



news

Livestock Marketing Association

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LMA's actions help 7 member markets recover \$1.43 million for unpaid livestock sold to Iowa's Agriprocessors, Inc.

Action authorized by Livestock Marketing Association's Executive Committee, including shouldering a major portion of the legal fees, has helped seven LMA member markets recover approximately \$1.43 million from Agriprocessors, Inc., Postville, Iowa.

The money is for livestock the markets sold to the firm, but weren't paid for, before it filed a Chapter 11 federal bankruptcy petition last November. According to court documents, Agriprocessors was described as "one of the largest kosher meat and poultry packing and food processors" in the U.S.

On Jan. 15, the U.S. Bankruptcy Court for the Northern District of Iowa ordered the markets and other unpaid sellers to be paid.

Ernest H. VanHooser, the attorney who represented the LMA member markets, said it appeared that all the unpaid sellers, who filed claims validated by the Grain Inspection, Packers and Stockyards Administration (GIPSA) will receive payment in full.

Validated claims from 25 unpaid livestock sellers total slightly over \$2 million, according to court papers. Payouts could begin the week of Jan. 19.

Available sources of payment of these claims include a trust, which is made up of proceeds from the firm's sale of livestock and meat, and a cash bond. According to court documents, the bond has a value of \$1.245 million, while the trust is valued at about \$7 million.

Claims by poultry suppliers are being handled separately.

LMA CEO Mark Mackey said LMA took several actions that benefited not only the markets, but the other unpaid sellers. "We joined with a number of other creditors in arguing successfully that this matter should be moved from New York, where the Chapter 11 petition was filed, back to Iowa."

Mackey noted that LMA got involved in the case quickly enough to keep the livestock inventory intact. "We understood the legal process needed to keep that livestock from going out the back door. That inventory is a portion of the firm's assets, which are being used to pay back the unpaid sellers," he said.

LMA's involvement, he said, also helped keep GIPSA accountable, and on top of the issue.

Mackey praised the “diligent work of LMA region executive officer Jeff Hazaleus. He kept the members who were involved informed about the progress of the case, and the process they needed to follow to recoup their money.”

Reflecting on LMA’s action on behalf of its member markets, Mackey said, “That’s why businesses join an association, so they can call and get help when they have a problem.”

LMA’s Board of Directors will discuss GIPSA’s current bonding procedures at their Kansas City meeting Feb. 7. Mackey said one item under consideration is replacing the current bonding system with an indemnity fund.

LMA is North America’s largest membership organization dedicated to supporting, representing and communicating with and for the entire livestock marketing sector.

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