

conflict of interest. At a minimum, such measures should insure:

(1) That feedlot customers are fully advised of the common ties between the feedlot and the packer, and of their rights and options with respect to the marketing of their livestock;

(2) That all feedlot customers are treated equally by the packer/custom feedlot in connection with the marketing of fed livestock; and

(3) That marketing decisions rest solely with the feedlot customer unless otherwise expressly agreed.

(c) Packer ownership or operation of custom feedlots may also give rise to competitive problems in some situations. Packers contemplating or engaging in the business of operating a custom feedlot should carefully review their operations to assure that no restriction of competition exists or is likely to occur.

(d) The Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) does not consider the existence of packer/custom feedlot relationships, by itself, to constitute a violation of the Act. In the event it appears that a packer/custom feedlot arrangement gives rise to a violation of the Act, an investigation will be made on a case-by-case basis, and, where warranted, appropriate action will be taken.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 203, 204, 207, 217a, 222 and 228)

[49 FR 33004, Aug. 20, 1984, as amended at 68 FR 75388, Dec. 31, 2003]

§ 203.19 Statement with respect to packers engaging in the business of livestock dealers or buying agencies.

(a) In its administration of the Packers and Stockyards Act, the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) has sought to prevent conflicts of interest and to maintain open and fair competition in the livestock and meat packing industries. The ownership or operation of livestock dealers or buying agencies by packers, under some circumstances, may result in violations of the Packers and Stockyards Act.

(b) Traditionally, livestock dealers and buying agencies purchase livestock for resale or to fill orders for farmers, ranchers, producers, other livestock firms and packers. When a livestock dealer or buying agency is owned or operated by a packer, and when such packer is also buying livestock for its own operational requirements, there is a potential conflict of interest. Furthermore, the purchase and sale of livestock by meat packers may result in control of markets and prices which could adversely affect both livestock producers, competing packers, and consumers.

(c) Arrangements between packers and dealers or buying agencies which do not normally create a conflict of interest or result in a restraint of competition include:

(1) Operations utilizing different species or classes of livestock; (2) operations where the business activities are widely separated geographically; and (3) operations where tie-in purchases or sales are not involved. Packers contemplating engaging in the business of a livestock dealer or a buying agency are encouraged to consult with the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) prior to the commencement of such activities.

(d) In the event a packer/dealer or a packer/buying agency arrangement appears to give rise to a violation of the Act, an investigation will be made on a case-by-case basis and, where warranted, appropriate action will be taken.

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(7 U.S.C. 228, 228b, 222, 15 U.S.C. 46)

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PART 204—ORGANIZATION AND FUNCTIONS

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PUBLIC INFORMATION

§ 204.1 Introduction.

The Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) hereby describes its central and field organization; indicates the established places at which, and methods whereby, the public may secure information; directs attention to the general course and method by which its functions are channeled; and sets forth the procedures governing the availability of opinions, orders, and other records in the files of said Administration.

§ 204.2 Organization.

(a) The Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) consists of a headquarters office located in the South Building of the U.S. Department of Agriculture in Washington, DC, and 12 regional offices. The Washington headquarters office is organized to include the Office of the Administrator and two Divisions, the Packer and Poultry Division and the Livestock Marketing Division.

(b) *Office of the Administrator.* This office has overall responsibility for administering the provisions of the Packers and Stockyards Act, 1921, as amended and supplemented (7 U.S.C. 181 *et seq.*), for enforcement of the Truth-in-Lending Act (15 U.S.C. 1601-1665) with respect to any activities subject to the Packers and Stockyards Act and for executing assigned civil defense and defense mobilization activities. These responsibilities include formulation of current and long-range programs relating to assigned functions; execution of the policies and programs administered by the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs); review and evaluation of program operations for uniform, effective, and efficient administration of the Packers and Stockyards Act; and maintenance of relations and commu-

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nications with producer and industry groups.

(1) *Administrator.* The Secretary of Agriculture has delegated responsibility for administration of the Packers and Stockyards Act to the Administrator who is responsible for the general direction and supervision of programs and activities assigned to the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs) except such activities as are reserved to the Judicial Officer (32 FR 7468). The Administrator reports to the Assistant Secretary for Marketing and Inspection Services.

(2) *Deputy Administrator.* The Deputy Administrator assists the Administrator in the overall responsibility for the general direction and supervision of programs and activities assigned to the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs).

(3) *Assistant to the Administrator.* The Assistant to the Administrator participates with the Administrator and Deputy Administrator in the development and analysis of policies and programs, and directs the management support services and related activities of the Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs).

(4) *Director, Industry Analysis Staff.* The Director of the Industry Analysis Staff participates with the Administrator and Deputy Administrator in the development and analysis of policies and programs and directs economic studies of structure and performance of the livestock, meat, and poultry marketing, processing, and wholesaling industries. The results of these studies are used to provide economic advice to the Administrator in developing overall policy on antitrust matters and effects of practices or impediments in the marketing system. The Director works closely with the Directors of the Packer and Poultry and the Livestock Marketing Divisions in connection with investigations to provide economic advice and expert testimony in trials and administrative hearings. The Director also coordinates activities and works closely with the Federal Trade Commission and Justice Department in studying the effects of