

UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE

In re:	)	P & S Docket No. D-12-0188
	)	
JLA, LLC d/b/a Marshall	)	
Livestock Auction, Carey Jones,	)	
and Martha Jones	)	
	)	
Respondents	)	AMENDED COMPLAINT

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

I.

(a) JLA, LLC d/b/a Marshall Livestock Auction (Respondent JLA) is a Missouri limited liability company with a business mailing address of 1399 N. Odell, Marshall, MO 65340.

(b) At all times material to the allegations herein, Respondent JLA was:

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

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

(c) Respondent Carey Jones and Respondent Martha Jones are individuals whose business mailing address is 1399 N. Odell, Marshall, MO 65340.

(d) At all times material to the allegations herein, Respondents Carey and Martha Jones were:

- (1) The owners of Respondent JLA;
- (2) The corporate officers of Respondent JLA;
- (3) The corporate directors of Respondent JLA;
- (4) Responsible for the day-to-day management, direction, and control of Respondent JLA; and
- (5) Engaged in the business of a market agency subject to the provisions of the Act.

## II.

(a) In a certified Notice of Violation letter dated August 17, 2009, and served upon Respondents on or about August 20, 2009, the Midwestern Regional Office of Complainant informed Respondents that operating with a custodial account shortage is an unfair practice in violation of section 312(a) of the Packers and Stockyards Act (7 U.S.C. § 213(a)). Notwithstanding this notice, during the period of March 15, 2010 through April 15, 2010, Respondent JLA, under the direction, management, and control of Respondents Carey and Martha Jones, failed to properly maintain its Custodial Account for Shippers' Proceeds, thereby endangering the faithful and prompt accounting therefor and the payment of portions due to the owners or consignors of livestock in that:

(1) As of March 15, 2010, Respondent JLA had outstanding checks drawn on its Custodial Account for Shippers' Proceeds (custodial account) in the amount of \$319,961.76, and had to offset such checks a balance in the custodial account of \$960.10 and proceeds receivable of \$72,781.12, resulting in a deficiency of \$246,220.54 in funds available to pay livestock shippers.

(2) As of March 31, 2010, Respondent JLA had outstanding checks drawn on its custodial account in the amount of \$168,131.76 and had to offset such checks a balance in

the custodial account of (\$16,728.52) and proceeds receivable of \$82,661.62, resulting in a deficiency of \$102,198.66 in funds available to pay livestock shippers.

(3) As of April 15, 2010, Respondent JLA had outstanding checks drawn on its custodial account in the amount of \$170,042.73 and had to offset such checks a balance in the custodial account of \$3,069.53 and proceeds receivable of \$50,752.00, resulting in a deficiency of \$116,221.20 in funds available to pay livestock shippers.

(b) The shortages in Respondent JLA's custodial account were due, in part, to Respondent JLA's failure to deposit in its custodial account, within the time prescribed by section 201.42 of the regulations (9 C.F.R. §201.42), an amount equal to the proceeds receivable from the sale of consigned livestock, whether or not such proceeds had been collected by the market agency, its transfers of custodial funds into its general account; withdrawals made by the bank to repay a line of credit, and the deduction of bank charges from the custodial account.

### III.

Respondent JLA, under the direction, management, and control of Respondents Carey and Martha Jones, on or about the dates and in the transactions set forth in Appendix A and incorporated herein by reference, misused its custodial account by withdrawing funds for a purpose other than (1) for payment of the net proceeds to the consignor or shipper, or to any person that the market agency knows is entitled to payment, (2) to pay lawful charges against the consignment of livestock which the market agency shall, in its capacity as agent, be required to pay, or (3) to obtain any sums due the market agency as compensation for its services.

#### IV.

During the period of January 1, 2010, through April 30, 2011, Respondent JLA, under the direction, management, and control of Respondents Carey and Martha Jones, generated false sales invoices for approximately two livestock buyers in approximately 6 transactions involving approximately 26 head of cattle, the details of which are set forth in the tabulations attached hereto as Appendix B, and incorporated herein by reference. The false invoices, which were produced after the livestock had been purchased at Respondents' livestock auction, showed purchase prices that were higher than the actual purchase prices. Respondents generated auction market invoices for cattle that had not been sold through the auction ring or weighed at Respondents' livestock auction. In other instances, Respondents generated auction market invoices for cattle that were reweighed at a higher price but were reweighed at least one hour after the end of the sale. Additionally, Respondents issued commissions to one of the livestock buyers based on the false invoices. The final purchasers of the livestock, who paid for the livestock on the basis of Respondents' falsified auction market invoices, did not know that the price and weights of the animals were not accurate.

#### V.

Respondents, in connection with their operations subject to the Act, failed to keep and maintain records which fully and correctly disclose all of the transactions involved in their business as a market agency selling on commission as required by section 401 of the Act (7 U.S.C. § 221). Specifically, Respondents failed to keep accurate records of their original and final sales invoices.

#### VI.

By reason of the facts alleged in paragraphs II-III, Respondent JLA, under the direction, management, and control of Respondents Carey and Martha Jones, has 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).

By reason of the facts alleged in paragraph IV herein, Respondent JLA, under the direction, management, and control of Respondents Carey and Martha Jones, has willfully violated sections 307 and 312(a) of the Act (7 U.S.C. §§ 208, 213 (a)) and sections 201.43, 201.55, and 201.61 of the regulations (9 C.F.R. §§ 201.43, 201.56, and 201.61).

By reason of the facts alleged in paragraph V herein, Respondent JLA, under the direction, management, and control of Respondents Carey and Martha Jones, has willfully violated section 401 of the Act (7 U.S.C. § 221) by failing to keep and maintain records that fully and correctly disclose all transactions involved in their business.

WHEREFORE, it is hereby ordered that this complaint shall be served upon the Respondents for the purpose of determining whether Respondents have willfully violated the Act and the regulations. The Respondents shall have twenty (20) days after receipt of this complaint 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.*) (Rules of Practice). Allegations not answered shall be deemed admitted for the purpose of this proceeding. Failure to file an answer will constitute an admission of all the material allegations of this complaint.

Packers and Stockyards Program, GIPSA, requests:

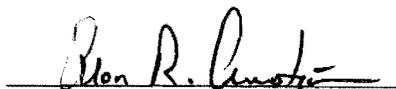
1. That unless Respondents fail to file an answer within the time allowed, or file an answer admitting all the material allegations of this complaint, this proceeding be set for oral hearing in accordance with the Rules of Practice; and

2. That such order or orders be issued, including an order requiring Respondents to cease and desist from the violations of the Act found to exist, an order requiring Respondents to keep and maintain all accounts, records, and memoranda that fully and

accurately disclose all transactions involved in their business, as required by section 401 of the Act, suspending Respondents as a registrants under the Act, and assessing such civil penalties against Respondents as are authorized by the Act and warranted in the circumstances.

Done at Washington, D.C.

this 11 day of April, 2012



ALAN R. CHRISTIAN  
Deputy Administrator  
Packers and Stockyards Program

CIARRA A. TOOMEY  
Attorney for Complainant  
Office of the General Counsel  
United States Department of Agriculture  
1400 Independence Avenue, S.W.  
Room 2019, South Building  
Washington, D.C. 20250  
Telephone: (202) 720-3779

Appendix A

JLA, LLC d/b/a Marshall Livestock Auction and Carey Jones  
Schedule of Custodial Misuse

<b>Date of Misuse</b>	<b>Description of Misuse</b>	<b>Amount</b>
3/1/2010	Withdrawal for Line of Credit Payment	\$55,000
3/4/2010	Withdrawal for Line of Credit Payment	\$30,000
3/8/2010	Withdrawal for Line of Credit Payment	\$135,000
3/15/2010	Transfer to General Account	\$6,000
3/22/2010	Withdrawal for Line of Credit Payment	\$115,000
3/29/2010	Withdrawal for Line of Credit Payment	\$35,000
3/29/2010	Transfer to General Account	\$5,000
3/31/2010	Bank Service Charge	\$59.90
4/1/2010	Withdrawal for Line of Credit Payment	\$15,000
4/5/2010	Withdrawal for Line of Credit Payment	\$150,000
4/12/2010	Withdrawal for Line of Credit Payment	\$50,000
4/15/2010	Transfer to General Account	\$10,000
<b>TOTAL</b>		<b>\$606,059.90</b>

# Appendix B



**US Department of Agriculture**  
**Grain Inspection, Packers and Stockyards Administration**  
**Packers and Stockyards Program (P&SP)**  
**Price Mark-Up/Deceptive Sale Schedule**

Sale Date	Purchaser	Buyer	Pen #	Head	Desc	Tag #	Scale Ticket Number	Live Weight	Price per Cwt	Total Livestock Amount	Sale Date	Bought For	Buyer	Pen #	Head	Desc	Tag #	Scale Ticket Number	Live Weight	Price Per Cwt	Total Invoice Amount	Price Changed	Total Mark Up Amount
03/05/11	Chris Jones	86	39	1	BLK COW	9995	200	990	\$70.00	\$693.00	03/05/11	Casey Flinn	750	2	BLK COW	9995, NT	567	2,000	\$800.00	\$1,600.00		\$214.00	
03/05/11	Chris Jones	86	39	1	BLK COW	NT	198	990	\$70.00	\$693.00													
				2				1,980		\$1,386.00													
03/05/11	Chris Jones	86	NFL	1	BLK COW	5470	298	1,195	\$875.00	\$875.00	03/05/11	Casey Flinn	751	3	BLK COW	70,9078, I	568	3,300	\$950.00	\$2,850.00		\$275.00	
03/05/11	Chris Jones	86	NFL	1	BLK COW	9078	246	1,050	\$850.00	\$850.00													
03/05/11	Chris Jones	86	39	1	BLK COW	NT	201	1,045	\$850.00	\$850.00													
				3				3,290		\$2,575.00													
	<b>Total</b>			<b>5</b>				<b>5,270</b>		<b>\$3,961.00</b>		<b>Total</b>			<b>5</b>			<b>5,300</b>		<b>\$4,450.00</b>		<b>\$489.00</b>	
01/15/11	Chris Jones		112	1	Blk Cow	7833	141	1,160	\$1,025.00	\$1,025.00	01/15/11	Casey Flinn		112	1	Blk Cow		368	1,160	\$1,050.00	\$1,050.00		\$25.00
01/15/11	Chris Jones		112	1	Blk Cow		142	1,020	\$885.00	\$885.00	01/15/11	Casey Flinn		112	1	Blk Cow		387	1,020	\$910.00	\$910.00		\$25.00
				2				2,180		\$1,910.00					2				2,180		\$1,960.00		\$50.00
04/10/10	Chris Jones		115	1	Blk Cow	9479		1,060	\$835.00	\$835.00	04/10/10	Vince Norman		115	1	Blk Cow	9479		1,060		\$935.00		\$100.00
01/23/10	Lundt Farms		27	1	Hol Str Thin		381	665	\$40.00	\$266.00	01/23/10	Lundt Farms			1	Hol Str Thin		381	665	\$60.00	\$399.00		\$133.00
04/24/10	Chris Jones	87	92	1	Blk Cow	704	212	1,375	\$58.75	\$807.81	04/24/10	Casey Flinn	752	92	1	Blk Cow	704		1,375	\$900.00	\$900.00		\$92.19
04/24/10	Chris Jones	87	92	5	Blk Cow	1161	227	7,730	\$865.00	\$4,325.00	04/24/10	Casey Flinn	752	92	5	Blk Cow	1161		7,730	\$895.00	\$4,475.00		\$150.00
						1418										1418							
						1462										1462							
						1810										1810							
						8009										8009							
04/24/10	Chris Jones	87	92	1	Blk Cow	1461	222	1,250	\$830.00	\$830.00	04/24/10	Casey Flinn	752	92	1	Blk Cow	1461		1,250	\$880.00	\$880.00		\$50.00
04/24/10	Chris Jones	87	92	7	Blk Cow	5017	203	9,190	\$890.00	\$6,230.00	04/24/10	Casey Flinn	752	92	7	Blk Cow	5017		9,190	\$930.00	\$6,510.00		\$280.00
						5019										5019							
						5035										5035							
						5293										5293							
						5384										5384							
						5575										5575							
04/24/10	Chris Jones	87	92	1	Blk Cow	8006	224	1,215	\$840.00	\$840.00	04/24/10	Casey Flinn	752	92	1	Blk Cow	8006		1,215	\$940.00	\$940.00		\$100.00
	<b>Total</b>			<b>15</b>				<b>20,760</b>		<b>\$13,032.81</b>					<b>15</b>			<b>20,760</b>		<b>\$13,705.00</b>		<b>\$672.19</b>	
01/08/11	Chris Jones	86	103	1	Blk Cow	3222	249	1,220	\$64.50	\$786.90	01/08/11	Casey Flinn	752	103	1	Blk Cow	3222	748	1,220	\$870.00	\$870.00		\$83.10
01/08/11	Chris Jones	86	103	1	rwl Cow	4720	136	1,015	\$860.00	\$860.00	01/08/11	Casey Flinn	752	103	1	blk cow	4720	749	1,015	\$920.00	\$920.00		\$60.00
				2				2,235		\$1,646.90					2			2,235		\$1,790.00		\$143.10	