

Growers' Rights in Poultry Growing Arrangements

A poultry growing arrangement ("contract") is a grow-out contract, marketing agreement, or other arrangement.

A live poultry dealer ("company") contracts with poultry growers to raise live poultry for slaughter.

As a poultry grower who raises and cares for live poultry for slaughter by a separate entity under a contract, you have certain rights and protections under the Packers and Stockyards Act ("Act") and regulations. The following is a summary of rights with references to sections ("S.") of the Act and Regulations ("R."), and include:

Right to Prompt and Accurate Payment

- The company must pay you for growing poultry by the close of the 15th day from the end of the week that the poultry was slaughtered (S. 410).
- The company must give you an accurate settlement and ranking at the time of payment. These documents must have all information necessary to determine your pay (R. 201.100(d)).
- If you are not paid, you have the right to file a trust claim (S. 207). See the Packers and Stockyards Division (we or our) publication, [Live Poultry Growers' and Sellers' Trust Rights](#).

Protection Against Unfair Practices

- The Act prohibits companies from engaging in any unfair, unjustly discriminatory, or deceptive practices and from giving unreasonable preference, prejudice or disadvantage (S. 202(a) - (b)).
- Some federal courts have held that an unfair practice damaging a grower must also cause competitive injury to the industry or to the consumer. USDA disagrees with those courts.
- When we find an unfair practice and legal action is required, the U.S. Department of Justice (DOJ) decides whether and how to prosecute those cases.

Protection from Inaccurate Weighing

- The company must give you a copy of all feed and live poultry scale tickets for your farm. (R. 201.49(a))



- The company must promptly weigh live poultry from your farm (R. 201.82(b)).
- You have the right to observe the weighing of live poultry that you raised (R. 201.108-1(e)(3)).
- For more detail, see our publication [Responsibility for Accurate Scales and Live Poultry Weights](#)

Right to Decline Arbitration

A contract with an arbitration provision must allow you to decline arbitration (S. 210(a)), and must describe (R. 201.218):

- All the costs involved;
- The arbitration process; and
- Any limits on your rights and remedies.

If you choose arbitration, you give up your rights to sue in court for damages and trial by jury. Parties usually pay arbitration fees up front. These fees can be much more than court filing fees.

Some growers have dropped their claims due to arbitration fees. Arbitration may be faster than a lawsuit, but the filing date may be shorter. Discovery of facts and appeals may be limited. Companies usually have lawyers in court and in arbitration. Consider hiring a lawyer experienced in poultry issues.

Right to Cancel the Contract

The contract must state that you have the right to cancel the contract within three (3) business days after contract execution unless the contract states a later time (S. 208(a)).

Reasonable Contract Conditions

- The company must provide you with a true written copy of the contract. If you are building a new poultry house, the company must give you housing specifications at the same time (R. 201.100(a))

- You have the right to discuss the terms of the contract with your financial advisor, lender, lawyer, accountant, immediate family members, business associates, other growers for the same company, and Federal or State agencies (R. 201.100(b)). The company may prohibit your disclosure of contract terms to others.
- The contract must describe specifically how your pay will be determined (R. 201.100(c)).
- The contract must state its duration, and any conditions for termination by either party (R. 201.100(c)).
- The contract must say whether there is a performance improvement plan (PIP), and what the requirements are for getting on and off the PIP, or for terminating the contract (R. 201.100(c)).
- The contract may specify the application of a different state's law in a dispute, except when you raise poultry in a state that prohibits using another state's law (S. 209(b)).
- The place for resolving a dispute with a company is the federal judicial district where you raise poultry under the contract (S. 209(a)).

Additional Capital Investments

The company must disclose in the contract that it may require you to make additional large capital investments (S. 208(b)). All such requirements must be fair and reasonable. If the total cost is \$12,500 or more per structure (total cost of upgrades to the structure, equipment, and goods and services, but not including maintenance or repair), we will consider criteria including whether (R. 201.216):

- The company gave you discretion to make the investment;
- The investment is the result of coercion, retaliation or threats by the company;
- All similar growers are being required to make the investment;
- You can reasonably recoup the cost;
- You were given a reasonable amount of time to implement; and whether
- The company offered you incentives for replacing previously approved equipment.

Suspension of Delivery of Birds

When determining if a company has unfairly suspended delivery of birds, we may consider the following factors: (1) whether the company provided a written notice that explains why it suspended placement and when it plans to resume delivery of their birds, (2) whether a catastrophic or natural disaster occurred, or (3) some other emergency prevented reasonable notice (R. 201.215).

Period to Remedy a Breach of Contract

The company must give you a reasonable period to correct a situation when it claims that you have breached the contract (R. 201.217). In determining if the company has done that, we will consider criteria including:

- The company intends to take adverse action against you;
- You received written notice when the company first discovered the breach;
- The notice gives the date and description of the breach, and identifies the contract term(s) that the company believes was breached;
- The notice states how and by when you can remedy the breach, if possible;
- You were given a reasonable time to remedy the breach; and whether
- The breach affects food safety or animal welfare.

Right to Notice of Termination

The contract must provide that at least 90 days written notice will be given prior to termination or non-renewal of the contract. A notice of termination must give the reasons for termination, the effective date, and any right to appeal within the company (R. 201.100(h)). Similarly, you have the right to terminate your contract by giving the company 90 days written notice (R. 201.217(h)(2)).

Right to File a Lawsuit or Complaint

You may file a lawsuit (or arbitrate, if you have opted-in to binding arbitration) if you believe you have been damaged by a violation of the Act and regulations. In addition, we investigate complaints alleging violations of the Act and regulations. Congress granted us limited administrative authority over poultry under the Act, so we may prosecute payment violations (S. 411). However, when we find an unfair practice and most other poultry violations, we must refer the case to the U.S. Department of Justice (DOJ) if legal action is necessary (S. 404). DOJ decides whether and how to prosecute those cases.

Please direct comments or questions about this publication to:

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For more information about Responsibility for Growers' Rights in Poultry Growing Arrangements please visit: <https://www.ams.usda.gov/rules-regulations/packers-and-stockyards-act>