



AGRICAP MAKES MAJOR INVESTMENTS IN SYSTEMS ENHANCEMENTS

As a leader in providing supply chain and real estate financing to the agricultural industry, we recently made major capital investments in systems to improve customer service and reduce costs. One of these major system enhancements includes a Web Interface that improves and streamlines our clients ability to access instant cash through trade receivable financing.

Web Interface

According to Rick Jones, Agricap's president, "The Web Interface has the potential to change the way our clients do business by providing personalized, up-to-date account information, securely and instantly, over the internet. Our clients will be able to view their latest financial information, upload invoices and new debtors, submit credit requests, run reports, and more."

Benefits

AgriCap's clients benefit from the ability to:

- View financial information on-demand in an easy-to-read format,
- Examine and understand the status of their accounts receivable,
- Print any generated screen as a secure PDF,
- Upload invoices and new debtor information directly into Agricap's database,
- View daily cash postings and customer check images,
- Improve ability to manage cash flow needs with online management reports.

For more information about Agricap's new Web Interface, please contact Renee Tseng at rtseng@agricap.com or 213.542.5222.

PACA PRIMER

(First in a series.)

Due to the importance of PACA regulations to commerce in the produce industry, the following series provides a basic understanding of PACA and how it is commonly applied in produce transactions.

In this issue:

- What Is PACA?
- What Are the Protections of PACA?

What Is PACA?

The Perishable Agricultural Commodities Act (PACA) of 1930 was enacted to promote fair trading practices in the fruit and vegetable industry. Sellers must ship the quantity and quality of produce specified in their contracts, and buyers must accept shipments that meet contract specifications.

PACA is a federal law of the United States that regulates international and interstate commerce in fresh and frozen fruits and vegetables. If a business or a person purchases fruits or vegetables or is a broker in such products, it is almost certain that PACA will apply to transactions with this person or entity. If the person or entity sells at retail to the public and its purchases of such products in one year exceed \$230,000, PACA also applies. PACA is a body of substantive law that governs all of these transactions. PACA also includes provisions about the inspection of fruits and vegetables, licenses, rules of commerce and receipt, and resolution of claims concerning products sold.

PACA protections benefit not only growers who are generally sellers, but also a range of parties who are both

buyers and sellers, including truckers, packers, processors, wholesalers, brokers, grocery wholesalers, and food service firms. It is generally agreed that fruit and vegetable traders in the produce industry need more protection than traders in other industries because the product is very perishable, and a one or two-day delay in marketing can mean the difference between profit and loss.

What Are the Protections of PACA?

PACA contains rules of commerce in transactions of fruits and vegetables. Under the law, there are periods of time for rejection of merchandise, after which the merchandise delivered is considered accepted. If there is no written contract between the seller and its buyer or broker, PACA establishes the payment period for the merchandise delivered. PACA requires that the buyer obtain a federal inspection in order to justify a rejection of merchandise or to prove a



claim for damages due to the quality of the merchandise. If a broker is going to dump more than 5% of a shipment, he must have a certificate of inspection as proof of the condition of the merchandise dumped. If he does not have such a certificate, he has civil liability for the value of the dumped merchandise. In addition, if the exporter complies with the requirements of the PACA trust, there are additional protections.

Upcoming in this series:

- What Is the PACA Trust?
- How Can a Seller Obtain the Trust?

Continued on next page...

PACA PRIMER (CONTINUED)

Protections of PACA?

- PACA Developments
- Does PACA Apply to the Exporter Who Sends Its Products to the United States?
- After Preserving Rights Under PACA, How Does a Supplier Collect an Overdue Account?
- If a Seller Does Not Preserve Trust Rights Under PACA, Can It Still Collect an Overdue Account?
- What Are the Myths About PACA?
- When There Is a Problem with Payment, a Produce Seller's Chances of Getting Paid Will Rise and Fall Depending On What Is Contained In His Invoice Or Contract
- What Is the PACA Statutory Trust ("Trust")?
- Advantages of the Trust to Sellers
- What the PACA Trust Isn't

Please direct any comments or questions about this series to Rick Jones at 213.542.5226 or rjones@agricap.com.

DID YOU KNOW?

- Congratulations to AgriCap's bull rider, Tyler Johnston. He finished 1st at the Showdown Rodeo in Palmdale, CA.
- John Glenn, the first U.S. astronaut to eat in space, ate...applesauce.
- French fries are from...Belgium.
- Rice is the staple food of more than half the world's population.
- Apples are proven to be more efficient at waking you up than coffee.
- New Jersey is the world's hotspot for eggplants, growing two-thirds of the world's eggplants.
- Madagascar produces two-thirds of the world's vanilla.
- The herring is the most widely eaten fish in the world.
- The USDA recognizes six different sizes of chicken eggs.



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**Comments? Questions?
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info@agricap.com.**

The AgriCap Gazette would like to thank the contributions of Rick Jones, Gerry Ricco, and Peter Tam. It was through their time, energy, and effort that the AgriCap Gazette came to be published.

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