



UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE

Docket No. 14-0091  
Docket No. 14-0092

In re: Hatch Auction, Inc.,  
d/b/a Cow House Auction,

and

Raymond L. Hatch,

Respondents

**Default Decision and Order**

**Preliminary Statement**

This disciplinary proceeding was instituted under the Packers and Stockyards Act, 1921, as amended and supplemented (7 U.S.C. § 181 *et seq.*), by a complaint filed on April 3, 2014, by Susan B. Keith, the Deputy Administrator, Packers and Stockyards Program, Grain Inspection, Packers and Stockyards Administration (GIPSA), United States Department of Agriculture, alleging that Respondents Hatch Auction, Inc., d/b/a Cow House Auction and Raymond L. Hatch willfully violated the Act and the Regulations promulgated thereunder (9 C.F.R. § 201.1 *et seq.*).

The complaint and a copy of the Rules of Practice Governing Formal Adjudicatory Administrative Proceedings Instituted by the Secretary under Various Statutes (7 C.F.R. § 1.130) (Rules of Practice) were served upon the corporate Respondent by certified mail on April 14, 2014 and upon the individual Respondent on April 11, 2014. Respondent was informed in the complaint and the accompanying letter

of service that an answer should be filed pursuant to the rules of practice and that failure to answer would constitute an admission of all the material allegations contained in the complaint and a waiver of hearing.

As Respondent failed to file an answer, the following Findings of Fact, Conclusions of Law and Order will be entered pursuant to section 1.139 of the Rules of Practice applicable to this proceeding (7 C.F.R. § 1.139).

**Findings of Fact**

1. Respondent Hatch Auction, Inc. is a corporation organized and existing under the laws of New Mexico doing business under the name of Cow House Auction with its principal place of business in Kirtland, New Mexico and its mailing address in Fruitland, New Mexico.

2. Respondent Raymond L. Hatch is an individual residing in Fruitland, New Mexico.

3. Respondent Hatch Auction, Inc. under the direction, management and control of Respondent Raymond L. Hatch, is, and at all times material herein was:

(a) Engaged in the business of conducting and operating an auction market posted under and subject to the provisions of the Act; and

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

(c) Registered with the Secretary of Agriculture as a market agency selling livestock in commerce on a commission basis.

4. Respondent Raymond L. Hatch is, and at all times material herein, was:

(a) Co-owner of Hatch Auction, Inc.; and

(b) Responsible for the day-to-day direction, management, and control of Hatch Auction, Inc. including the acts and practices referred to in the complaint.

5. By letter dated March 26, 2009, Respondents were advised by Packers and Stockyards Program, GIPSA that as of November 30, 2008, Respondents had operated with a shortage in their custodial account of \$16,391.00.

6. By letter dated October 5, 2009, Respondents were advised by Packers and Stockyards Program, GIPSA that as of December 31, 2008, Respondents had operated with a shortage in their custodial account of \$36,500.98.

7. By letter dated October 8, 2009, Respondents were advised by Packers and Stockyards Program, GIPSA that as of June 30, 2009, Respondents had operated with a shortage in their custodial account of \$16,092.64.

8. By letter dated July 20, 2011, Respondents were advised by Packers and Stockyards Program, GIPSA that as of December 31, 2010 through January 1, 2011, Respondents had operated with a shortage in their custodial account of \$19,887.66.

9. By letter dated August 1, 2012, Respondents were advised by Packers and Stockyards Program, GIPSA that as of December 31, 2011, Respondents had operated with a shortage in their custodial account of \$58,212.05.

10. Pursuant to a Consent Decision entered on April 11, 2012 in the case of *In re Hatch Auction, Inc., d/b/a Cow House Auction and Raymond L. Hatch*, Docket No. 12-0208, Respondents were ordered to cease and desist from:

(a) Failing to deposit in their custodial account for shipper's proceeds, within the time prescribed, an amount equal to the proceeds receivable from the purchase of livestock consigned to the corporate Respondent for sale on a commission basis;

(b) Failing to otherwise maintain their custodial account for shipper's proceeds in conformity with the Regulations.

Respondent Hatch Auction, Inc. was further ordered suspended as a registrant under the Act for a period of thirty days and thereafter until such time as the corporate Respondent demonstrated that the shortages in the custodial account for shipper's proceeds had been eliminated. On May 17, 2012, a Supplemental Order was issued terminating the suspension.

11. As of September 28, 2012, Respondents had outstanding checks drawn on their custodial account in the amount of \$25,599.86 at which time the balance in the account was \$10,222.23 together with proceeds receivable of \$773.68, resulting in a custodial account shortage of \$14,603.95.

12. As of October 31, 2012, Respondents had outstanding checks drawn on their custodial account in the amount of \$63,258.92 at which time the balance in the account was \$4,652.36 together with proceeds receivable of \$29,071.79, resulting in a custodial account shortage of \$29,534.77.

13. As of December 31, 2012, Respondents had outstanding checks drawn on their custodial account in the amount of \$15,832.25 at which time the balance in the account was \$1,280.29 together with proceeds receivable of zero dollars, resulting in a custodial account shortage of \$14,551.96.

14. The shortages in the custodial account were due in part to Respondents' failure to deposit into the account an amount equal to the proceeds receivable from the sale of consigned livestock within the time prescribed by the Regulations.

**Conclusions of Law**

1. The Secretary has jurisdiction in this matter.
2. Respondents willfully violated sections 307 (a) and 312(a) of the Act (7 U.S.C. §§ 208 and 213 and section 201.42 of the Regulations (9 C.F.R. §§ 201.42).

**Order**

1. Respondents Hatch Auctions, Inc. and Raymond L. Hatch, their agents and employees, directly or through any corporate or other device, in connection with their activities subject to the Act, shall cease and desist from failing to properly maintain and use their custodial account.
2. Respondents is assessed a civil penalty in the amount of Fifteen Thousand dollars (\$15,000.00).
3. This decision shall become final and effective without further proceedings 35 days after the date of service upon respondent, unless it is appealed to the Judicial Officer by a party to the proceeding within 30 days pursuant to Section 1.145 of the rules of practice (7 C.F.R § 1.145).

Copies of this Decision and Order will be served upon the parties by the Hearing Clerk.

July 1, 2014

*Peter M. Davenport*

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**Peter M. Davenport**  
Chief Administrative Law Judge