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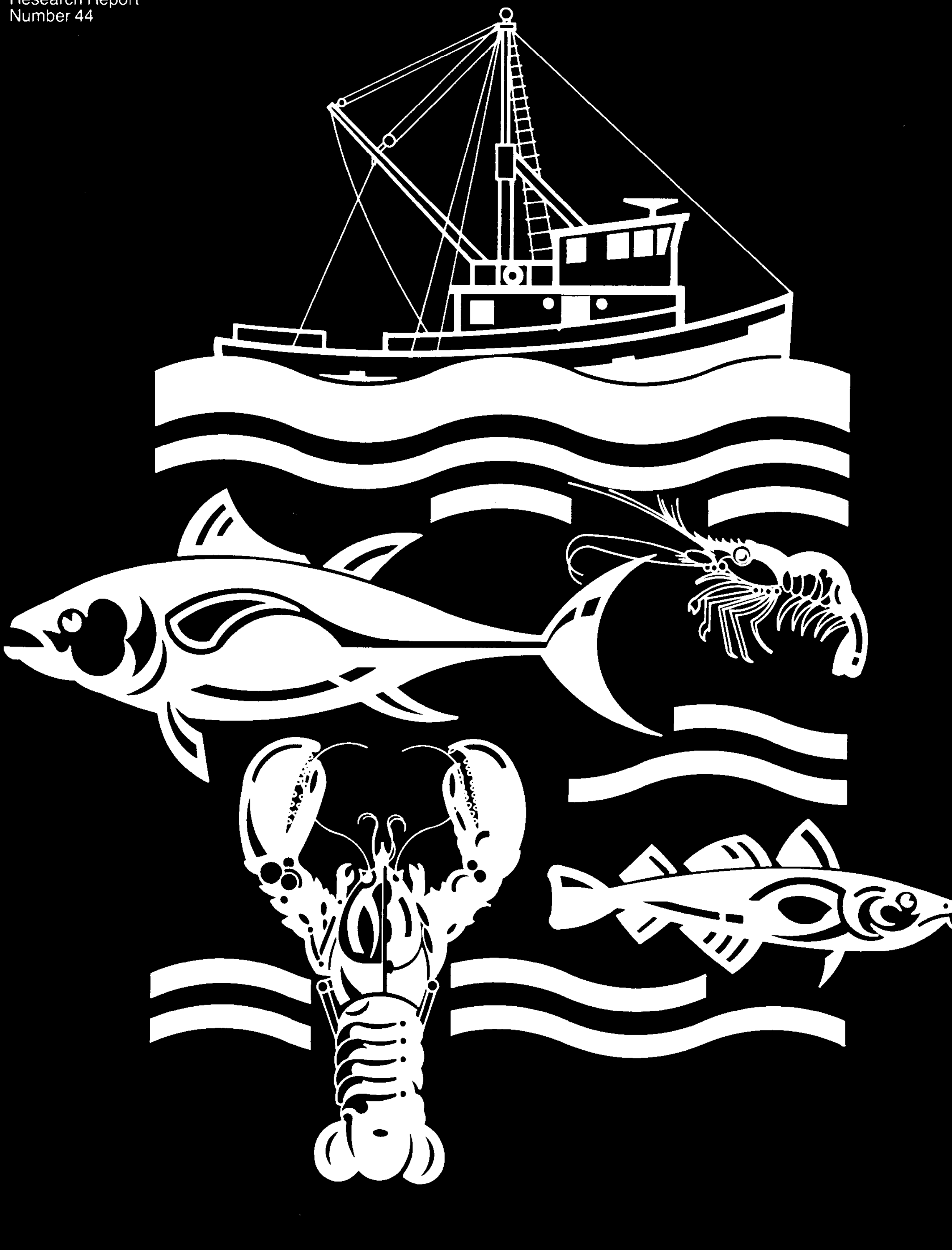
Fishery Cooperatives



Fishery Cooperatives

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Abstract

This study describes the organizational and financial structure, and operational activities of U.S. fishery cooperatives in 1980. Major aspects treated include observance of cooperative principles, eligibility and size of the membership and the board, types of fishery cooperatives-marketing, supply, and service activities performed, balance sheet and operating statement data, and equity composition and redemption. Selected data are reported for all responding cooperatives, and reported in detail for finfish, lobster, and shrimp cooperatives as groups.

Key words: Fishery cooperatives, finfish, shellfish, marketing, supply, finance.

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Preface

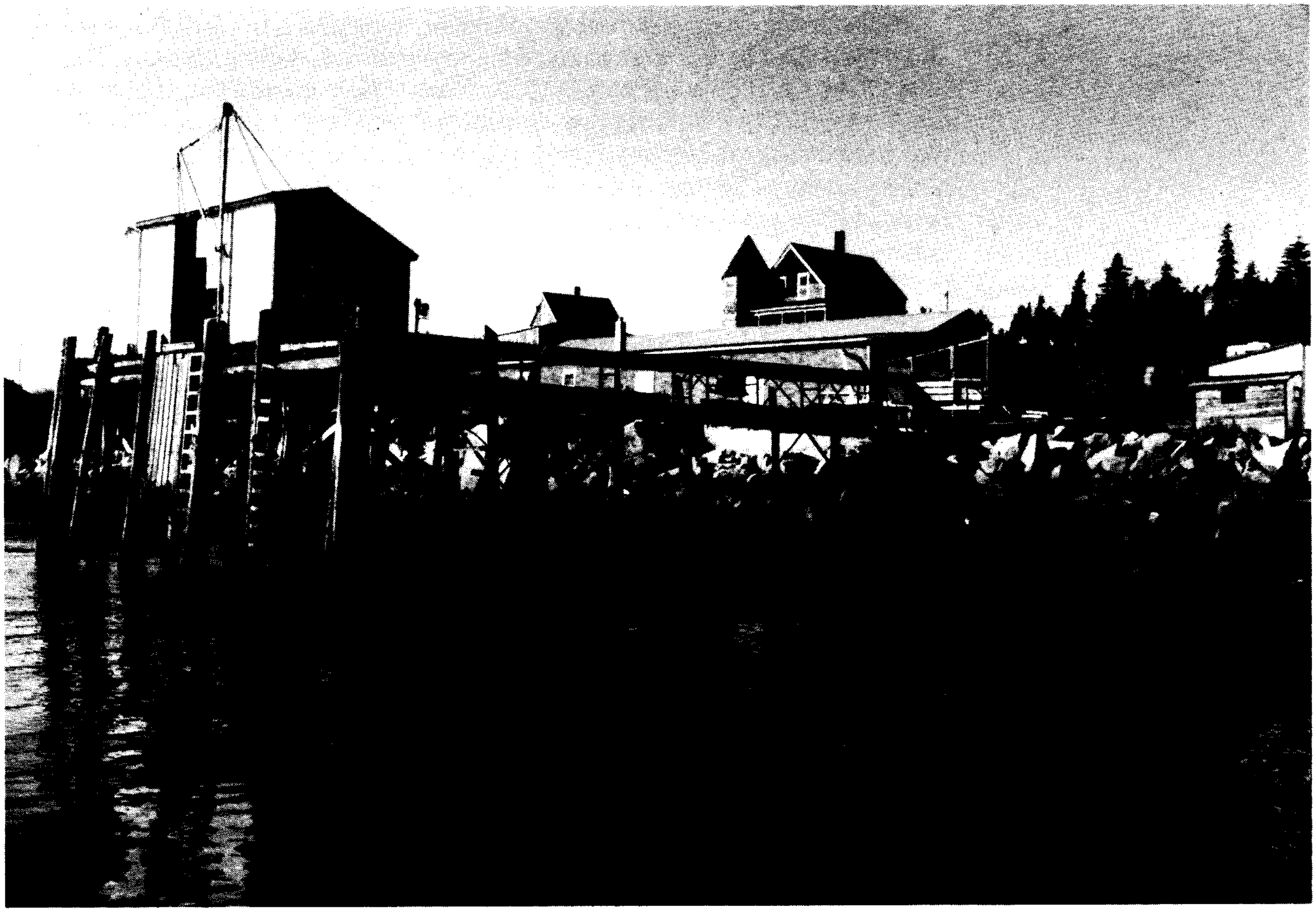
Some fishers have used cooperatives for many years, but little is known about the extent of cooperative involvement in the U.S. fishing industry. This reflects the isolation many cooperative managers and boards feel about their organizations. They usually have little contact with other cooperatives. Nor do they have a forum to discuss concerns of cooperative structure, organization, operating issues, or their role in the industry. No private or Government respository of experience and technical assistance has focused on the needs of fishery cooperatives.

The purpose of this study was to provide a profile of U.S. fishery cooperatives as an aid in making them aware of themselves and of some of their key characteristics as a sector of the fishing industry. Information on structure and financial performance will help fishers plan new cooperatives and be useful to managers and boards in planning change for their own cooperatives. The same basic information is useful to private management firms, lending institutions, universities, and Government agencies in their work with fishers and fishery cooperatives.

The National Marine Fishery Service (NMFS), *List of Fishery Cooperatives in the United States: 7978-79*, provided the basis for this survey. The list of fishery cooperatives (excluding those of Hawaii, the Virgin Islands, and Puerto Rico) plus any other cooperatives found to be in operation during the survey period comprised the respondent universe. NMFS or contract personnel interviewed the cooperatives' general manager or other appropriate officers. Alaskan cooperatives were contacted by phone and mail.

Information was received and developed through telephone followup of 23 fully completed questionnaires from 70 returned questionnaires. Business volume and financial information about the 23 cooperatives make up most of this report.

The authors wish to thank the staff of the National Marine Fishery Service who participated in planning this study and obtained data from cooperatives. Thanks also go to Mary Anne Lambert, who helped complete this report by consolidating tables and rewriting portions of the text.



A *fishery* cooperative's *dock and facility along the New England seacoast.*

Contents

Highlights

There were 102 fishery cooperatives in 1980; about 70 are operating actively. Their age varied from less than 5 years to 67 years. The cooperative population changes continually with new associations being formed and others ceasing operations.

Only 5 percent of U.S. fishers use a cooperative to market their fish. Use of cooperatives is greatest in the Pacific region and least in the Atlantic and Gulf regions.

Organizational structure and operations generally follow cooperative principles. Membership is almost exclusively restricted to fishers. All directors are member-fishers. All cooperatives practice a one-member-one-vote policy. While only a third of the cooperatives specifically limit dividends on capital, most in practice pay no return on membership capital. Bylaws of 74 percent of the cooperatives require the board to allocate annual net margins to patrons.

Most cooperatives market fishers' products and provide supplies or services to fishers. Few cooperatives specialize in only one of these functions. Several associations represent fishers in establishing fishing rights.

Cooperatives marketed 8.6 percent of the 1980 U.S. fish landings. Also, some bargaining cooperatives negotiate price and other factors for an additional, but unknown, portion of the U.S. landings.

Most fish are marketed in fresh form, primarily to wholesale distributors and processors. Marketing generated 80 percent of cooperative revenue and was the dominant business activity for 23 fishery cooperatives examined in this report. Cooperatives handling fish returned 82 percent of fish sales revenue to fishers. Most of the volume handled by these reporting cooperatives was in New England.

Sale of fuel, ice, fishing gear, insurance, and other services generated 21 percent of the revenue of the 23 cooperatives.

Cooperatives returned 53 percent of net margins as cash patronage refunds and nearly 4 percent as dividends on equity capital. Most of the remaining net margins were retained and allocated to fishers. Lobster cooperatives generally are not yet allocating retained margins to members, but should allocate. This action would properly credit members with the capital they have provided and enable the cooperatives to carry out operations at cost.

Current assets for the 23 associations providing data are roughly 1.3 times current liabilities. Sixty-five percent of these cooperatives borrowed funds, with more than half of total borrowings coming from the Bank for Cooperatives. Equity in these cooperatives is 29 percent of total assets. Responsibility for financing most cooperatives could be improved by members and directors.

Eighty-three percent of the associations have special equity redemption programs. Most cooperatives need a systematic equity redemption program to return allocations to fishers who have not patronized the cooperative in recent years.

Funds to increase equity and to redeem it are difficultto secure. Most cooperatives depend on retained net earnings for new capital. A more reliable, but seldom applied technique is a per unit capital retain. This is an assessment generally in cents or fraction of a cent, on each pound or number of fish marketed by the cooperative that is credited to each members' capital account.

The marketing-handling cooperatives should better maintain membership among current patrons by purging their roles of inactive members.

Most finfish and all shellfish marketing cooperatives averaged less than $1 million in total assets, with good but improvable equity positions. They also had fewer than 100 members and 11 or fewer employees. As a group, the few large finfish cooperatives averaged $4.9 million in assets, averaged 268 members and sales three or more times greater than the smaller finfish and shellfish groups, but had weak equity positions. These large finfish marketing cooperatives should increase their equity position compared with total assets by 2 to 3 times the 20 percent level of 1980.

This profile of cooperatives in the U.S. fishing industry provides a unique description that can assist the cooperatives, lenders, universities, and Government to better understand how fishers are cooperating to meet their needs. The information should help cooperatives plan for change and growth in the seafood industry.

Information about cooperative principles, organizing and operating cooperatives, and technical assistance for cooperatives is available on request from Agricultural Cooperative Service.

Fishing boats at anchor in a sheltered harbor along the New England coast.

Fishery Cooperatives

William R. Garland and Phillip F. Brown*

OVERVIEW of U.S. FISHERIES

The world's oceans and inland waterways are a major source of human protein needs. About one quarter of the world's total animal protein supply comes from the sea.* In 1980, the world fishery catch was nearly 80 million tons, 60 percent being food fish, 12 percent shellfish, and the remainder for feed and industrial use.' While the demand for fish by the year 2000 is expected to be more than 132 million tons, it has been estimated that the oceans could sustain a level of 330 million tons annually of organisms useful for human food.[3,4]

The United States, often called the world's breadbasket, also ranks high in world fishery catch. As a net importer, this Nation will continue to depend on its fishing industry for decades to come.

The U.S. fishery catch ranked fourth worldwide in 1980, behind Japan, U.S.S.R., and China. U.S. landings totaled 6.4 billion pounds (table 1), or roughly 4 percent of the world catch.[5] About 62 percent of the U.S. total was caught within a distance of 3 miles or less of U.S. shores and 92 percent within 200 miles. The five States (Louisiana, Alaska, California, Virginia, and Massachusetts) with the most landings accounted for 67 percent of the U.S. total in 1980.[5] The U.S. catch is 82 percent finfish and 18 percent shellfish.

Domestic demand for fish has increased over the past 20 years. In 1960, per capita consumption of finfish and shellfish entering commercial channels was 10.3 pounds; in 1980, it was 12.8 pounds. This consumption was partially supported in 1980 by imports, which were almost 1.6 billion pounds.

Substantial U.S. resources are employed harvesting the sea's production. In 1980, 193,000 fishers and 113,200 hulls were utilized. The latest information on their home ports is for 1976, and a listing of fishers and fishing craft by region is found in table 2.

'Fisheries of the United States, 1981.

Table 1 -U.S. commercial fish landings by region, 1980

Region	Commercial landings
	1.000 pounds
New England	788,089
Middle Atlantic	981,120
South Atlantic and Gulf	**2,452,572**
Great Lakes and Inland Areas	44,032
Pacific Coast	**2,151,713**
Other	84,828
Total	**6,482,354**

Source: National Marine Fisheries Service, National Oceanic and Atmospheric Administration, US. Department of Commerce. Fisheries of the United States, 1981. Washington, D.C., April 1982.

Table 2-U.S. fishers and fishing craft, by reglon, 1978

Region	Fishers	Fishing craft
	Number	
New England	31,048	18,595
Middle Atlantic	42,884	30,459
South Atlantic and Gulf	48,075	27,808
Great Lakes and Inland Areas	9,847	8.721
Pacific Coast	54,385	22,598
Total	[1] 173,810	[1] 102,821

'Exclusive of duplication

Source: National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce. Fishery Statistics of the United States 1976. Washington, D.C., October 1980.

*William R. Garland is an agricultural marketing specialist and Phillip F. Brown is Program Leader, Field Operations and Training, with the Cooperative Development Division of the Agricultural Cooperative Service, USDA.

'Lucas, Kenneth C., "World Fisheries Development," *Vital Speeches of the Day,* Vol. XLVII, No. 7, p. 212.

*Fisheries of the United States, 1981. National Marine Fisheries Service, U.S. Department of Commerce, Washington, D.C., April 1982.

'Lucas, op. cit.

[4]Hunter, W.D.R., *Aquatic Productivity* McMillan, New York, 1970.

A total of 102 cooperatives were active in some manner in 1980. Some cooperatives on the NMFS list were found inactive or closed, others were added, and some did not provide data.

Location, *Business* Activity and *Membership*

The 102 active fishery cooperatives are primarily along the continental seaboard. Cooperatives are clustered in Maine, California, Washington, and Alaska (fig. 1)

Several descriptive characteristics of the 70 fishery cooperative respondents are found in table 3. The two major business activities are (1) marketing, and (2) providing supplies and services. Marketing cooperatives receive and market the catch, or perform some other functions such as locating buyers and negotiating terms of trade. Supply and service cooperatives may provide ice, fuel, fishing gear, or offer services such as boat repair, insurance, and representational functions. The supply and service cooperatives do not perform a marketing function. Marketing cooperatives outnumber supply and service cooperatives.

The 70 cooperative respondents are in 15 States. Half are in the Pacific coast region and a third are in New England. Maine has the largest number of cooperatives.

The Pacific coast and New England regions have nearly the same number of marketing cooperatives. The Pacific coast region has the most supply cooperatives. Four Pacific coast cooperatives provide public relations or lobbying services as their primary function.

The 10,425 members comprise 5.4 percent of all U.S. fishers. More than 70 percent are in the Pacific coast region with most of the remainder in New England. Eighty percent belong to marketing cooperatives.

The fishing craft operated by members comprised 7.3 percent of the U.S. fishing fleet in 1980. Nearly 80 percent of these boats are in the Pacific coast region.

Table 3—Membership and fishing craft of 70 fishery cooperatives by major business activity, State and region, 1980

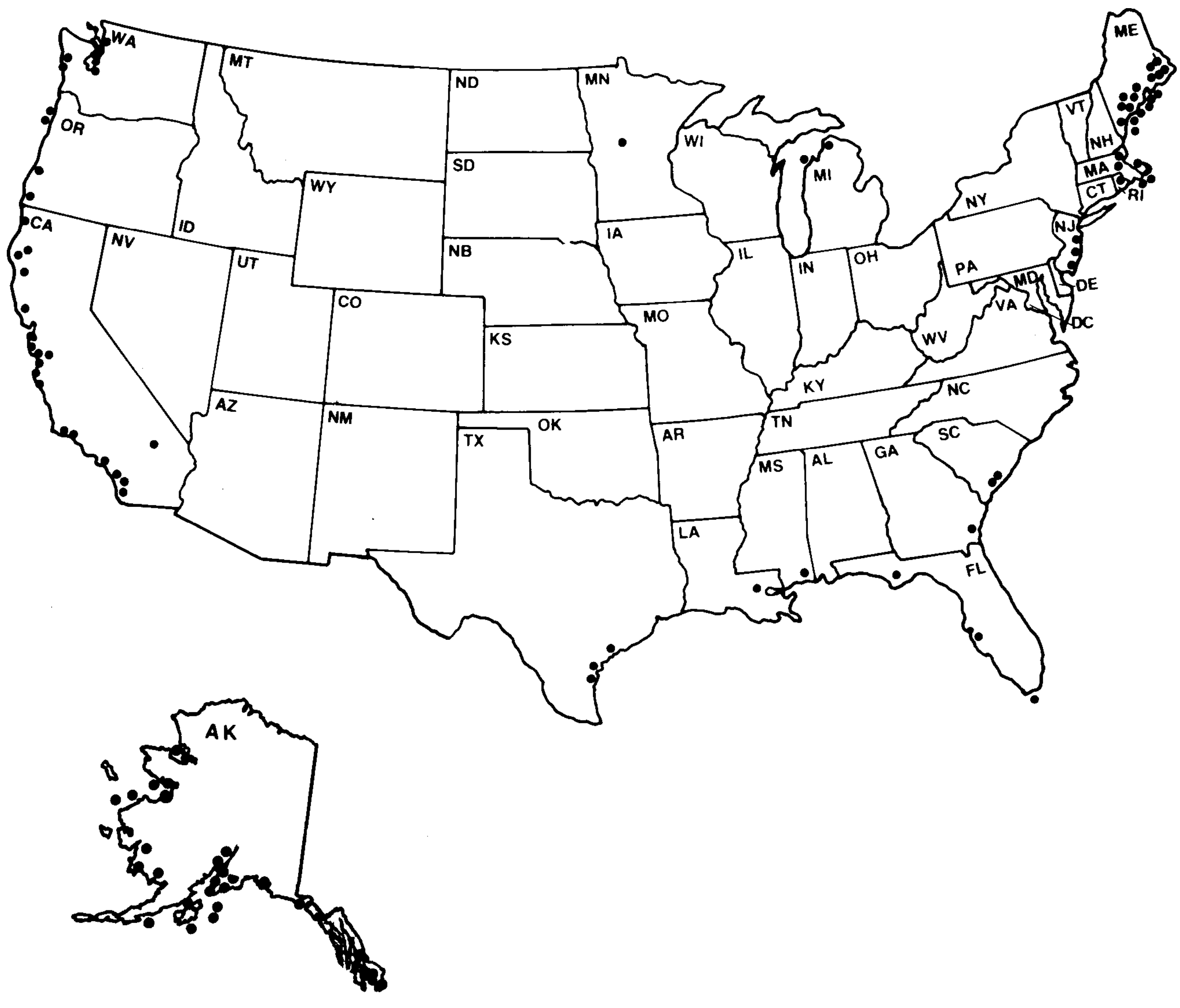
State and region	Marketing			Supply and service			Total		
	H.Q. in State	Members [1]	Fishing craft [2]	H.Q. in State	Members [1]	Fishing craft [2]	H.Q. in State	Members [1]	Fishing craft [2]
					Number				
Connecticut	0	0	0	1	125	40	1	125	40
Maine	14	842	428	1	100	200	15	942	628
Massschusetts	5	1,074	423	0	0	0	5	1,074	423
Rhode Island	2	221	138	0	0	0	2	221	136
Total New England	21	2,137	989	2	225	240	23	2,362	1,229
New Jersey	3	70	51	0	0	0	3	70	51
Total Middle Atlantic	3	70	51	0	0	0	3	70	51
Florida	1	24	28	0	0	0	1	24	28
Georgia	1	22	33	0	0	0	1	22	33
South Carolina	2	41	23	0	0	0	2	41	23
Texas	2	87	144	0	0	0	2	87	144
Total S.Atlantic & Gulf	6	174	228	0	0	0	6	174	228
Michigan	0	0	0	1	125	90	1	125	90
Minnesota	1	200	100	0	0	0	1	200	100
Great. Lakes & Inland Areas	1	200	100	1	125	90	2	325	190
Alaska	5	1,158	[3]1,125	3	205	185	a	1,363	1,310
California	9	2,363	31,744	4	231	206	13	2,594	1,950
Oregon	4	1,215	1,026	0	0	0	4	1.215	1,026
Washington	5	622	811	6	1,500	1,480	11	2,322	2,291
Pacific Coast	23	5,558	4,706	13	1,936	1,671	36	7,494	6,577
Total	54	8,139	6,074	16	2,286	2,201	70	10,425	8,275

'Total membership not reported by all cooperatives.

[2]Craft operated by members not reported by all cooperatives.

[3]Two cooperatives are public relations or lobbying oriented

Figure 1 -Fishery cooperative locations, 1980



Cooperatives reported handling or bargaining for the marketing of 555.8 million pounds of fish for human food and industrial use in 1980. This was 8.6 percent of U.S. commercial landings. An additional but unreported amount was bargained for by cooperatives.

Organizational Characteristics

Several characteristics distinguish fishery cooperatives from other businesses. Some of these features are composition of ownership and boards of directors, voting provisions, dividend payment limitations, and disbursement of net margins.

The oldest cooperative surveyed was organized in 19 14 and the newest in 1980. Almost half were organized in the 1970's (table 4). Twenty-one percent, 15 cooperatives, fall into the youngest age group and 4 cooperatives are more than 30 years old. There is no relationship between formation date and regional location or type of operation.

Unlike most investment oriented corporations, the cooperative owners are patrons of the business. In the case of marketing cooperatives, the members must also be fishers for the cooperatives to be protected by the limited antitrust exemption of the Fishery Cooperative Marketing Act. Among survey respondents, all but six associations limited full membership status to fishers. Bylaws of two cooperatives limit members who are nonfishers to 5 percent of their total membership. Other respondents who provided a copy of their bylaws did have a separate membership status, for example, associate member, for nonfishers wanting to support the cooperatives' efforts. Associate members were not granted voting privileges.

Table 4-Age distribution of 70 fishery cooperatives, 1980

Age range	Cooperatives	
Years	*Number*	*Percent*
5 and under	15	21
6 - 10	19	27
11 - 20	13	19
21 - 30	19	27
31 and over	4	6
Total	70	100

Table 5—Capital stock fishery cooperatives' bylaw requirements on dividends and patronage distributions, by State and region, 1980

State and region	Limited dividends on capital		Allocation of net margins required	
	Yes	No	Yes	No
	Number			
Connecticut	0	1	0	1
Maine	2	13	12	3
Massachusetts	4	1	5	0
Rhode Island	2	0	2	0
New England	8	15	19	4
New Jersey (Middle Atlantic)	2	1	3	0
Georgia	1	0	1	0
Flordia	0	1	0	1
South Carolina	2	0	2	0
Texas	2	0	2	0
South Atlantic and Gulf	5	1	5	1
Michigan	0	1	1	0
Minnesota	0	1	1	0
Great Lakes and Inland Areas	0	2	2	0
Alaska	0	2	1	1
California	1	5	2	4
Oregon	0	1	0	1
Washington	1	2	2	1
Pacific Coast	2	10	5	7
Total	17	29	34	12

All cooperatives follow the one-member, one-vote principle.

The size of boards varies from 2 to 38 directors. On average, there are 10 directors to a board, but 7 is the most common number. All board members are active fishers.

Carrying out board policy in daily operations is delegated to a cooperative's management. Fifty-five of the fishery cooperatives (78 percent) have a hired manager. The remaining 15 rely primarily on the associations' officers to manage the business affairs, contracting with individuals to handle specific tasks such as legal, accounting, warehousing, or fish handling.

A basic distinguishing characteristic of cooperatives is their owner capitalization and limited dividend payments on member capital. Of the 70 respondents, 24 are nonstock cooperatives. These 24 cooperatives are all in the Pacific coast region and do not operate facilities. The remaining 46 fishery associations are stock cooperatives. Only 17 of these organizations have a dividend rate limit specified in their bylaws (table 5). The lowest rate is 5 percent by a Washington cooperative and the highest is 20 percent by a Texas cooperative. The average rate is 7.4 percent. Seventy-five percent of these associations require payment or allocation of net earnings as patronage refunds. There is no relationship between these bylaw requirements and geographical location.

Fishery Marketing *Cooperatives*

Fishery marketing cooperatives are divided into two groups; marketing-bargaining cooperatives, and marketing-handling cooperatives.

Marketing-bargaining cooperatives function as an agent or bargaining intermediary to negotiate the terms of trade for members' catch, but do not usually handle fish or supply items. The oldest marketing-bargaining organization in our survey is a California cooperative formed in 1927. All 2 1 bargaining associations are in the Pacific coast region.6 California has nine of the bargaining cooperatives and the most members and craft of the four States (table 6).

Marketing-bargaining cooperatives make up a major portion of the cooperative membership, with 48 percent of all cooperative members and 62 percent of the marketing cooperative membership. The number of fishing craft operated by the bargaining cooperative members is 68 percent of the craft operated by marketing cooperative members.

The business operations of the 21 cooperatives concentrate on the terms of trade for its members. Only nine have nonbargaining activities, two sell supplies, four sell insurance, and all provide other services including representation and liaison work with State and Federal officials. Most respondents did not know or were unwilling to provide the volume or value of fish marketed under bargained contracts.

The marketing-handling cooperatives are the largest group of fishery cooperatives surveyed. They are in all four regions. Most of these cooperatives, 91 percent, provide fishing supplies or services in addition to marketing the fish. New England has the largest number and the most members (table 7). Overall, 70 percent of their members are active. The New England fleet comprises 3 1 percent of the marketing and 29 percent of all responding associations' craft. The earliest marketing cooperative was organized in 1929 and the latest in 1975.

Fishery Supply and Service Cooperatives

Eight cooperatives offer only fishing supplies or services. Five supply either ice, fuel, or fishing gear to members. The other three provide only insurance. The earliest of this group was formed in 1933 and the latest began operations in 1977.

The supply cooperatives are prominent on the Pacific coast. These cooperatives have a high percent of active members. They represent 10 percent of the members and more than 12 percent of the fishing craft of all cooperatives surveyed.

Another Pacific coast grouping of eight fishery associations represent fisher's interests at the State and national level and perform public relations activities. While most have articles and bylaws that would enable them to operate as marketers and suppliers, their current function is closer to that of a trade association. The earliest cooperative was formed in 1962, and the latest in 1978. This relatively young group comprises about 12 percent of the cooperative members in the survey and 18 percent of the fishing craft.

Table 6—Membership characteristics of fishery marketing-bargaining cooperatives by State, 1980

State	Cooperatives	Members: Active'	Members: Total	Fishing craft
		Number		
Alaska	4	1,101	1,126	1,100
California	9	2,363	2,363	1,744
Oregon	4	1,215	1,215	1,026
Washington	4	273	310	299
Total	21	4,952	5,014	4,169

'Reported number of members patronizing cooperative within the past 3 years. Six cooperatives, two each in California, Oregon, and Washington, did not report the number of active members. All members were assumed active.

Table 7—Membership characteristics of fishery marketing-handling cooperatives, by region, 1980

Region	Cooperatives	Members: Active'	Members: Total	Fishing craft
		Number		
New England	21	1,396	2,137	969
Middle Atlantic, Great Lakes and Inland Areas	4	266	270	151
South Atlantic and Gulf	6	156	174	226
Pacific Coast	2	365	544	537
Total	33	2,207	3,125	1,905

'Reported number of members patronizing their cooperative within the past 3 years.

[6] One Washington cooperative assists its members by operating an auction board to price their catch. Since fish are not handled by the cooperative, it was grouped with the bargaining associations.

OPERATIONAL ACTIVITIES OF 23 MARKETING-HANDLING COOPERATIVES

The fully completed questionnaires received from 23 marketing-handling cooperatives contain specific information on their operational activities. All handle fish and provide fishery supplies and services. Their combined revenues were nearly $102 million (table 8), 78.6 percent from marketing revenue, 21.0 percent from supply sales and 0.4 percent from services and other income.

Marketing Activities

These cooperatives marketed $80 million in fishery products in 1980. Eighty-five percent of the sales ($52 million) and seventy percent of the cooperatives were in New England. New England handled 85 percent of the poundage sold by the 23 cooperatives. Pacific coast cooperatives averaged $6 million in sales, largest of any region.

The 138 million pounds marketed by these cooperatives was 2 percent of 1980 U.S. landings (table 9). New England cooperatives marketed 15 percent of the region's total landings. While not a large proportion, it is substantially more than in other coastal regions. The poundage represented by the Pacific coast bargaining cooperatives is not included in this tabulation nor is it available, but the amount is probably large.

Table 8—Sales of 23 marketing-handling cooperatives, 1980

Function	Cooperatives	Volume
	Number	*Dollars*
Marketing	23	80,195,825
Supplies	19	21,348,967
Service	17	417,469
Total sales	'23	101,962,261

'All perform *2 or 3* functions.

Table 9—Volume of fishery products marketed by 23 cooperatives and share of U.S. fishery landings, 1980

Type of Fish	Fish marketed	Proportion of US. landings
	Pounds	*Percent*
Finfish	125846,227	2.4
Shellfish	12,442,589	1.1
Total	138,288,816	2.1

Seventy-eight percent of these cooperatives' fish is marketed as edible products, and the remainder goes for industrial use. The 95.4 million pounds of finfish make up 88 percent of the edible fish, with ground fish predominating (table 10). The major shellfish marketed by these cooperatives are shrimp, lobster, and scallops.

Cooperatives marketed 72 percent of their products in fresh form (table 11). The highest proportion of processing occurred in the Pacific coast region. Most fishery cooperatives have not integrated into the processed fish market. Of the seven cooperatives that process, five freeze and four package fresh fish. Four cooperatives use their brand on more than 90 percent of their processed products. Brand recognition and consumer loyalty are important for boosting sales.

These cooperatives sold 59 percent of their fishery products to wholesalers (table 11). However this pattern did not apply in all regions. The Pacific coast cooperatives utilized export markets while cooperatives in other regions sold primarily to processors. Neither retail sales nor sales to retail chain stores were important to most cooperatives.

Supply and Service Activities

The oldest supply cooperative surveyed was organized in 1929 in Minnesota. Fishery cooperatives provide several kinds of supplies and services. Supplies include ice, fuel, nets, lines, and other fishing gear. Services include insurance, representation, moorage, and dock facilities. More organizations sell fuel than any other product (table 12). Of the 17 cooperatives selling fuel, 13 are in the New England region. This region has more than 50 percent of all the cooperatives which provide each supply item. Insurance is the primary function performed by the service cooperatives. All are in the New England region.

Table 10-Volume of fishery products marketed by 23 fishery cooperatives by species, 1980

Use and specie	co-ops	Volume
	Number	*Pounds*
Human Food:		
Ground fish	10	71,548,063
Halibut	3	516,550
Herring	2	13,175,230
Mackerel	3	1,240,595
Tuna	3	308,819
Salmon	2	4,935,000
Other finfish	3	3,709,270
Subtotal'	12	95,433,527
Shrimp	5	3,273,652
Crabs	1	880
Clams	1	1,380,000
Lobster	14	3,764,857
Mussels	1	27,870
Scallops	7	3,035,330
Other Shellfish	1	960,000
Subtotal'	19	12,442,589
Industrial Use:		
Finfish	3	30,412,700
Total'	23	138,288,816

'Total number of cooperatives adjusted for duplication arising from multiple products of many cooperatives.

Fresh live lobsters being unloaded in Maine. These lobsters were sold directly to a consumer group.

Opposite ***page—***
An employee of the Stonington, Maine, Lobster Cooperative, prepares to haul up lobsters to the cooperative's dock.

Table 11 -Product forms and market outlets used by 23 marketing-handling cooperatives, by region, 1980

Item	New England	Pacific Coast	Other regions	All regions
		Percent		
Product form:				
Fresh	81 .0	8.2	91.5	72.1
Processed	19.0	91.8	8.5	27.9
All forms	100.0	100.0	100.0	100.0
Type of outlet:				
Local dealer	3.0	0.0	3.9	2.7
Processor	17.2	7.2	60.4	24.1
Wholesaler	73.4	32.5	32.6	59.3
Chain store	3.3	0.0	0.0	2.2
Retail	1.5	0.0	3.1	1.6
Export	1.6	60.3	0.0	10.1
All outlets	100.0	100.0	100.0	100.0

Table 1 P-Supplies and services provided by 23 marketing-handling cooperatives, by region, 1980

Region	Supplies			Services	
	Ice	Fuel	Net, lines & other supplies	Boat repair	Insurance
			Number		
New England	7	13	11	1	6
Middle Atlantic	1	1	1	0	0
South Atlantic and Gulf	3	3	1	0	0
Great Lakes and Inland Areas	1	0	1	0	0
Pacific Coast	1	0	0	0	0
Total	13	17	14	1	6

The cooperatives’ combined assets in 1980 were $18.8 million and average $817,384 (table 13). Current assets, 62 percent of total assets, were 1.3 times current liabilities. Total liabilities were $13.4 million. Equity invested was $5.4 million, or $234,521 per cooperative, and was 29 percent of total assets. While not shown, Pacific region cooperatives had the largest assets as well as the lowest equity-to-asset ratio. The South Atlantic and Gulf coast cooperatives had the highest proportion of equity.

Net Margin Distribution

These cooperatives distributed most of their net margins, 90.6 percent, in a combination of cash patronage refunds, 53 percent, and as retained allocations, 38 percent (table 14). Dividends or interest paid on equity capital and unallocated retains utilized most of the remaining net margins.

This distribution was far more generous with cash to patrons than were agricultural cooperatives. In 1976, farmer marketing and supply cooperatives distributed 39.3 percent as cash patronage refunds, 44.5 percent as allocated retains, 8.4 percent as unallocated retained equity, 2.1 percent as dividends and interest on equity capital, and 5.7 percent for Federal and State income taxes.’

Payments to Fishers

Primary benefits to fishers are payments for their catch marketed through cooperatives, dividends or interest paid on equity capital, and patronage refunds in both cash and noncash form. In 1980, the 23 cooperatives paid fishermen more than $66 million, which was 83 percent of fish sales value. This ratio ranged from 79 percent in the Pacific coast region to 98 percent in the South Atlantic and Gulf coast regions.

Equity Capital Composition

The equity section in the balance sheet indicates how much money members have invested in a cooperative and how this investment is evidenced. We established six equity account categories: preferred stock, common stock, membership fees, qualified certificates of allocation, nonqualified allocations, and unallocated equity.[8]

Table 13—Financial structure of 23 fishery cooperatives, 1980

Item	Total	Average	Proportion of total
	Dollars		*Percent*
Assets:			
Current	11,593,997	504,087	61.7
Fixed	69937,667	301,638	36.9
Other	268,157	11,659	1.4
Total	18,799,821	al 7,384	100.0
Liabilities and member equity:			
Current	6724,033	379,306	46.4
Long-term	4,681,805	203,557	24.9
Equity	5,393,983	234,521	28.7
Total	18,799,821	817,384	100.0

Table 14—Methods of distributing net margins used by 23 fishery cooperatives, 1980

Method of distribution	Cooperatives	Proportion of net margins
	Number	*Percent*
Dividends or interest on equity capital	4	3.8
Patronage refund:		
Cash refund . .	13	52.7
Retained allocated equity . .	9	37.9
Total refund’	15	90.6
Unallocated equity	15	4.0
Income taxes	11	1.6
Total net margins	23	100.0

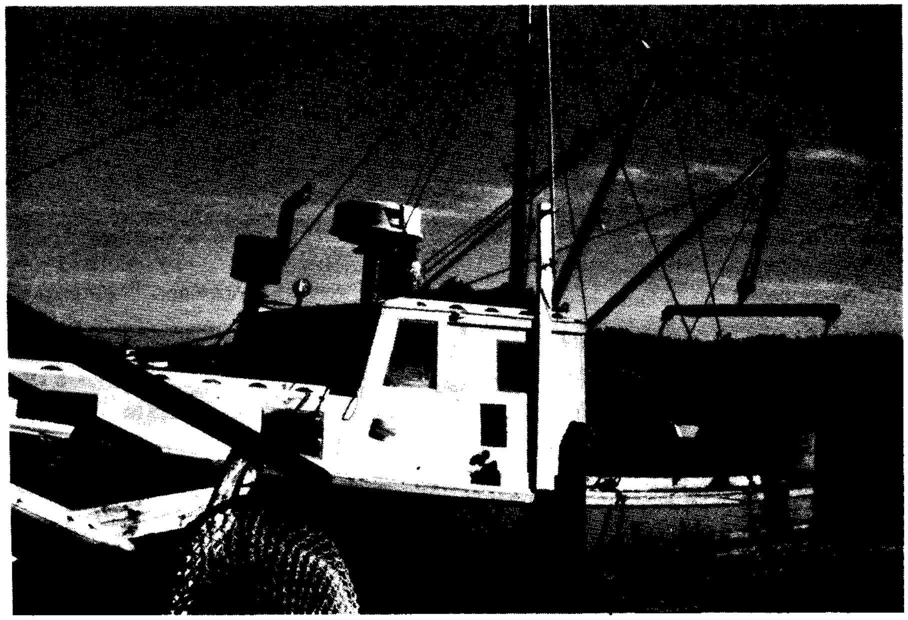
‘Retained allocations were not issued by some cooperatives, and others issued retained allocations while not paying a cash patronage refund.

‘Griffin, et al., The Changing Financial *Structure of Farmer Cooperatives,* U.S. Department of Agriculture, Agricultural Cooperative Service, FCRR 17, March 1980.

*A qualified allocation is a patronage refund or per-unit capital retain allocation that the cooperative can exclude from its taxable income and that the patron agrees to include in his income. At least 20 percent of a qualified patronage refund allocation must be paid in cash. A nonqualified allocation is a noncash patronage refund or per-unit capital retain allocation that is not deducted from the taxable income of the cooperative. When a nonqualified allocation is later redeemed in cash, the cooperative deducts the allocation from its taxable income, and the patron recognizes the amount, with minor exceptions, as ordinary income. From *Equity Redemption,* D.W. Cobia and J.S. Royer, et al, p. 184-185.

Table 15-Types of equity capital used by 23 fishery cooperatives, 1980

	Percent
Preferred stock	6.3
Common stock	7.1
Membership certificates	5.3
Qualified allocations	59.8
Non-qualified allocations	11.6
Unallocated equity	9.9
Total equity	100.0



A commercial boat is *tied at dock after unloading its cargo.*

For the 23 fishery cooperatives, 90 percent of equity capital is in the form of capital stock, membership certificates, and allocations to member fishers (table 15). A majority of these funds are certificates of allocation and are in a qualified form. There are regional differences in the form of equity used by fishery cooperatives. Stock and membership certificates are seldom found outside of New England. Cooperatives in the South Atlantic, Gulf coast, and Pacific regions primarily used qualified allocations. In the Middle Atlantic and New England regions, nonqualified allocations were important. Significant amou'nts of unallocated equity appear only for the Great Lakes and Inland Area cooperatives and for two of the New England cooperatives.

Compared with agricultural cooperatives, fishery cooperatives utilized qualitied and nonqualified allocations more, and common and preferred stock less. In 1976, the equity in agricultural cooperatives was represented by preferred stock, 18.1 percent; common stock, 15.3 percent; membership certificates (nonstock), 0.4 percent; qualified allocations, 49 percent; nonqualified credits, 1.1 percent; and unallocated reserves, 15.1 percent.[9]

Equity Redemption

Current patron-members are responsible for financing the cooperative. As cooperative membership grows or as member use changes, so should each member's equity share change. Redemption or revolving of equity is designed to maintain equitable member financing as changes occur.

Special redemption programs were carried out by 19 of the 23 fishery cooperatives (83 percent) in 1980.[10] Only 5 (22 percent) carried out a systematic program." The 19 cooperatives redeemed nearly 18 percent of their allocated equities in 1980, and used half their net margins and current per unit retains to make those redemptions. One cooperative lacked allocated equity and therefore would not have a redemption program.

Borrowed Capital

Loans are another source of funds to support fishery operations. Fifteen associations (65 percent) had loans of $7.9 million in 1980. Half of those funds came in one loan from the Bank for Cooperatives in the Pacific coast region. Commercial banks were second in terms of funds loaned, but provided the largest number of loans. These cooperatives rarely borrow from Government agencies. Thirty-five percent reported no borrowing. Those in the Middle Atlantic, the Great Lakes, and Inland Areas had no loans outstanding.

The 1976 data on farmer cooperatives indicated that 79 percent did borrow funds, with 62.2 percent of loan funds coming from Banks for Cooperatives, 9.5 percent from commercial banks, 18.9 percent from debt securities, and 9.4 percent from other sources.'*

Eighty-seven percent of the fishery cooperatives that borrowed funds provided the lender with personal guarantees of their board members. These loans were only 10.5 percent of the funds borrowed by the 15 cooperatives. A primary incentive for any group to incorporate is the benefit of limited liability. This reduces risk to an individual by limiting any potential loss to the amount invested in the business. Personal security for cooperative loans negates limited liability but is often required by lenders when the cooperative has insufficient equity.

[9]Griffin, et al., *The Changing Financial Structure of Farmer Cooperatives,* U.S. Department of Agriculture, Agricultural Cooperative Service, FCRR 17, March 1980, p. 38.

"Special equity redemption programs are those without predictable regularity, such as redemption of equities held by estates, persons no longer fishing, hardship situations, those persons of a certain age, or persons simply requesting redemption of their equities.

"A systematic program is a definite plan carried out with a fair degree of regularity, with fairly predictable financial requirements that can be taken into account in a cooperative's financial budgeting process.

[12]Griffin, et al., *The Changing Financial Structure of Farmer Cooperatives,* U.S. Department of Agriculture, Agricultural Cooperative Service, FCRR 17, March 1980.

The 23 cooperatives have a major portion of their marketing business in either finfish, lobster, or shrimp. Among the finfish cooperatives, natural-size groupings occur over and under $1 million in total assets.

The smaller finfish cooperatives and the lobster and shrimp cooperatives average fewer than 100 members, 7 or fewer full-time employees, and 3 or 4 part-time employees (table 16). While their sales are quite different, none was more than $4.2 million in sales. All have total assets well below $1 million.

By contrast, the larger finfish cooperatives average many more members and employees, handle much more product in pounds and dollars, and have much larger total assets.

Each group displays particular strengths or weaknesses. The larger finfish cooperatives have a relatively weak equity level of 20 percent of assets while the other groups show a stronger equity position, particularly the shrimp cooperatives. The shrimp cooperatives have much higher sales and equity levels per member than do the other groups.

While the smaller finfish cooperatives show the smallest equity investment per member, the modest nature of their operations allows them to achieve the highest sales per dollar of equity and of assets.

Finfish Cooperatives

These 10 finfish cooperatives are in four regions. The three largest cooperatives have a majority of the members, poundage, and sales handled (tables 17 and 18). The smaller cooperatives- those with less than $1 million in assets— market nearly all their fish in fresh form. The large cooperatives sell equal amounts in fresh and processed form. Wholesalers are the primary outlets for both large and small cooperatives. However, any one cooperative may have a specific outlet and therefore not tit the pattern for the group.

Sales for the smaller cooperatives are almost entirely sales of food fish. The large cooperatives also conducted a supply business that provided 27 percent of their 1980 sales.

Net margins for both groups were low— less than 3 percent of sales for the large group and less than 1 percent for the small cooperatives. The portion of earnings retained in the business was much higher for the larger cooperatives, reflecting their larger proportion of long-term liabilities compared with the smaller cooperatives.

Total assets for three large finfish cooperatives were 12 times greater than assets for the 7 smaller cooperatives. The proportion of member financing (20 percent) in the large cooperatives was less than half the level (45 percent) among the smaller cooperatives (table 19). A majority of the equity capital of both groups was retained allocated net margins. Most of these allocations were nonqualified for the small cooperatives, and qualified among the large cooperatives. The small cooperatives reported 22 percent of their equity as unallocated to members.

The financial performance and relationships discussed previously are presented as ratios in table 20. These ratios apply only to 1980. Experience shows that a cooperative's ratios can change substantially from one year to another. While judgment is not offered regarding the adequacy of these ratios, managers and directors will find them helpful in absence of other industry data.

Lobster and Shrimp Cooperatives

Ten lobster cooperatives in Maine and 3 shrimp cooperatives in the South Atlantic and Gulf coast region provided operating and financial data. These groups averaged about 40 members for the lobster and 34 for the shrimp cooperatives (table 21). The shrimp cooperatives essentially handled only shrimp for human food, while some lobster cooperatives also handled other shellfish and ground fish. Most of the product was sold fresh.

The shrimp cooperatives marketed more poundage per cooperative than did the lobster cooperatives. Together with a higher priced product and supply sales, a shrimp cooperative's total sales averaged 6 times higher than a lobster cooperative's Lobster moved primarily to wholesalers while most shrimp moved to processors.

The lobster cooperatives marketed a $7.4 million catch and paid members 85 percent of that amount (table 22). Members later received an additional 4.7 percent as a patronage refund. The shrimp cooperatives marketed a $12.6 million catch and returned 94 percent of this to members. An additional 1.75 percent patronage refund was paid later in cash and 2.4 percent was retained in the cooperative for capital needs. While both groups retained earnings for capital needs, only the shrimp cooperatives allocated most of the retained amounts to member-patrons.

Lobster and shrimp cooperatives both showed a healthy financial condition in 1980. Current assets substantially exceeded current liabilities, and fixed assets exceeded long-term liabilities for the shrimp cooperatives (table 23). The shrimp cooperatives had a strong equity position and more truly operated on a cooperative basis by retaining earnings in an allocated status rather than unallocated.

Their financial performance is summarized as ratios in table 24. These ratios apply only to 1980 and only to the cooperatives reported in this study. The current performance or performance of individual cooperatives within the industry may be substantially different.

Table 16—Average characteristics of finfish, lobster, and shrimp cooperatives, 1980

Characteristic	Finfish cooperatives: $1-$1,000,000 assets	Finfish cooperatives: Over $1,000,000 assets	Lobster cooperatives	Shrimp cooperatives
	Number			
Members (total)	88	266	40	34
Employees:				
Full-time	3	72		
Part-time	4	10	3	4
	1,000 Pounds			
Products marketed:				
Human food-				
Finfish	4,572	21,083	18	0
Shellfish	420	1,000	327	1,077
Industrial	286	9,471	0	0
Total	5,278	31,554	345	1,077
	Dollars			
Fish sales	2,590,000	14,044,067	736,348	4,190,030
Supply sales	92,735	5,101,667	137,742	1,339,133
Net margins	23,008	540,442	45,846	173,889
Total assets	172,536	4,867,685	118,295	602,021
Equity	77,686	987,370	49,634	487,602
Fish sales per member	29,432	52,403	18,409	123,236
Sales/dollar of assets	16	4	7	9
Sales/dollar of equity	34	19	18	11
Equity per member	883	3,684	1,240	14,341
	Percent			
Net margins to total sales	1	3	5	3
Equity to total assets	45	20	42	81

Table 17—Selected characteristics of finfish cooperatives, by asset size, 1980

Characteristic	$1-$1,000,000 of assets	Over $1,000,000 of assets	Total
	Number		
Cooperatives	7	3	10
Members (total)	614	805	1,419
Fishing craft	396	722	1,118
Employees:			
Full-time	23	217	240
Part-time	27	30	57
Products marketed:		Pounds	
Human food—			
Finfish-			
Groundfish	25,641,507	45,726,950	71,368,457
Halibut	109,550	407.000	516,550
Herring	100,000	13,075,230	13,175,230
Mackerel	1,135,085	105.510	1,240,595
Tuna	308,819	0	308,819
Salmon	1,000,000	3,935,000	4,935,000
Other finfish	3,709,270	0	3,709,270
Subtotal finfish	32,004,231	63,249,690	95,253,921
Shellfish-			
Clams	1,380,000	0	1,380,000
Lobster	402,000	250,000	652,000
Scallops	202,192	2,750,000	2952,192
Other shellfish	960,000	0	960,000
Subtotal shellfish	2,944,192	3,000,000	5,944,192
Industrial Use— Finfish	2,000,000	28,411,700	30,411,700
Total fishery products	36,948,423	94,661,390	131,609,813
Market orientation:		*Percent*	
Fresh sales	95.5	50.7	64.3
Processed sales	4.5	49.3	35.7
Total sales	100.0	100.0	100.0
Meat outlets:			
Dealer	11.6	0.0	3.5
Wholesaler	64.2	61.8	62.4
Chainstore	0.0	4.2	2.9
Processor	15.6	16.7	16.5
Retail	4.2	0.0	1.3
Export	4.4	17.3	13.4
All outlets	100.0	100.0	100.0

Table 18—Combined operating statements for 10 finfish cooperatives, by asset size, 1980

Operating statement item	$1 -$1,000,000 assets	Over $1 ,000,000 assets	Total
		Dollars	
Sale of fishery products	18,101,340	42,132,220	60,233,560
Commission or auction income	28,700	0	28,700
Total marketing receipts	18,130,040	42,132,220	60,262,260
Fisher payments	11,219,765	34,515,100	45,734,865
Gross marketing margin	6,910,275	7,617,120	14,527,395
Supply sales	649,144	15,305,000	15,954,144
Cost of supplies	648,843	13,628,399	14,277,242
Gross supply margin	301	1,676,601	1,676,902
Service and other operating income	18,167	170,300	188,467
Gross margin	6,928,743	9,464,021	16,392,764
Total expenses	6,767,688	7,842,694	14,610,382
Net margin	161,055	1,621,327	1,782,382
Distribution of net margin:			
Dividends or interest paid on equity capital	10,301	97,070	107,371
Patronage refund—			
Cash portion	134,016	770,400	904,416
Retained allocated equity	41,463	831,700	873,163
Unallocated equity	(26,498)	(67,943)	(94,439)
State or Federal income taxes	1,771	(9,900)	(8,129)

Table 1 g-Financial structure of 10 finfish cooperatives, by asset size, 1980

Balance sheet item	$1 -$1,000,000 assets		Over $1 ,000,000 assets		Total	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Assets:						
Current	719,350	59.5	9,087,986	62.2	9,807,336	62.0
Fixed	370,371	30.7	5,407,683	37.0	5,778,054	36.6
Other	118,033	9.8	107,385	0.8	225,418	1.4
Total	1,207,754	100.0	14,603,054	100.0	15,810,808	100.0
Liabilities and member equity:						
Current liabilities	539,251	44.7	7,506,509	51.4	8,045,760	50.9
Long-term liabilities	124,703	10.3	4,134,435	28.3	4,259,138	26.9
Equity	543,800	45.0	2,962,110	20.3	3,505,910	22.2
Total	1,207,754	100.0	14,603,054	100.0	15,810,808	100.0
Equity capital composition:						
Allocated equity—						
Common stock	85,678	15.8	246,920	8.3	332,598	9.5
Preferred stock	11,400	2.1	311,685	10.5	323,085	9.2
Membership certificates	0	0.0	290,975	9.8	290,975	8.3
Qualified allocations	90,808	16.7	1,712,530	57.9	1,803,338	51.4
Non-qualified allocations	233,956	43.0	400,000	13.5	633,956	18.1
Unallocated equity	121,958	22.4	0	0.0	121,958	3.5
Total equity	543,800	100.0	2,962,110	100.0	3,505,910	100.0

Table PO-Selected financial ratios of 10 finfish cooperatives, by asset size, 1980

Ratio	$1-$1,000,000 assets	Over $1,000,000 assets
	Times	
Liquidity:		
Current assets to current liabilities	1.3	1.2
Asset management:		
Sales to fixed assets	50.7	10.6
Sales to total assets	15.6	3.9
	Percent	
Debt management:		
Equity to term debt	436	72
Fixed assets to term debt	297	131
Operating:		
Net margin before taxes to sales	0.8	2.8
Net margin before taxes to total assets	13.3	11.1
Net margin before taxes to equity	29.6	54.7
Total expenses to total sales	36.0	13.7
Fishers' payments to fishery product sales	62.0	81.9

Table 22-Combined operating statements for lobster and shrimp cooperatives, 1980

Operating statement item	Lobster	Shrimp
	Dollars	
Sale of fishery products	7,359,775	12,570,090
Commission or auction income	3,700	0
Total marketing receipts	7,363,475	12,570,090
Fishers payments	69259,375	11,762,367
Gross marketing margin	1,104,100	807,723
Supply sales	19377,424	4,017,399
Cost of supply products	1,352,489	3,626,095
Gross supply margin	24,935	391,304
Service and other operating income	3,000	226,002
Gross margin	1,132,035	1,425,029
Total expenses	673,571	903,362
Net margin	458,464	521,667
Distribution of net margin—		
Patronage refund		
Cash portion	346,435	220,358
Retained allocated equity	0	296,835
Unallocated equity	104,969	2,492
State or federal income tax	7,060	1,982

Table 21 -Selected characteristics of lobster and shrimp cooperatives, 1980

Characteristic	Lobster	Shrimp
	Number	
Cooperatives	10	3
Members (total)	398	102
Fishing craft	319	154
Employees:		
Full-time	26	21
Part-time	31	11
	Pounds	
Product marketed:		
Human food—		
Ground fish	179.606	0
Shellfish—		
Shrimp	43,000	3,230,652
Crabs	880	0
Lobster	3,1 12,857	0
Scallops	83,138	0
Mussels	27,870	0
Subtotal shellfish	3,267,745	3,230,652
Industrial use—		
Finfish	0	1,000
Total fishery products	3,447,351	3,231,652
	Percent	
Market orientation:		
Fresh sales	100.0	93.5
Processed sales	0	*6.5*
Total	100.0	100.0
Market outlets:		
Dealer	1 .0	0.0
Wholesaler	92.6	*24.7*
Processor	*0.0*	*75.0*
Retail	*6.4*	*0.3*
Total	100.0	100.0

Table 23-Financial structure of lobster and shrimp cooperatives, 1980

Balance sheet item	Lobster		Shrimp	
	Dollars	*Percent*	*Dollars*	*Percent*
Assets:				
Current	573,927	48.5	1,212,734	67.2
Fixed	591,736	50.0	567,677	31.4
Other	17,287	1.5	25,452	1.4
Total	1,182,950	100.0	1,806,063	100.0
Liabilities and member equity:				
Current liabilities	393,852	33.2	284,421	15.8
Long-term liabilities	292,762	24.8	129,905	7.2
Equity	496,336	42.0	1,391,737	77.0
Total	1,182,950	100.0	1,806,063	100.0
Equity capital composition:				
Allocated equity—				
Common stock	53,520	10.8	128	(1)
Preferred stock	19,965	4.0	0	0.0
Qualified allocations	43,289	8.7	1,420,830	97.1
Unallocated equity	379,562	76.5	(29,221)	2.9
Total equity	496,336	100.0	1,391,737	100.0

[1]Less than .01 percent.

Table 24-Selected financial ratios of lobster and shrimp cooperatives, 1980

Ratio	Lobster	Shrimp
Liquidity:		
Current assets to current liabilities	1.5 times	4.3 times
Asset management:		
Sales to fixed assets	14.8 times	29.2 times
Sales to total assets	7.4 times	9.2 times
Debt management		
Equity to term debt	170 percent	1071 percent
Fixed assets to term debt	202 percent	437 percent
Profitability:		
Net margin before taxes to sales	5.3 percent	3.1 percent
Net margin before taxes to assets	38.8 percent	28.9 percent
Net margin before taxes to equity	92.4 percent	37.5 percent
Total expenses to total sales	7.7 percent	5.5 percent
Fishers' payments to fishery product sales	85.1 percent	93.6 percent

Legal Authority

Since the late 19th century this Nation has been very cautious regarding collusion between separate business entities. The Sherman Antitrust Act of 1890, sponsored primarily by farmers, was designed to prevent collusion and the ill effects of monopoly power. Unfortunately, the prohibition against large companies also applied to small businesses including individual fishers.

In 1934, Congress passed the Fishery Cooperative Marketing Act to give fishers and their cooperatives some exemption from antitrust legislation.[16] This legislation extended the right "that persons engaged in the fishery industry, as fishermen, catching, collecting, or cultivating aquatic products on public or private beds, may act together in associations, corporate or otherwise, with or without capital stock in collectively catching, producing, preparing for market, processing, handling, and marketing in interstate and foreign commerce, such products of said persons so engaged."

The Fishery Cooperative Marketing Act did not give license to fishers to monopolize or restrain trade to the extent that prices would unduly be enhanced. The Act vested in the Secretary of Commerce the authority to determine if a fishery cooperative was engaged in activities that unduly enhanced fish product prices. If the Secretary did find that such activity was taking place, he would then be required to direct the cooperative to cease and desist from monopolization and restraint of trade. In 1939, these functions of the Secretary of Commerce were transferred to the Secretary of the Interior.

The Fishery Cooperative Marketing Act does not provide for Federal charters for fishers forming cooperatives. This function is left to the States. Several States have laws specifically written for the incorporation of fishery cooperatives. In Alabama, Georgia, and New Jersey, the

[16]The Act is printed at the end of this section.

agricultural cooperative statutes also permit associations to form for handling marine or aquatic products.

Fishery Cooperative Marketing Act[17]

Section 521. Fishing industry; associations authorized; aquatic products defined; marketing agencies; requirements.

Persons engaged in the fishery industry, as fishermen, catching, collecting, or cultivating aquatic products or as planters of aquatic products on public or private beds, may act together in associations, corporate or otherwise, with or without capital stock, in collectively catching, producing, preparing for market, processing, handling, and marketing in interstate and foreign commerce, such products of said persons so engaged.

The term "aquatic products" included all commercial products of aquatic life in both fresh and salt water, as carried on in the several States, the District of Columbia, the several Territories of the United States, the insular prossessions, or other places under the jurisdiction of the United States.

Such associations may have marketing agencies in common, and such associations and their members may make the necessary contracts and agreements to effect such purposes: Provided, however, that such associations are operated for the mutual benefit of the members thereof, and conform to one or both of the following requirements:

First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein; or

Second. That the association does not pay dividends on stock or membership capital in excess of 8 per centum per annum, and in any case to the following:

Third. That the association shall not deal in the products of non-members to an amount greater in value than such as are handled by it for members.

Section 522. Monopolies or restraints of trade; service of complaint by Secretary of Commerce; hearing; order to cease and desist; jurisdiction of district court.

If the Secretary of Commerce shall have reason to believe that any such association monopolizes or restrains trade in interstate or foreign commerce to such an extent that the price of any aquatic product is unduly enhanced by reason thereof, he shall serve upon such association a complaint stating his charge in that respect, to which complaint shall be attached, or contained therein, a notice of hearing, specifying a day and place not less than thirty days after the service thereof, requiring the association to show cause why an order should not be made directing it to cease and desist from monopolization or restraints of trade. An association so complained of may at the time and place so fixed show cause why such order should not be entered. The evidence given on such a hearing shall be taken under such rules and regulations as the Secretary of Commerce may prescribe, reduced to writing, and made a part of the record therein. If upon such hearing the Secretary of Commerce shall be of the opinion that such association monopolizes or restrains trade in interstate or foreign commerce to such an extent that the price of any aquatic product is unduly enhanced thereby, he shall issue and cause to be served upon the association an order reciting the facts found by him, directing such association to cease and desist from monopolization or restraint of trade. On the request of such association or if such association fails or neglects for thirty days to obey such order, the Secretary of Commerce shall file in the district court in the judicial district in which such association has its principal place of business a certified copy of the order and of all the records in the proceedings together with a petition asking that the order be enforced and shall give notice to the Attorney General and to said association of such tiling. Such district court shall thereupon have jurisdiction to enter a decree affirming, modifying, or setting aside said order, or enter such other decree as the court may deem equitable, and may make rules as to pleadings and proceedings to be had in considering such order. The place of trial may, for cause or by consent of parties, be changed as in other causes.

The facts found by the Secretary of Commerce and recited or set forth in said order shall be prima facie evidence of such facts, but either party may adduce additional evidence. The Department of Justice shall have charge of the enforcement of such order. After the order is so tiled in such district court and while pending for review therein, the court may issue a temporary writ of injunction forbidding such association from violating such order or any part thereof. The court shall, upon conclusion of its hearing, enforce its decree by a permanent injunction or other appropriate remedy. Service of such complaint and of all notices may be made upon such association by service upon any officer, or agent thereof, engaged in carrying on its business, or on any attorney authorized to appear in such proceeding for such association and such service shall be binding upon such association, the officers and members thereof.

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[17] U.S.C.A Sections 521 and 522.

U.S. Department of Agriculture
Agricultural Cooperative Service
Washington, D.C. 20250

Agricultural Cooperative Service (ACS) provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The agency (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

ACS publishes research and educational materials and issues Farmer Cooperatives magazine. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, age, handicap, or national origin.