

SESSION EXAMINES PACA INS AND OUTS

BRANCH MANAGER TAKES PART IN RED BOOK UNIVERSITY WEBINAR

By Tom Burfield, Newsflash Editor

Are you familiar with all the benefits you can access through the



Karla Whalen, chief of the PACA Branch of the AMS Fruit and Vegetable Programs of the USDA.

Perishable Agricultural Commodities Act?

Probably not. That's why Red Book University, a series of Web seminars covering a wide range of produce-oriented topics,

recently focused on the PACA during a pre-sentation titled "PACA — Your Partners in Produce."

Since most industry members don't have to seek PACA's help on a regular basis, they may not be familiar with the full scope of services it provides, said Christopher Purdy, business development specialist for the U.S. Department of Agriculture's Agricultural Marketing Service.

So, PACA continues to upgrade the information on its website and participates in activities like Red Book University to spread the word about its programs.

During the interactive Web presentation, Karla Whalen, PACA branch chief, discussed PACA in detail.

In a nutshell, the PACA was implemented 80 years ago to facilitate fair trade practices in the fruit and vegetable industry, regulate interstate and foreign commerce and promote fair trade and prompt pay.

"PACA was needed to protect honest, hardworking individuals," Whalen said.

PACA requires mandatory licenses, defines common language for contracts, establishes fair business rules, provides a forum for dispute resolution and serves as an enforcement mechanism, she said.

PACA can remove companies from the marketplace to protect industry members from fraudulent or unfair practices, she added.

The best way to learn about PACA services or to contact PACA is by visiting its website — www.ams.usda.gov/paca — or by calling 800-495-7222, Whalen said. Fruit and vegetable experts who speak Spanish or Korean are available.

Whalen recognized that produce buyers and sellers face a host of hurdles during the course of doing business — refusal to pay, slow pay, product misbranding and misrepresentation, wrongful rejection, failure to ship, vague contract terms, unscrupulous operators and, of course, bankruptcies.

"The challenges you face may seem daunting," she said, "but PACA is your partner."

Brokers, growers' agents, shippers and wholesalers who buy or sell 2,000 pounds of product or more on any one day are required to have a PACA license, Whalen said.

PACA currently has 14,500 licensees.

Informal dispute resolution, often over the phone, is the most common tool PACA uses to encourage compliance for contracted services while bolstering the business relationships of all parties involved, she said.

PACA has a good track record for resolving complaints — 91%

of the informal complaints filed from 2001-2009 were settled within four months, she said.

"Timeliness is an issue," how-ever, because PACA only can accept claims for nine months after they were called to the attention of the claimant.

Filing a claim costs \$100. If the PACA process does not resolve the problem, the matter can go before a judge, which will cost \$500.

PACA licensees have priority

in bankruptcy filings, she said. But to guarantee PACA Trust rights, sellers should include "magic language" on invoices or billing instruments. That language is detailed on PACA's website.

Since 1984, PACA has helped licensees secure hundreds of millions of dollars after their receivers filed for bankruptcy, Whalen said. *Nf*



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