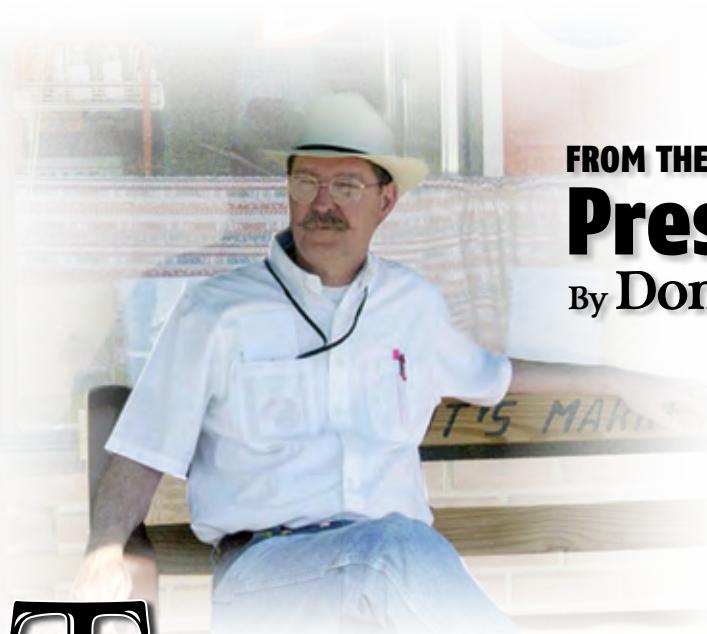


FROM THE
President
By Don Stull



The Organization for Competitive Markets held its [21st Annual Food and Agriculture Conference](#) August 8-10, in Kansas City, Missouri. On behalf of the OCM Board of Directors I wish to thank the 2019 Conference Committee for the timely theme: "Arming the Movement for Independent Family Agriculture," and for a stellar program. The committee: Vaughn Mayer (Chair), Barbara Ross, Fred Stokes, Judy Heffernan, and Web Davis outdid themselves. Our staff, in addition to working closely with the committee to attract a superb set of speakers, brought the two days of keynotes, presentations, workshops, meals, and social events off without a hitch. We are also grateful to the sponsors who helped make this year's conference such a success: Alabama Contract Poultry Growers Association; Cohen Milstein Sellers & Toll; Country Fresh Farms; Friends of the Earth; Gunthorp Farms; Ranch Foods Direct and Bytable; Schmidt Family Foundation/11th Hour Project; Union of Concerned Scientists; United Food and Commercial Workers International Union; and White Oak Pastures.

Elsewhere in this issue you will find reports on developments during the conference, the membership meeting, and an homage to Loran Schmit, who was presented with the 2019 Helmuth Award.

Fred Stokes presents an overview of OCM's long-term efforts to reform the beef checkoff; Al Davis reports on OCM's recent Washington, DC, fly-in concerning the Packers & Stockyards Act; and Joe Maxwell gives his regular legislative update.

As always, a highlight of the August 10 membership meeting was the election of board members. It is my pleasure to welcome three new members to the OCM Board of Directors:

Jeri Lynn Bakken farms and ranches with her husband, DeJon, near Lemmon, South Dakota. Jeri promotes family-based agriculture as the vocational agriculture teacher for grades 7-12 at Mott-Regent High School in Mott, ND. For 18 years she was a community organizer with the Western Organization of Resource Councils, where she worked with ranchers to develop the Captive Supply Reform and Mandatory Price Reporting Rules and fought for fair trade. Jeri and DeJon have two children: Leif is a broadcaster for the Northern Ag Network in Billings, MT, and Mirandi is a senior at Montana State University studying social anthropology.

Tom Dierks is originally from Ewing, Nebraska, where his family raises Angus cattle on their ranch. He currently lives in Lincoln, where he is a social worker. Tom is the son of Cap Dierks, an

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2019 John Helmuth Award Recipient: Loran C. Schmit



At the Organization for Competitive Markets 21st Annual Food and Agriculture Conference we presented Loran C. Schmit the 2019 John Helmuth Award for his landmark antitrust litigation against the nation's major food retailers, his early participation in efforts resulting in the founding of OCM and his sustained generous financial support. His political activities in the Nebraska Legislature promoting independent family agriculture are legendary and totally consistent with the mission of this organization.

OCM founder and long-time board member.

David Wright is a fourth-generation rancher in Holt County, Nebraska. He also owns JD Printing & Publishing in Neligh, NE. Dave and his wife, Joan, a registered nurse, have three children. With the help of son and "ranch hand" Isaac, Dave's cow-calf operation has "just enough grass to feed the cows and enough cows to eat the grass." Katie teaches Spanish, elementary school, and is the high school's head volleyball coach. Hannah is marketing director for a nonprofit health center in Omaha. Joan and Dave have three grandsons.

In addition our new board members, current board members **Al Davis** and **Vaughn Meyer** were re-elected. Vaughn was once

again elected vice-president of OCM's board of directors and I was elected its president.

John Boyd, Jr., Judy Heffernan, and **Paul Muegge** rotated off the board, and we thank each of them for their valuable contributions to our organization. We will especially miss Paul and Judy, who served on the board for many years, Judy as its secretary. Although their terms on the board have ended, I know they will continue to support OCM's mission.



The Beef Checkoff; CATTLE PRODUCERS FORCED TO FUND THEIR OWN DEMISE

By Fred Stokes

The [beef checkoff program](#) was intended to reverse beef's loss of market-share to chicken. **It has been a spectacular failure.** After 30-plus years of compulsory collection and spending (nearly \$3 billion), per capita consumption of beef has been cut in half and per capita consumption of chicken has more than doubled.

Since 1996 the National Cattlemen's Beef Association (NCBA) has been essentially the exclusive contractor for this program and has received the lion's share of contract funds. NCBA controls 10 of the 20 seats on the Cattlemen's Beef Board (CBB) Operating Committee, which awards these contracts, thereby giving them a lock on the contracting process. Rather than properly recusing themselves during the contracting process, they have used this lock to award contracts to themselves. This presents an obvious and illegal conflict of interest.

While NCBA membership represents only about 3% of cattle producers, these funds have empowered the organization to become the de facto voice of the industry.

An independent audit of NCBA's handling of checkoff funds by the Clifton Gunderson (CG) firm was concluded in 2010. It found egregious abuses. After reviewing only 1% of the transactions for a period of 29 months, the audit found irregularities that required NCBA to repay to the CBB more than \$200,000 initially and ultimately more than \$300,000. This resulted from the review of the equivalent of a mere nine days of activity!

Tom Jones and Tom Raimey (CBB President and CEO respectively) were forced to resign for causing the CG audit, which became public and brought about embarrassment and scrutiny. As a result of the CG

review, OCM obtained an USDA Office of Inspector General (OIG) Audit of these funds, which began in February 2011. The investigative segment concluded in December of that year. The report was expected by March 2012.

Amid wild rumor and speculation as to what the audit would find, a Pulitzer Prize-winning reporter overheard a conversation between a representative of USDA Agricultural Marketing Service (AMS) and NCBA at the NCBA Convention at the Opryland Hotel in Nashville in February 2012. He stated that the AMS representative said he had seen the draft OIG audit report and that it was really bad; but not to worry, he had fixed it.

Despite generating over 300 pages of report drafts during the 15 months after conclusion of the audit investigation, a scant 17-page report finally came out in April 2013. While the report found that over 82% of NCBA's total revenue came from the checkoff, the major conclusion was: No wrongdoing! In response to spontaneous outrage and charges of cover-up, this first "final" report was withdrawn and a second "final" report released nine months later (January 2014). Missing was the "no wrongdoing" statement.

After the first report, OCM submitted a Freedom of Information Act (FOIA) request in 2013. Protracted foot-dragging (18 months) led OCM to sue USDA to compel a proper response to the FOIA request. For almost five years now, we have dealt with every evasive and stalling tactic known to man. The litigation continues with no firm end in sight.

I want to offer my personal gratitude to the Humane Society of the United States (HSUS) for the almost five-years of legal

support. I also thank their most able attorney Matthew Penzer for his tenacity and legal skill in pursuing this matter.

Over the past seven years, we have received mostly heavily redacted material in response. Nevertheless, USDA's FOIA office has unwittingly revealed some information that allows for a few conclusions: 1) USDA AMS aided and abetted the abuse of checkoff funds; and 2) there was a "reboot" of the early drafts of the audit report. It is also clear that USDA OIG did not pursue the irregularities found in the CG Review.

Last year, we learned of some 10,000 pages of raw financial data concerning NCBA's handling of checkoff funds that were deemed relevant to our FOIA request and suit. NCBA immediately sought to become intervenor-defendant in OCM v. USDA OIG. The presiding judge granted NCBA's request with certain restrictions. NCBA claimed disclosure of these records would cause it harm by revealing confidential business information that would place it at a competitive disadvantage. A ludicrous assertion, given that NCBA's lock on the contracting process has enabled it to stifle competition for more than 20 years.

My intimate involvement in this matter over these several years leads me to conclude:

1. NCBA did misappropriate checkoff funds.
2. USDA AMS was a mere rubber stamp and is complicit in this misappropriation.
3. While USDA OIG initially began a proper investigation, it ultimately caved to pressure and failed to report all findings and assign accountability for misdeeds.
4. NCBA's contract with the CBB is a blatant conflict of interest that the secretary of agriculture persistently refused to properly deal with.
5. Beef checkoff funds are the lifeblood of NCBA, and their withdrawal would effectively remove NCBA as a major adversary to cattle-producer interests.

The objective of OCM's FOIA initiatives is to bring transparency to the program for checkoff payers. USDA's resistance seems to say: "You must pay the checkoff assessment, but you have no right to know how your money is spent."

OCM 2019 Conference Recap

By Katherine Un

Our [21st Annual Food and Agriculture Conference](#), “Arming the Movement for Independent Family Agriculture,” gathered more than 80 experts and advocates from across the movement for economic justice in farming and food. The conference opened with an [energizing speech](#) by crowd-favorite Dr. John Ikerd, Emeritus Professor at the University of Missouri. He drove home the message that “*Corporate power is starting to run the whole country, not just in agriculture but across society. [That being said], we can have any kind of food system we want, because we have the power to change policy.*”

minded us that rural Americans – on both sides of the aisle - are more important politically than ever, and this means that we have a real chance to demand action from both parties but we need a unified, proven message. Finally, Eric Petersen from Bending the Arc Strategies advised us on innovative ways to campaign and actually be heard.

After that information-packed day, it was time to enjoy networking at the reception and dinner that featured farm fresh meats. Shout out to Mike Callicrate, Greg Gunthorp and Will Harris for their very generous food donations.

ment rooted in grassroots traditions. See her full speech [here](#).

The next day, we used the information from Kevin Fulton, Tom Rossmeissl and Eric Petersen’s very practical talks in our strategic planning breakout sessions. The *Food and Agribusiness Merger Moratorium and Antitrust Review Act* planning workshop, after getting campaign updates in a casual conversation with Andy Green (Center for American Progress) and Barry Lynn (Open Markets Institute), worked in three groups. The first outlined a strategy for in-district lobby days to educate our elected officials on



Kevin Fulton of Fulton Farms spoke about the need for a movement for independent family agriculture: “*Family farmer profitability = 1) helping rural communities survive, 2) opportunities for future generations, 3) accountability to consumers, the land/environment, the animals, community, and family, 4) key to climate and environmental concerns.*” Tom Rossmeissl from TNR Campaigns and JUST re-

At the dinner, OCM had the privilege to present the John Helmuth award to Loran C. Schmidt and honor his work in a landmark antitrust litigation against the nation’s major food retailers and his central role in the movement for independent family agriculture. Sarah Lloyd from the Wisconsin Farmers Union followed by inspiring the room with a vision for the family dairy move-

the issues of corporate power in our farm and food systems. The second examined our collective strengths and needs in key states. The last had a lively conversation on bringing the issue of consolidation in farm and food to urban consumers in locations such as breweries, cafes or food coops.

The [Checkoff Reform](#) planning group heard exclusive, new information out of



our [FOIA lawsuit against USDA](#) and looked into using this new ammunition in an outreach and engagement plan to garner support for the [Opportunities for Fairness in Farming Act](#) that would bring transparency and accountability to the checkoff program.

Finally, the Messaging Corporate Power breakout session participated in a hands-on learning activity based on OCM's messaging guide. Not only did

this group sketch out strategies for a unified messaging campaign to have rural America's voice be heard, they also used our guide to film engaging anti-monopoly videos on the spot.

The post-workshop luncheon with FTC Commissioner, Rohit Chopra, was a highlight of the conference. Commissioner Chopra and OCM's Executive Director, Joe Maxwell, sat down in the sunny Pavillion setting for a conversation

on the capture of government agencies by the corporations they are meant to be regulating, and the revolving door between government and industry.

A short workshop activity designed to give us feedback on the conference highlighted the attendees' favorite part of the 2019 Food and Agriculture Conference: the opportunity to network with like-minded folks and to hear from well-regarded experts in the movement for independent family agriculture in a casual environment.

The conference wrapped up with a fiery speech from the Hmong American Farmers Association's Executive Director and Co-Founder, Pakou Hang. 40% of Hmong farmers have stopped farming since 2012. Pakou described shocking abuses and wrongs against Hmong farmers in the form of exploitative sharecropping. Her central message? "We are good enough," which resonated strongly with phrases we heard from other speakers. Sarah Lloyd said, "We are the ones we have been waiting for." Echoing Dr Ikerd's "We can have any kind of food system we want, because we have the power to change policy."

We hope to see you at next year's conference!

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Capitol Roundup

By Joe Maxwell



Our government has a responsibility and a duty to keep corporate power in check ensuring everyone has an opportunity to share in the prosperity they help build through an economy that is inclusive of all the people and not just the corporations.

OCM's objective, and its duty, is to define and advocate the proper role of government in the agricultural and food economy as a regulator and enforcer of necessary market safeguards that provide fair, honest, accessible and competitive markets for all.

Fair and Honest Markets:

Product of the U.S.A.: Since the repeal of mandatory Country of Origin Labeling for both beef and pork it is even more imperative that when a food company voluntarily labels its meat and meat products it does so honestly. Currently the United States Department of Agriculture (USDA) allows meat companies to label beef and pork originating from a foreign country as "[Product of the U.S.A.](#)" by simply repackaging it once it is in the U.S. Nothing is more deceptive to consumers than this labeling. A consumer can tell from a label on their pet

food or their clothing where it is from, but not where their beef or pork comes from. This is just ludicrous and clearly shows the undue influence and unwarranted privilege transnational corporations have within our own government and USDA. OCM in conjunction with American Grassfed Association filed a [petition](#) to stop meat processing companies from labeling foreign meat as "Product of the U.S.A." This statement should only be used when the ingredients, meat, or meat products, are from the USA! It has been 14 months since we filed our petition. USDA claims they are still reviewing the comments. If USDA does not make a decision in the near future, OCM will be calling on its members and supporters to demand a decision and stop the dishonest fraud in the labeling of meat and pork.

Accessible and Competitive Markets:

Over time, federal judges have eroded the Packers and Stockyards Act producer protections that ensure accessible and competitive markets. OCM has been working for over a decade to restore these produc-

A consumer can tell from a label on their pet food or their clothing where it is from, but not where their beef or pork comes from.

er safeguards, without which the packer has all the power in the market and producers are simply at their mercy. You can learn about the history of OCM's fight for America's family farmers and ranchers [online](#). In October of 2017 Secretary Perdue withdrew the Obama Administration's "Farmer Fair Practice Rules." In December 2017, OCM quickly responded by filing [litigation](#) against Perdue for illegally withdrawing the rules. During the court hearing, USDA announced they would issue new rules. USDA has informed OCM that these new rules should be out in October. Based on the Secretary's past acts, eliminating the former agency that was responsible for enforcing the Packers and Stockyards Act (GIPSA) and withdrawing the prior rules, we hold little hope that the new rules USDA issues will provide the necessary producer safeguards to balance the market power now almost exclusively held by the meat packers. Once the new Perdue rules are issued, OCM expects a 60-day comment period. Senators Tester and Grassley along with Congresswoman Kaptur and 14 of their colleagues have issued a [demand letter](#), telling Secretary Perdue to protect America's family farmers and ranchers. When the comment period is opened, please be prepared to join them by filing your comments demanding justice for family farmers.



OCM Board Members Head to Washington, D.C. for Packers and Stockyards Act Reform

By Al Davis

In mid-July, OCM Board Members Chris Petersen, Johnathan and Connie Buttram, Vaughn Meyer, and I participated in a fly-in to bring renewed attention to the need for farmer-friendly rules under the [Packers and Stockyards Act](#). Visits to Washington are always informative and this event was no exception, as we worked in association with Family Farm Action and other focus groups to encourage USDA to strengthen the frayed barriers protecting family farmers and the markets which they rely on from abuse. On top of constituent visits, some of us participated in a press conference while others gave testimony at a Congressional Hearing.

In order to be successful in Washington it is imperative that your message be clear, concise, and thoughtfully presented. A visit by a constituent is worth 100 times that of an industry lobbyist, but too many farmers and ranchers are too far away from Washington to make those kinds of trips often enough to even learn the rules and protocol in the day-to-day happenings inside the Capitol. Unfortunately, many Americans with stories to tell of how rash bureaucratic decisions have severely affected their operation are too intimidated by the enormity of

D.C., the vast number of staffers, and the confusing layouts of the Senate and House buildings to even consider participating on that level. It's a little like taking on Muhammad Ali in the ring while recovering from both eye surgery, a bad cold, and hip replacement, just after your hearing aid batteries went dead.

BUT IT IS POSSIBLE TO WIN.

Your OCM board members and others spent several hours honing our presentations, answering mock questions about our issues, and critiquing our associates to accomplish our objectives before a busy three days working the Hill.

With growers from several states and from the hog, chicken, and cattle industries, our group broke up to separately visit various offices to get our messages to as wide a circle of Senate and House members as possible.

After meeting with staffers representing our Nebraska senators, I joined the full group at Senator Jon Tester's (D-Montana) office. Senator Tester and Congresswoman Kaptor introduced letters in both the House and Senate to address some of the

competition issues which have vexed producers in the animal protein industry. If you aren't aware, Senator Tester has been the most passionate advocate for reform.

Later that afternoon, our group met with representatives of GIPSA to encourage the staff at USDA to consider reinstating rules which had been removed by Secretary Perdue following the 2016 election. The removed rules were implemented to halt some of the abuses to market transparency which have been endemic over the past several years.

The following morning several of us participated in a press conference laying out our reasons for visiting D.C. at this time and setting out our goals. I laid out the abuses which have taken place in cattle markets, the withering away of real markets, the decline in share of the retail dollar going back to the ranch, and the emptying out of rural America as profitability on the farm and ranch decline. Other men and women from other parts of the country told the same familiar tale, even if they raised different animals.

That afternoon, Vaughn Meyer and Chris Peterson participated in a Congressional Hearing and addressed a packed room highlighting the same issues in both the hog and beef industry, while several chicken producers discussed the overwhelming power with the contractors have over their personal operations, driving producers to bankruptcy.

Each Wednesday morning, the Nebraska delegation hosts a breakfast, which gives any Nebraskan the opportunity to stand up and be heard on an issue. I shared my reason for visiting Washington with all five of our representatives at that breakfast.

It is imperative that producers engage on the issues and stay involved. The odds against any one of us are enormous, but working together change can take place. After our group visited Senator Grassley's office, he signed on to Senator Tester's letter, as did several other Senators and Congressional representatives.

And as I sit and write this today I keep thinking of the old Holly's song, "He Ain't Heavy, He's My Brother." All of us must carry part of the load, but it isn't a heavy one if it is a load worth carrying.



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