



10/3/17

To: United States Department of Agriculture, Office of the Inspector General Hotline

I am filing this complaint on behalf of Paul Muegge, Oklahoma farmer and board member of the Organization of Competitive Markets (OCM), the membership of OCM, and myself, OCM executive director Joe Maxwell.

This complaint is filed to request that an immediate review and audit be conducted of the Beef Research and Promotion Program (Beef Checkoff) in Oklahoma. We are requesting all collections and expenditures of the federally mandated Beef Checkoff fees by Oklahoma Beef Council be investigated and audited. Oklahoma Beef Council is the federally recognized Qualified State Beef Council (Beef Council) as set out in the Federal Order (7 CFR Part 1260, July 18 1986) (The Order) and is tasked with the responsibility of collecting and administering the \$1.00 per head federally mandated Beef Research and Promotion Act. As the Qualified State Beef Council, they are required to follow both the Beef Promotion and Research Act of 1985 (7 U.S.C. 2901-2911) (The Act) and the Federal Order governing the program.

It has just recently come to light that the Oklahoma Beef Council has joined the Oklahoma Cattlemen's Association (OCA), an agriculture industry trade organization, in campaigning and promoting a "yes" vote on a state referendum that would force Oklahoma farmers and ranchers to pay in addition to the Federal Beef Checkoff fee, an additional state fee of \$1.00 for every head of cattle they sell. Below is just one example of Oklahoma Beef Council's promotion of this policy activity. (See 1. below.)

The Act and The order explicitly ban The Beef Council from influencing governmental action or policy. Supporting and promoting an increase in fees by The Beef Council is clearly a violation of this explicit prohibition. Section 5 (10) of the Act clearly states:

"The order shall prohibit any funds collected by the Board under the order from being used in any manner for the purpose of influencing governmental action or policy, with the exception of recommending amendments to the order."

In compliance of The Act, Section 1260.169 (e) of The Order states:

"No funds collected by the Board under this subpart shall in any manner be used for the purpose of influencing governmental policy or action, except to recommend to the Secretary amendments to this part."

Further, The Council and the national Beef Checkoff's funds and trademarked logo, mark and symbol are illegally being used to promote and influence government policy and action by supporting and promoting a "yes" vote on the referendum to establish a state of Oklahoma beef checkoff program which will assess every Oklahoma cattle producer an additional \$1.00 per head fee. (See 1. below.) We request that The Council be ordered to cease and desist all activities and expenditures associated with this state referendum and any efforts to assess Oklahoma cattle producers a \$1.00 fee on all cattle sold

in Oklahoma. Further, we request that they be held accountable for any expenditures they have made and for any costs they have incurred in the promotion of the state referendum.

Compounding this illegal use of Beef Research and Promotion checkoff funds and trademark is the fact that The Council has just recently disclosed that over \$2,600,000 of federally mandated Beef Checkoff fees have been stolen. This theft occurred over a 10-year period. From their gross negligence of accountability for federal tax dollars and the accountability they owe to every Oklahoma family farmer and rancher who is mandated to pay these fees, it is absolutely clear The Council does not have the accounting procedures in place or the sophistication and expertise to provide an accurate accounting of the funds they are currently entrusted.

Therefore, we are further requesting the OIG conduct a full and complete investigation and a full and complete audit of the activities of The Beef Council and the federally mandated beef checkoff funds they have collected and expended over the past 10 years. We request the findings of the investigation and the full audit be released to the public along with all documents detailing the last 10 years of collections and expenditures by The Council and any contractor who has received any of the federally mandated Beef Checkoff funds.

Further, we request you demand all parties to include the Oklahoma Cattlemen's Association who are using the fake and confusing mark, logo and symbol to immediately cease and desist from its utilization for any and all purposes. (See 2. and 3. below.) This logo is being used to promote the state beef checkoff tax and it clearly infringes on the registered mark of the federal Beef Checkoff program. Its similarity and use are without question and because of these factors and others has caused confusion to farmers and ranchers -- the very people who are paying the Federal Beef Checkoff fee and who will be required to pay the increased state fee. This confusion has led to individuals believing the current Federal Beef Checkoff Program administered by the USDA which owns the trademark has endorsed this state beef checkoff referendum. This is not only influencing individuals to support this new governmental policy and action in violation of The Act and The Order, but among those farmers and ranchers who oppose the new fee increase it is causing them to question their support of the Federal Beef Research and Promotion activities. Farmers and ranchers across the U.S. have invested millions if not billions in the federal beef checkoff trademark and we request you defend their investment.

1. Use of National Beef Checkoff Mark on promotion of state referendum to establish a \$1.00 per head increase.



2. Facebook page where confusing mark, logo and symbol is being used.

<https://www.facebook.com/OKBeefCheckoff/>

3. Mark being used to promote the state beef checkoff fee.

