PERISHABLE AGRICULTURAL COMMODITIES ACT, 1930

First enactment


Amended:1,2


Current law:4

7 U.S.C. §§ 499a-499s.

1 Many of the amendments through the years dealt with definitions of “dealer” and “broker” in respect to the nature of their businesses to be subject to the licensing requirements, increasing the fees and increasing the fines for violations. For example, the fee for a license has been increased from $10 per year in the original act to $100 currently.

2 Not all amendments are necessarily cited here or in subsequent chapters of this book when statutes are presented. Amendments of a “housekeeping” nature usually are omitted. The term “major revision,” applied in some instances, means amendments were made which changed substantially some of the earlier concepts or policies. The term “amended,” as used in this book when statutes are presented, means a rewriting of the law or rephrasing portions of it without necessarily changing the major concepts or policies. These terms are chosen and used on a strictly arbitrary basis to help guide the reader concerning the more important amendments. All amendments to original legislation are referred to in the United States Code and the United States Code Annotated and these publications should be consulted when details regarding the laws are desired.

3 Beginning with the 85th Congress, public laws are numbered to include the number of the Congress which passed them. Thus, instead of referring to a public law as “Public Law 487, 89th Congress, 2nd Session,” it could be referred to simply as “Public Law 89-487.” Citations in the United States Code further abbreviate this to “Pub. L. 89-487.”

4 Citations given under “current law” refer to the United States Code (U.S.C.). Thus, 5 U.S.C. §§ 551-559 means Sections 551 through 559 in Title 5 of the United States Code. If a single section is cited, the symbol § is used. Furthermore, because the United States Code supplemented by information in the United States Code Annotated usually provides the most current form of the acts of Congress which are in force, it is these legal publications which are used as the source of laws given below and in subsequent chapters.
When the original act was passed in 1930, its purpose was stated as "To suppress unfair and fraudulent practices in the marketing of perishable agricultural commodities in interstate and foreign commerce." This was to be accomplished primarily by licensing persons who are substantially in the business of making transactions in regard to or handling of the subject commodities in commerce.

THE LEGAL MEANING OF TERMS USED IN THE ACT ARE SIGNIFICANT IN MANY RESPECTS, INCLUDING THE DESCRIPTIONS OF PERSONS WHO MUST OBTAIN LICENSES TO OPERATE THEIR BUSINESSES RELATING TO PERISHABLE AGRICULTURAL COMMODITIES. THE CURRENT LAW, WHICH IS GIVEN AS CHAPTER 20A—PERISHABLE AGRICULTURAL COMMODITIES UNDER TITLE 7 OF THE UNITED STATES CODE, BEGINS WITH DEFINITIONS AS FOLLOWS:

§ 499a. Definitions

When used in this chapter—

(1) The term "person" includes individuals, partnerships, corporations, and associations;

(2) The term "Secretary" means the Secretary of Agriculture;

(3) The term "interstate or foreign commerce" means commerce between any State or Territory, or the District of Columbia and any place outside thereof; or between points within the same State or Territory, or the District of Columbia but through any place outside thereof; or within the District of Columbia;

(4) The term "perishable agricultural commodity"—

(A) Means any of the following, whether or not frozen or packed in ice: Fresh fruits and fresh vegetables of every kind and character; and

(B) Includes cherries in brine as defined by the Secretary in accordance with trade usages;

(5) The term "commission merchant" means any person engaged in the business of receiving in interstate or foreign commerce any perishable agricultural commodity for sale, on commission, or for or on behalf of another;

(6) The term "dealer" means any person engaged in the business of buying or selling in wholesale or jobbing quantities, as defined by the Secretary, any perishable agricultural commodity in interstate or foreign commerce, except that (A) no producer shall be considered as a "dealer" in respect to sales of any such commodity of his own raising;

(B) no person buying any such commodity solely for sale at retail shall be considered as a "dealer" until the invoice cost of his purchases of perishable agricultural commodities in any calendar year are in excess of $100,000; and (C) no person buying any commodity for canning and/or processing within the State where grown shall be considered a "dealer" whether or not the canned or processed product is to be shipped in interstate or foreign commerce, unless such product is frozen or packed in ice, or consists of cherries in brine, within the meaning of paragraph (4) of this section. Any person not considered as a "dealer" under clauses (A), (B), and (C) may elect to secure a license under the provisions of section 499c of this title, and in such case and while the license is in effect such person shall be considered as a "dealer";

(7) The term "broker" means any person engaged in the business of negotiating sales and purchases of any perishable agricultural commodity in interstate or foreign commerce for or on behalf of the vendor or the purchaser, respectively, except that no person shall be deemed to be a "broker" if such person is an independent agent negotiating sales for and on behalf of the vendor and if the only sales of such commodities negotiated by such person are sales of frozen fruits and vegetables having an invoice value not in excess of $100,000 in any calendar year;

(8) A transaction in respect of any perishable agricultural commodity shall be considered in interstate or foreign commerce if such commodity is part of that current of commerce usual in the trade in that commodity whereby such commodity and/or the products of such commodity are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where sale is either for shipment to another State, or for processing within the State and the shipment outside the State of the products resulting from such processing. Commodities normally in such current of commerce shall not be considered out of such commerce through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this chapter.

(9) The term "responsibly connected" means affiliated or connected with a commission merchant, dealer, or broker as (A) partner in a partnership, or (B) officer, director, or holder of more than 10 per centum of the outstanding stock of a corporation or association;

(10) The terms "employ" and "employment" mean any affiliation of any person with the business operations of a licensee, with or without compensation, including ownership or self-employment.

UNLAWFUL ACTS IN RESPECT TO PERISHABLE AGRICULTURAL COMMODITIES ARE SPELLED OUT IN THE SECOND SECTION:

§ 499b. Unfair conduct

It shall be unlawful in or in connection with any transaction in interstate or foreign commerce—

(1) For any commission merchant, dealer, or broker to engage in or use any unfair, unreasonable, discriminatory, or deceptive practice in connection with the weighing, counting, or in any way determining the quantity of any perishable agricultural commodity received, bought, sold, shipped, or handled in interstate or foreign commerce;

(2) For any dealer to reject or fail to deliver in accordance with the terms of the contract without rea-