

## A Shift in Administrative Enforcement for Agriculture

Roger McEowen ([roger.mceowen@washburn.edu](mailto:roger.mceowen@washburn.edu)) – Washburn University School of Law  
September 2025

Agricultural Law and Taxation Blog, by Roger McEowen: <https://lawprofessors.typepad.com/agriculturallaw/>  
Used with permission from the Law Professor Blog Network

---

### Overview

In a significant ruling involving how federal administrative agencies adjudicate disputes with farmers, the Third Circuit Court of Appeals recently decided a case involving a New Jersey farming operation where the court held that the Department of Labor (DOL) unconstitutionally used its internal administrative process to assess over \$500,000 in penalties and back wages against the farm. This decision, which closely follows the Supreme Court's recent precedent, narrows the "public rights" exception that has long allowed federal agencies to adjudicate certain disputes internally without a jury trial in an Article III federal court. The Third Circuit's finding that the DOL's enforcement action against the farm, which involved alleged breaches of an H-2A employment agreement, was more like a private breach of contract dispute than a public immigration matter has potentially far-reaching implications. It could fundamentally reshape how federal agencies like the DOL (such as the USDA and its subagencies) enforce regulations and impose financial penalties on farms and other businesses, compelling the agencies to adjudicate disputes in court rather than processing claims through the labyrinth of the administrative appeal process.

***Sun Valley Orchards, LLC v. United States Department of Labor, No. 23-2608, 2025 U.S. App. LEXIS 18801 (3rd Cir. Jul. 29, 2025)***

**Background.** The case arose from a dispute over the plaintiff's use of the H-2A nonimmigrant visa program for seasonal agricultural workers.

**Note:** The H-2A nonimmigrant visa program allows U.S. employers to bring foreign nationals to the United States to fill temporary or seasonal agricultural jobs. The program is used when a shortage of domestic workers is anticipated. It's a key source of labor for many farms, particularly for crops that require manual harvesting.

The plaintiff is a family farming operation in New Jersey that hired 19 H-2A workers. The Department of Labor (DOL) alleged that the plaintiff had breached its employment agreement with workers by failing to provide adequate housing, meals, and transportation, and by failing to provide a guaranteed number of work hours. Instead of bringing the case to a federal district court, the DOL pursued the matter through its own administrative process, utilizing an Administrative Law Judge (ALJ) to assess hundreds of thousands of dollars in civil penalties and back wages against the plaintiff. The plaintiff challenged the DOL's authority to do this, arguing that the agency was acting as prosecutor, judge, and jury, and that the farm was entitled to have its case heard by a jury in an independent Article III court.



## The Relevance of Article III

**What matters are adjudicated by courts?** Article III of the United States Constitution is the section that establishes the judicial branch of the federal government. A violation of Article III typically occurs when the legislative or executive branch usurps the power of the federal judiciary, or when the judiciary itself oversteps its constitutional bounds. This often involves issues related to the separation of powers. The most common violations fall into two main categories: (1) infringing on judicial power; and (2) violating the "case or controversy" requirement.

An infringement of judicial power happens when a non-Article III body - such as an administrative agency or a specialized court created by Congress (an "Article I court") - is given the power to decide a case that should, constitutionally, be heard by an Article III court. The core principle at stake is the independence of the judiciary.

For a case to be a "Case" or "Controversy" that falls under Article III's power, it generally must involve a dispute over "private rights." Private rights disputes are those between private parties, or between a private party and the government when the government is acting like a private party (e.g., in a breach of contract dispute).

**Key exception.** A key exception exists for disputes involving "public rights." Public rights are those that arise between the government and a private citizen, where the government is exercising its sovereign powers. This can include things like a dispute over the public lands system or a dispute between the government and a business over a federal tax. The Supreme Court has historically allowed these types of cases to be adjudicated by agencies or Article I courts without violating Article III.

**Trial court determination.** In *Sun Valley Orchards, LLC*, the trial court found that the DOL's adjudication did not violate Article III of the Constitution because it determined that H-2A immigration matters fall under the public rights exception. The trial court also found the adjudicatory system was authorized by statute and deemed Sun Valley's constitutional claims forfeited for failure to raise them before the agency. It found no issue with the ALJ's appointment or removal protections, applied deferential review to the DOL's factual findings and penalty determinations, finding them supported, and rejected the plaintiff's statutory and Eighth Amendment challenges to the award.

**Appellate decision.** On appeal, the appellate court reversed, holding that the DOL's enforcement action was unconstitutional. The court's analysis was heavily influenced by the Supreme Court's 2024 decision in *Securities and Exchange Commission v. Jarkesy*, 603 U.S. 109 (2024) which held that defendants in civil fraud cases had a right to a jury trial in federal court and could not be forced into an administrative tribunal. The Third Circuit extended this principle to the DOL's administrative proceedings.

The appellate court distinguished between "public rights" and "private rights" disputes. Public rights disputes, such as those involving the government's ability to regulate the public at large (e.g., immigration or customs), can be resolved in administrative courts. However, the appellate court reasoned, private rights disputes are more like traditional lawsuits between two parties (e.g., breach of

contract or fraud) and are reserved for Article III courts. The appellate court found that the DOL's action against the plaintiff was essentially a breach-of-contract lawsuit, which is a matter of private rights. The appellate court noted that while there is a "public rights" exception for immigration matters that allows administrative adjudication, this case fell outside that exception because it primarily concerned domestic labor policy rather than the admission and exclusion of aliens. The H-2A labor certification regulations, the appellate court noted, mainly protect domestic wages and working conditions, and apply to both foreign and domestic workers, distinguishing them from core immigration functions. The appellate court also concluded that the plaintiff did not waive its Article III objection because the DOL never informed the plaintiff of its right to refuse administrative adjudication, and the plaintiff had no real choice about where to challenge the DOL's action.

### Implications

The appellate court's decision is a strong affirmation of the importance of Article III of the Constitution, which establishes the judicial branch and guarantees the right to a trial before an independent judge and, in many cases, a jury. The appellate court reasoned that when a federal agency seeks to impose civil penalties on a private party, it must do so in a federal court with the procedural protections afforded by the Constitution.

The appellate court's decision will also likely have a profound impact on how federal agencies, not just the DOL, enforce regulations. It could compel agencies such as the USDA to shift their enforcement strategies away from in-house administrative tribunals and toward federal courts, where their actions will be subject to greater judicial scrutiny and where defendants will have the right to a jury trial.

### Summary

This decision strengthens the legal standing and due process rights of farmers who feel they have been unfairly targeted or penalized by federal agencies. It clarifies that farmers are not confined to the internal administrative review processes of a single agency, like the DOL, when a separate agency, such as the USDA, takes an adverse action based on the first agency's findings. The *Sun Valley Orchards, LLC* ruling provides a new avenue for judicial review, potentially allowing farmers to challenge the basis of an agency's decision in federal court rather than just within the agency's own system.

While the case specifically involved the DOL and USDA's H-2A program, its precedent could apply to a range of other disputes, such as those involving crop subsidies, conservation programs, or food safety regulations, where one agency's finding leads to a punitive action by another. When the USDA's Farm Service Agency (FSA) or Natural Resources Conservation Service (NRCS) imposes monetary penalties on a farmer for alleged non-compliance with program rules, the farmer might be able to use the case as precedent to seek a judicial hearing based on an argument that the government is seeking to take private property (money) through a common law-type claim, rather than simply administering a public benefit.

The core principle is that if an agency's action is fundamentally about determining guilt and imposing a monetary fine, which historically was the role of a court, rather than simply revoking a license or denying a benefit, the farmer can challenge the agency's authority to adjudicate the matter internally.



The decision creates a more robust system of checks and balances, giving farmers a more direct and independent way to contest agency actions in the federal courts, and could make it more difficult and time-consuming for agencies to impose penalties.

---

For more information about this publication and others, visit [AgManager.info](https://AgManager.info).

K-State Agricultural Economics | 342 Waters Hall, Manhattan, KS 66506-4011 | 785.532.1504

[www.ageconomics.k-state.edu](https://www.ageconomics.k-state.edu)

Copyright 2025: AgManager.info and K-State Department of Agricultural Economics



K-State Department Of Agricultural Economics