

UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE



In re:

Euclid Stockyards, Inc., d/b/a	)	P & S Docket No. D-15-0055
Euclid Stockyards,	)	
	)	
and	)	
	)	
Jeremy T. Gorham, d/b/a	)	P & S Docket No. D-15-0056
Euclid Stockyards,	)	
	)	
	)	
Respondents	)	Complaint

There is reason to believe that the Respondents have willfully violated the Packers and Stockyards Act, 1921, as amended and supplemented (7 U.S.C. § 181 et seq.), hereinafter referred to as “the Act”, and the regulations promulgated thereunder by the Secretary of Agriculture (9 C.F.R. § 201.1 et seq.), hereinafter referred to as “the regulations,” and therefore, this Complaint is issued alleging the following:

I.

(a) Euclid Stockyards, Inc., doing business as Euclid Stockyards (Respondent Euclid Stockyards), is a corporation organized and existing under the laws of the State of California. The corporation’s business mailing address is 14185 S. Euclid Ave., Ontario, CA 91762. Respondent Euclid Stockyard’s agent for service of process is Jeremy T. Gorham, 14185 S. Euclid Ave., Ontario, CA 91762.

(b) Jeremy T. Gorham (Respondent Gorham) is an individual doing business as Euclid Stockyards, whose business mailing address is 14185 S. Euclid Ave., Ontario, CA 91762.

(c) Respondent Euclid Stockyards, under the direction, management, and control of Respondent Gorham, at all times material to the allegations herein was:

(1) Engaged in the business of a dealer buying and selling livestock in commerce and as market agency selling livestock in commerce on a commission basis; and

(2) Registered with the Secretary of Agriculture as a dealer and market agency to sell livestock in commerce on a commission basis.

(d) Respondent Gorham, at all times material to the allegations herein was:

(1) Owner of 100 % of the stock issued by Respondent Euclid Stockyards;

(2) Registered agent for Respondent Euclid Stockyards;

(3) Engaged in the business of a market agency selling livestock in commerce on a commission basis; and

(4) Responsible for the direction, management, and control of Respondent Euclid Stockyards.

## II.

On January 13, 2011, the Respondent Gorham agreed to a Consent Decision and Order (consent decision) *In re: Jeremy T. Gorham d/b/a Euclid Stockyards*, P & S Docket No. 09-0183. The consent decision required Respondent Gorham, his agents and employees, directly or through any corporate device, to cease and desist from failing to fully reimburse its Custodial Account for Shippers' Proceeds (custodial account) within the times prescribed in section 201.42 of the regulations amounts equal to the outstanding proceeds receivable from the sale of consigned livestock, and from

otherwise failing to maintain their Custodial Account for Shippers' Proceeds in conformity with section 201.42 of the regulations.

On September 20, 2012, the Western Regional Office, Packers and Stockyards Program, Grain Inspection, Packers and Stockyards Administration, United States Department of Agriculture, mailed Respondents a Notice of Violation letter.

Respondents were served with the Notice of Violation letter on September 24, 2012. In the Notice of Violation letter, Respondents were notified that the Annual Report of Dealer or Market Agency SOC as of December 31, 2011, which Respondents filed on April 16, 2012, showed that a shortage existed in Respondent Euclid Stockyards' custodial account in the amount of \$65,646.30. In that same letter, Respondents were notified that operating with a shortage in the custodial account is in violation of sections 307(a) and 312(a) of the Act (7 U.S.C. §§ 208, 213(a)) and of section 201.42(c) of the regulations (9 C.F.R. § 201.42(c)) issued under the Act. The notice required immediate action on behalf of the Respondents to correct the shortage.

Notwithstanding such notice, Respondents have continued operations with custodial account shortages.

### III.

Respondent Euclid Stockyards, under the direction, management, and control of Respondent Gorham, during the time period of December 31, 2012 through January 31, 2013, failed to properly maintain its custodial account, thereby endangering the faithful and prompt accounting of shippers' proceeds and the payment due the owners or consignors of livestock in that:

- (a) As of December 31, 2012, Respondent Euclid Stockyards had outstanding

checks drawn on its custodial account in the amount of \$702,401.81 and had to offset such checks, a balance in its custodial account of \$482,582.95 and proceeds receivable of \$187,670.65, resulting in a deficiency of \$32,148.21.

(b) As of January 31, 2013, Respondent Euclid Stockyards had outstanding checks drawn on its custodial account in the amount of \$910,081.21 and had to offset such checks, a balance in the custodial account of \$372,787.18 and proceeds receivable of \$392,932.28, resulting in a deficiency of \$144,361.75.

The custodial account shortages described herein were due in part to respondents' failure to deposit in the custodial account, within the time prescribed by the regulations, an amount equal to the proceeds receivable for sales of consigned livestock.

#### IV.

By reason of the facts alleged in paragraphs II-III, Respondents willfully violated sections 307 and 312(a) of the Act (7 U.S.C. §§ 208, 213(a)), and section 201.42 of the regulations (9 C.F.R. § 201.42).

WHEREFORE, it is hereby ordered that this Complaint shall be served upon Respondents for the purpose of determining whether the Respondents have willfully violated the Act. Respondents shall have twenty (20) days after receipt of this complaint in which to file an answer with the Hearing Clerk, United States Department of Agriculture, Washington, D.C. 20250, in accordance with the Rules of Practice governing proceedings under the Act (7 C.F.R. § 1.130 et seq.). Allegations not answered shall be deemed admitted for the purpose of this proceeding. Failure to file an answer shall constitute an admission of all the material allegations of this

Complaint.

The Packers and Stockyards Program, Grain Inspection, Packers and Stockyards Administration (GIPSA), requests:

1. That unless Respondents fail to file an answer within the time allowed, or file an answer admitting all the material allegations of this Complaint, this proceeding be set for oral hearing in accord with the Rules of Practice governing proceedings under the Act; and

2. That such order or orders be issued, including an order requiring Respondents to cease and desist from violating the Act with respect to the matters alleged herein, suspending Respondent as a registrant under the Act for a specified period of time, and assessing such penalties as are authorized by the Act and warranted under the circumstances.

Done at Washington, D.C.

this 8<sup>th</sup> day of January, 2015

Susan B. Keith  
Susan B. Keith  
Deputy Administrator  
Packers and Stockyards Program

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