrier mishandling in transit, or there was an inherent or latent defect in the produce. They also show the length of time the recorder operated, the range in temperatures in transit, and establish normal or abnormal transit temperatures.

F. Sample Letter Filing for PACA Trust Protection

PACA trust claims are unverified; they do not need to be supported by documentation. The creditor's letter must contain all the details of the transaction(s), and it is recommended that a copy of each invoice be included. A copy of the trust letter to PACA must also be sent to the debtor (importer). Otherwise, a trust claim has not been perfected, and the trust benefits will be lost. The letter must state the payment terms, (which must be supported by evidence, if challenged in a U.S. District Court action to recover funds) in order to show they do not exceed the statutory limitation of 30 days. The terms also establish that the trust was filed in a timely fashion within 30 days after the debtor defaulted.

Written contracts must contain payment terms, show the date payment is due, and indicate PACA trust claims will be filed if there is a default on payment.

If payment cannot be obtained by PACA during its informal handling, the exporter will be given a chance to file a PACA reparation complaint in formal style. Alternatively, the exporter can enforce collection through a U.S. District Court action by filing proof of claim, verified by PACA.

G. Country Cases - Presentations by Individuals

1. Gloria Elena Polanco, Frutesa/Gelpe Trading Co.,
Guatemala City, Melon Exporter

Following the PACA round table, a private interview was held in the meeting room on September 21, 1987, with Gloria Elena Polanco of Frutesa/Gelpe Trading Co., Ruta 2, 5-46, Zona 4, Guatemala City, Guatemala. She has a pending PACA claim involving three loads of melons, of which one was paid through PACA by wired funds. The claim is in the New Brunswick, New Jersey, office, file P-4966, against Merex Corporation, Port Chester, New York (listed in Blue Book at Thornwood, N.Y., P.O. Box 96, 401 Clairmont Avenue (10594) Dave Blumberg, 50 M[60]).

Polanco said she has been heard nothing from PACA recently. It was recommended that she make a telephone call or write a letter to the New Jersey office requesting a status report.

It was pointed out that there is a risk in accepting payments that are not in the full amount or are not released in writing as "the undisputed amounts without prejudice to the rights of either party." Acceptance of short payments can be considered an "accord and satisfaction" which would bar further recovery, if a defense is raised that they were intended as "full and final" payment.

The banks must be warned not to routinely accept such deposits and credit the account of the importer. PACA was to obtain release of the funds as the "undisputed amount."

2. Ava Rebecca Alvarez Sanchez, Guatemala City, Pineapple Exporter

On September 21, 1987, Ava Rebecca Alvarez Sanchez of CIDESA, 15 Avenida 6-36, Zona 13, Guatemala City, Guatemala, a grower of pineapples, told of a marketing problem with Sandy Wheeler of Delta Package Inc., P.O. Box 233, 900 NW 15th Avenue, Pompano Beach, Florida 33061. The agreement called for the marketing agent to receive a 10 percent commission on sales, with a minimum price of \$7.50 FOB for the pineapples.

a. Transactions

Reportedly the first five containers arrived in good condition without any problems. The sixth container, however, had fumigation problems, but the exporter has been unable to obtain any payment, despite the repeated calls.

The seventh and eighth containers were shipped before any problems were noted. One of the containers arrived in Miami, Florida, and was not picked up for five days, while another load was shipped to Seattle, Washington. It was claimed to USDA that inspection was made to verify arrival problems. An inspection in Seattle 14 days after the container arrived at Miami reported a 61 percent "internal breakdown" in the contents. The pineapples were resold at \$1.50 by Rosella Fruit and Produce Co., P.O. Box 24343, Seattle, Washington 98124.

b. Recommendations

It was pointed out that the sales agent apparently was negligent in handling the disposition of the pineapples in view of the failure to pick up the shipment in a reasonable amount of time, and its being shipped to Seattle. This incurred longer transit time, further shortening shelf life, as well as an additional freight charge.

Agents are responsible for obtaining USDA inspections on arrival to show quality or condition problems. They must make their best effort to dispose of the produce in line with Market News prices, or keep the principal advised of an inability to do so.

Ava Alvarez Sanchez was advised to file a PACA complaint with the Washington, D.C., office, questioning the agent's handling of the pineapples. Time was of the essence because of PACA's nine-month statutory period. She was told the claim should be sent by DHL express mail.

H. Consultations

On September 25, 1987, a series of five consultations were scheduled at the meeting room of GREMIAL at 30 minute intervals, starting at 2 p.m. and concluding at 4:30 p.m. These five follow:

1. Nebo Falla/Lic Ernesto Falla, Gerente General Exportación de Itote y Rosas, Flower Exporter

Mr. Falla advised he had been unable to obtain payment from Flordelia, of Miami Flower Exchange, for 950 roses worth .22 cents each. This total of \$1000.29, less \$303 air freight, left a net amount due of \$834. The payment terms were for 15 days after receipt, but nearly one year later, he has been unable to obtain the money. He said Flordelia is no longer at its previous location, and he is unable to find the owner.

Since his case cannot be made the subject of a PACA complaint (PACA covers only fruits and vegetables), Mr. Nebo was advised to consider filing a civil suit in the Miami court, or to go into the Small Claims Court to obtain a judgment, and try to attach any assets he can find. An alternative would be to hire a collection agency.

He was also told to make complete credit checks before selling to firms or individuals he doesn't know. And it was recommended that he obtain letters of credit before shipping to American flower importers.

2. Carlos Tharra, Vegetable Exporter

Carlos Tharra said he has a pending PACA complaint with the Washington, D.C., office on a consignment contract involving non-payment of net proceeds totaling \$36,261.50 for four boxes of green onions shipped on April 11, May 29, and June 6, 1987. He said the last he heard from PACA was a letter of August 28, 1987, acknowledging receipt of the claim and stating the American importer would be contacted concerning a possible settlement. I

indicated that PACA was overloaded with work and understaffed, but unless he heard from them within two more weeks, he should call or write requesting a status report. If a PACA audit is needed to verify the accounting it will be six months or more before the importer's records can be reviewed by a PACA auditor.

It was recommended that in the future, PACA should be contacted to make a detailed credit check of the licensee, and industry trade media should be consulted for references.

3. Guillermo Springmuhl, Cooperativa Agrícola Tegral and Magdalena R.C., Guatemala, Vegetable Exporters

Guillermo Springmuhl explained that his firm has been unable to obtain payment for snow peas and baby vegetables it shipped to Richard Castleberry, president of Citcross Corporation, P.O. Box 4460, Miami, Florida 33092-4460. He said he entered into a 60 day payment plan covering the amount owed him. The terms were \$13,850 with payment of \$3,600 in 15 days, \$3,500 in 30 days, \$2,250 in 45 days, and the balance of \$4,500 in 60 days. The shipment was on January 26, 1987.

Mr. Springmuhl further indicated that \$9,105.75 was due Magdalena and \$5000 was due Techconsultos for snow peas and baby vegetables shipped March 26 - May 22, 1987.

Checks tendered were drawn on "Citcross Corp No. 2," #1001 on February 18, 1987, in the amount of \$6,900; and #010 on February 12, 1987, in the amount of \$5,100 with the notation \$12,000-\$5,100 balance due \$6,900.

Mr. Springmuhl was advised to write PACA a detailed letter describing all the unpaid transactions and to include supporting documentation. If Citcross is not licensed, the number of shipments indicate it should be licensed. PACA will contact Mr. Springmuhl concerning license liability and also try to obtain payment of the claims.

Mr. Springmuhl was also advised that in the future, he should make preliminary credit checks concerning a PACA license, trade media and industry members, before shipping to an American firm.

4. Yolanda Espot and husband, of Efraín E. Boburg Co., Guatemala, Vegetable Exporter

Mr. Espot and wife Yolanda advised of a marketing problem with a Mr. Lou Conte of Conte Produce, 521 Bloomfield Avenue, Newark, New Jersey. The verbal agreements covered the sales of four loads of snowpeas and okra shipped between March 2, 1987, and April 28, 1987.

a. Transactions

The transactions were as follows:

March 2, 1987: 330 snow peas @ 4.50	-	\$1485
152 okra @ 5.50	-	836
1 zucchini @ N/C	-	<u>0</u>
Total:		\$2321

April 28, 1987: 400 snow peas @ 8.00	\$3200
Claimed arrived damaged:	<3000.00>
Eastern Airlines freight:	<1820.04>
Load shipped to Miami by freight:	<u><1896.86></u>
Loss	<\$3518.90>

Reportedly a third load involved 470 packages shipped by Pan Am, but Conte claimed only 455 of these were received at their destination. A fourth load was received and accepted apparently without complaint, but has not been paid for.

Mr. Espat stated that on the March 2, 1987, shipment, the importer has not furnished any USDA inspection report to show poor arrival condition. Moreover, an additional freight charge to ship the produce to Miami on another airline was charged against the shipment, plus brokerage fees. This resulted in a deficit charged against the other transactions.

Mr. and Mrs. Espat claim they are due between \$18,000 to \$19,000.

b. Specific Advice

Mr. and Mrs. Espat were advised to file a PACA claim immediately against Conte Produce. It does not appear the shortage in the one load would be the shipper's problem unless a USDA inspection on arrival prior to unloading shows that 470 packages were not and could not have been shipped. The burden is on Conte to prove he only received 455 packages, and not 470 shown on the exporter's records.

Conte will need a timely USDA inspection on arrival to show a breach of contract by the shipper. He will also need to justify the additional freight charges and furnish an accounting to support the claimed loss of \$3,000 on the resale of the 400 cases of snowpeas. In the absence of such evidence, Conte would owe in full.

c. General Recommendations

The Espats were further advised that in the future, they should:

(1) Make complete credit checks before shipping their produce to American importers

(2) File PACA claims for trust protection within 30 days after the receiver defaults on payment

(3) Keep in mind that there is a nine-month statutory limitation on PACA reparation complaints.

(4) Put oral agreements in writing in order to have evidence of the contract terms agreed upon, especially in regard to when payment is due. This can be done by telexes, wires, or letters.

(5) Accept no payments marked "Full and Final Payment" unless they are in the full amount of their claim, if they want to avoid an "Accord and Satisfaction".

Mr. and Mrs. Espat stated they would file a PACA complaint and send their complete documentation in support of the claim.

5. James E. Alfaro, Spice Importer

a. Transactions

James E. Alfaro advised that he has entered into a written contract with Antigua Commercial S.A. for three trailer loads of ginger, consisting of 2,916 cases, and 87,480 pounds @ 48 cents per pound, for a total of \$41,990.40. He said he had received about \$25,000, leaving a balance of \$16,070.40, which he has been unable to collect. Payment terms were 45 days after receipt.

Mr. Alfaro said the ginger was sold by Tony Alvarez, Antigua Corp., P.O. Box 9584, North Hollywood, California 91609, with sales also by PP Sales Inc., c/o Valley View Farms Inc., P.O. Box 819, 6343 West Boynton Road, Boynton Beach, Florida 33437.

b. Recommendations

(1) Mr. Alfaro was advised that his contract involved two Guatemalan entities, and hence, the local contract would not come within PACA's jurisdiction, even though the ginger was shipped in foreign commerce to the United States. There would be no contractual relationship between Mr. Alfaro and the ultimate receivers in the United States.

(2) It was recommended that Mr. Alfaro file a PACA complaint on the transactions without raising any question regarding the possibility of a lack of jurisdiction. PACA would probably handle the claim at least on an informal basis in an attempt to reach a settlement. Mr. Alfaro stated that Antigua Corp. has a branch operation in Boise, Idaho, P.O. Box 2633 (83701), run by Bill Rundell and E. Robert Mooney. PACA will check on the license status of all the firms located in the U.S.

(3) Mr. Alfaro was further advised that in the future, he should not enter into any payment agreements that exceed 30 days, in order to preserve his PACA trust rights.

(4) In addition, the contracts should be entered into with PACA licensees in the U.S., so that PACA retains jurisdiction. Otherwise, his recourse would be through the Guatemalan courts.

SECTION II

EL SALVADOR

A. Introduction and Background

The PACA round table in San Salvador, El Salvador, on September 22, 1987, was held in the meeting room of Aspent. In attendance were six people, including federation staff employees. The presentation started at 9:30 a.m.

A background and explanation of PACA procedures used in handling claims was given in Spanish by Ricardo Fromader. To refresh the participants' recollections he used a written statement previously presented during the June seminar.

I gave a presentation on three PACA historical cases, one involving a Costa Rican strawberry exporter, another a Mexican exporter of cucumbers and peppers, and a third an exporter of cherry tomatoes. All three cases were PACA reparation cases filed against American firms licensed by PACA.

The two Mexican complaints required extensive PACA audits which resulted in payments to the exporters and amicable settlements. The Costa Rican case was handled informally by PACA and subsequently dropped by the exporter when PACA advised it would be necessary to file a formal complaint and post a surety bond in double the amount of the claim. (See section I on Guatemala for details of these cases.)

B. Discussion of Sample Letters for Filing PACA Reparation Cases/PACA Trust Protection

The material for these discussions can also be found in Section I, subsections E and F.

C. Recommendations for Flower/Foliage Exporters (not covered by PACA Protection)

Since there is no protection under PACA, it is up to the exporter to:

1. Make credit checks with PACA; produce media (Blue Book, Red Book), Dun & Bradstreet; and national, state and local trade groups.

2. Prepare written contracts showing detailed terms and conditions of sale to the receiver--in English.

3. Prepare and return proper documentation covering each shipment (invoices, bills of sale, sales tickets to buyers, bills of lading by carriers--air/boat-- freight forwarding and customs brokers).

4. Obtain letters of credit for bank-to-bank transfer of funds.

D. Country Cases: Presentations by Individuals

1. Salvatore Chiriatti, Melon Exporter
35 Avenida Norte No. 10, Rep. Sta. Fé
San Salvador, El Salvador (C.A.) Tel: 265574

a. Transactions

During a private interview, initially following the round table on September 22, 1987, and later continued at the Hotel Presidente, with Ricardo Frohmader and Jose Oromi, Mr. Chiriatti described problems he experienced in exporting 23 loads of honeydews to an importer, Texas International Resources Ltd. Inc., Miami, Florida, between January 20 and March 30, 1987. Reportedly the transactions were consignments:

- o sixteen of the first seventeen lots arrived during a depressed market and were accounted for at a sales price of \$2.00.
- o Load #13 was rejected, and no returns reported (carrier claim should be filed)
- o The last six shipments arrived without problems and were sold by the importer, who reported net returns of \$67,965.28.

However, Mr. Chiriatti has been unable to obtain payment. Some of the honeydews were sold by Texas International to Twin Packing Co., P.O. Box 420216, Miami, Florida 33242, whose president, Maurice Esformes, advised Mr. Chiriatti that payment had been made and was received by Texas International.

b. Recommendations

Following the review of the exporter's records, Mr. Chiriatti was advised that he apparently had a valid PACA claim, not only for the \$67,965.28 admittedly due, but also to question the reported returns for 16 trucklots, and the return involving a carrier claim.

It was recommended that Mr. Chiriatti immediately file a PACA claim with the PACA branch, USDA, Washington, D.C. covering

all 23 trucklots, including 21 honeydews and two mixed loads of honey dews/watermelons. The claim would:

- o Question the importer's handling of the first 17 loads, and payment for the balance due of \$67,965.28.
- o Ask PACA about any trust filings by the importer.
- o Inquire whether or not Texas International has a valid PACA license to conduct business.

c. Transaction

Mr. Chiriatti also discussed another problem with Mareterra Inc., 2915 S.W. 106 Avenue, Miami, Florida 33165, concerning non-payment of a balance of \$9,863.70. He stated a written contract was entered into on January 20, 1987, with the firm's president, Raul Cassin, It covered:

- o one to ten containers of honeydews to be shipped between January 20 to the end of March 1987.
- o Payment to be made 15 days after receipt
- o a commission of 10 percent.

Mr. Chiriatti indicated he has been unable to locate Raul Cassin to obtain payment of the outstanding balance.

Mr. Chiriatti's documentation was reviewed. It was my recommendation to have a PACA claim filed with the PACA branch, Washington, D.C. A check of the produce reporter company's Blue Book did not disclose a listing for either Texas International or Mareterra Inc. Probably neither firm is licensed by PACA. A check will be made by PROEXAG to verify the licensing information.

2. Jose Salvador Canzizano, Melon Exporter

During a meeting at the Hotel Presidente on September 22, 1987, Mr. Canzizano told Mr. Frohmader and Mr. Oromi that he was owed \$93,756 for 47,815 boxes of watermelons and honeydews shipped to Basic Food International Inc., P.O. Box 22948, 1300 S.E. 17th Street, Ft. Lauderdale, Florida 33335. He stated he was commissioned by the firm's president, John P. Bauer, to export his fruit to Basic Foods. The shipments were received, but not paid for. He said a PACA complaint is now pending with PACA's Washington, D.C. office.

Mr. Canzizano was advised to make periodic checks with PACA to obtain status reports and to keep the pressure on PACA to

handle the claim as quickly as possible, especially in view of the large amount of money outstanding.

3. Lic. Juan Jose Boillat, Melon Exporter
Caexti, S.A. de C.U.
Boulevard Hildromo #535
San Salvador, El Salvador (CA) Tel: 781308

Mr. Boillat came to the Hotel Presidente to discuss the advisability of entering into contracts with prospective U.S. importers of his cantaloupes and honeydew melons. He said he had not experienced any marketing problems. Mr. Frohmader gave him a list of potential buyers in Texas and Los Angeles to contact. Mr. Boillat was advised to check on PACA licenses and credit references before making any written contract with the importers.

4. Ing. Guillermo Enrique Valiente, President of Exportadora Mercantil Agroindustrial, SA de CV

Mr. Valiente was visited at his office, Pasaje Sena, Florida No. 152, Colonia Escalon, AP Postal 1372, San Salvador. He indicated he represents approximately 40 growers. He said he uses his own sales organization, Unimarketing Inc., P.O. Box 537, 827 Deltona Boulevard, Suite A, Deltona, Florida 32725, to market the growers' products. Mr. Valiente is also vice president of Unimarketing Inc., a firm not listed in the current Blue Book. He said the sales firm is managed by a Mr. Bernard. It was not known whether or not the firm has a PACA license.

Mr. Valiente reported that 1986 was a bad year, but he did not indicate whether there were any marketing problems that would benefit from assistance or advice.

Mr. Frohmader and Oromi questioned Mr. Valiente in Spanish concerning shipping through Mexico to Texas for ultimate distribution to Los Angeles or the Midwest. Mr. Valiente stated that Peter & Buffone Inc. (Buffone International), Pompano Beach/Miami, Florida, buys produce from him, or acts as a commission merchant/agent.

No recommendations were made to Mr. Valiente.

SECTION III

COSTA RICA

The PACA roundtable on September 24, 1987, was sponsored by the federation, CAAP, and held at the Ambassador Hotel meeting room. There were 34 federation staff and members in attendance. Background and explanation of PACA procedures was given in Spanish by Ricardo Frohmader of PROEXAG, a written statement previously presented at the June 1987 seminar. Some of the participants had not attended the first seminar. Much of the seminar was devoted to the presentation of three historical cases involving PACA disputes (see section I).

Following the conclusion of the PACA round table a private discussion was held with Henry Brealey, Jorge Manuel Gonzalez, and Aurora Aviles de Vidaurbe of Cooperfresna, R.L. APO: 211-1017 Centro Comercial, San Jose 2000, Costa Rica. The discussion concerned a PACA reparation complaint filed two to three weeks earlier involving three shipments of strawberries. The claim is now pending in the Washington office. The 40-grower cooperative filed a PACA complaint against Sky Tropical Properties, Miami, Florida, and its principal, Mark Oleski. The firm is not listed in the Blue Book and may not be licensed by PACA.

The three shipments included one big expensive load with an invoice amount of approximately \$15,000. The receiver claimed a shortage on arrival. The three growers were advised to furnish PACA with their complete files of papers, i.e., invoices, bills of lading, freight forwarder and custom brokers records, to establish the quantity shipped and the number that arrived.

Cooperfresna was advised to wait a week or so longer before contacting PACA to obtain a status report, and to find out what additional information or documentation is needed by PACA.

In a private interview later that day, Robert E. Woodbridge, executive vice president of Intertec, SA, PO Box 20, U50 Costa Rica, San Jose, Costa Rica, acknowledged that his firm was the one involved in the historical case of the strawberries. He said the claim was for considerably more than the fictitious amount quoted in the sample historical case.

Mr. Woodbridge stated that after hearing the PACA presentation that morning, he felt he should have pursued a formal PACA complaint against the receiver, Tony Gagliano, of the firm A. Gagliano Co., Inc., Milwaukee, Wisconsin, near the Chicago, Illinois area. He said that when PACA had advised him a formal complaint and bond would be needed, he believed it would be futile to do so, and so dropped his claim with PACA. He

indicated it would have been no problem to obtain a surety bond. Reportedly the Market News quotes by USDA were in the \$24 per tray range at the time the shipment was received on January 15, 1986.

Mr. Woodbridge was advised to contact Mr. Frohmader or Chemonics with his future marketing problems for guidance in handling potential PACA matters. He said he would do so.

He then inquired about a potential importer, Sunshine Packing Co., Inc., of Homestead, Florida. Mr. Frohmader assured him he would contact the Washington, D.C. PACA office to check on a PACA license, and any pending or past reparation or trust claims. He would let Mr. Woodbridge know what information was obtained.

SECTION IV

CONCLUSIONS

A. A continuing educational process is needed on a twice-a-year basis. First, a fall PACA round table would be held prior to the growing season, with a spring follow-up after all shipments have been made in order to review with federation members any marketing problems experienced with United States importers.

B. A study is needed of all documentation, such as information on liquidations (accountings) on the returns (proceeds) reported, to see if the agent has complied with contract terms, and if any negligence is evident; shipping point and terminal market USDA inspection reports showing the amount of adjustments and allowances granted to buyers, and short payments on transactions.

C. Depending on the paper reviewed, recommendations can be made about whether PACA audits appear warranted by USDA auditors. PACA complaints can then be filed before the nine-month statutory period expires and PACA loses jurisdiction to accept the claim for handling on an informal basis.

D. A letter concerning PACA trust provisions must be written immediately to the federations and their members, informing them of the steps necessary for trust protection to make them secured creditors in cases involving insolvency or bankruptcy.

E. The round tables held after the shipping season require more time with individual growers to review in detail all records in order to interpret whether or not there is a basis for PACA claims. A minimum of two days is needed in each country visited.

F. Flower and foliage exporters must be especially careful in dealing with U.S. importers, since they have no protection under PACA. They can call Dun & Bradstreet for credit references. Also PACA will give information concerning a possible PACA license. These exporters do have access to the same credit sources that the produce industry has (Blue Book, Red Book).

G. Exporters of flowers and ornamentals must have written contracts with importers showing detailed terms and conditions of sale. They need proper documentation covering shipment:

- o Invoices (bills of sale(s) tickets to buyers)
- o Bills of lading perfected by freight forwarders, carriers (air/boat), and customs brokers
- o Signed receiving records from buyer/delivery receipt

o Letters of credit for transfer of funds to bank.

These exporters' only recourse in the event of a dispute is to hire an attorney for a countersuit or a collection agency.

APPENDICES

- A. Summary of "Background of PACA," - pages 1 to 3
- B. Presentation of historical cases:
 - 1. Fruticola de C.R., Costa Rican strawberries shipped to Chicago, Illinois, USA importer; PACA points pages 1 & 2, and PROEXAG summaries (English/Spanish), pages 1-3.
 - 2. Four Rio Brothers, Mazatlán, Sinaloa, Mexico, Mexican grown cucumbers and peppers shipped to Nogales, Arizona, joint venture partner; PACA points pages 1 & 2. Report of personal investigation under the Perishable Agricultural Commodities Act, (PACA) by Thomas R. Walp, pages 1-16.
 - 3. Al produce company distributors, Nogales, Arizona, Mexican grown cherry tomatoes shipped to a Nogales, Arizona, importer who will act as a grower's agent; PACA points - pages 1 & 2. Report of personal investigation under the Perishable Agricultural Commodities Act by Thomas R. Walp, pages 1-10.
- C. Sample letter filing PACA reparation case with the United States Department of Agriculture (with notations), pages 1 & 2.
- D. Sample letter for PACA trust protection (with notations), pages 1 & 2.
- E. Recommendations to exporters of fruits and vegetables, flower and ornamentals, pages 1 & 2.
- F. Summary of "USDA Internal Ethics Regarding Conflict of Interest," one page.
- G. Ricardo Frohmader Spanish summary of PACA, pages 1-9.
- H. Sample telex prepared by PROEXAG to show detailed information setting out terms of contract for consigned cantaloupes exported from Central America to an American importer in Florida, one page.
- I. Photocopy of a page from a trade publication showing an article by J. D. Flanagan, Chief of the PACA Branch, Fruit and Vegetable Division, USDA, relating to the terms of payment for PACA trust protection.