



Agricultural Marketing Service
Fruit and Vegetable Programs

Perishable Agricultural Commodities Act (PACA)

PACA Branch Website:

www.ams.usda.gov/paca

***....facilitating fair trade practices in the fruit and vegetable industry
through education, mediation, arbitration, licensing and enforcement.***





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PACA Trust Protection

- **The PACA trust is an extremely powerful tool to help fruit and vegetable sellers collect past due accounts even if their customers go out of business or go bankrupt.**





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PACA Trust Protection

- **Under this law businesses that buy commercial volumes of fresh or frozen fruits and vegetables are required to hold certain assets in trust. Those assets are:**
 - Produce inventory
 - Products derived from that produce
 - Cash or accounts receivable generated from the resale of the produce
- **These assets are the source of any payout to the unpaid trust creditors.**





Key Steps to Maintaining Trust Protection

- **Payment terms cannot exceed 30 days from date of acceptance. (Terms must be in writing.)**
- **Send a notice to your customer when payment becomes past due. The notice must provide:**
 - Name/address of buyer
 - Date of shipment
 - Date payment was due
 - Type of produce sold to the customer and amount past due
 - This notice has to be given to the customer within 30 days of the payment due date.





Commercial Dispute Resolution

- From 2001-2008 the PACA program helped businesses resolve disputes involving more than \$130 million.
- 91% of these disputes were resolved in 4 months
- PACA program starts with an informal process, including mediation, and depending on the circumstance can proceed to a legally binding formal process enforceable in the US courts..





Unfair Trade Practices

- PACA prohibits unfair trade practices
- USDA may only take action after receiving WRITTEN notice about an alleged violation
- Examples of unfair trade practices include:
 - Fraud
 - Non Payment
 - False & Misleading Statements
 - Misbranding/Mislabeled
- Penalties can be severe – ranging from fines, to license suspension, to license revocation.





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