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Shell Game Diverts Millions of Farm Tax Dollars to Kansas Lobbying Group, Threatening Beef Checkoff Program

By Joe Maxwell and Angela Huffman

Executive Summary

Under federal law, every head of cattle sold incurs a \$1.00 tax, which is to be collected by state entities to be used to benefit the American cattle industry. A review by the Organization for Competitive Markets of one of the largest of these state programs, the Kansas Beef Checkoff Program, reveals a system rife with illegal financial payments and other conflicts that harm the economic wellbeing of American cattle producers.

The major findings of this report are:

1. the state checkoff tax collector, the Kansas Beef Council, is actually the Kansas Livestock Association, which is illegally collecting and administering the federally mandated beef checkoff assessment;
2. the Kansas Beef Council is not a separate entity as required by law;
3. the purported nonprofit does not submit IRS Form 990s as legally required;
4. the dubious legal structure of the Kansas beef checkoff lacks transparency and makes it impossible to determine how producer funds are being spent;
5. the limited financial information available reveals numerous financial irregularities;
6. funds are controlled by a minority of producers who suffer from conflicts of interest;
7. Kansas checkoff funds are used to harm the economic interests of the majority of producers by opposing policies that benefit American farmers.

This groundbreaking report provides overwhelming evidence that Kansas cattle producers are being forced to pay into a scheme which violates federal law that actively harms their own interests. Among other findings, readers will discover how shell corporations disguise legally questionable activity and self-dealing, the reason the Kansas Beef Council pays nearly twice as much for office space as the market rate, and why the former executive director of the Kansas Livestock Association earned \$277,128 in 2016 for one hour of weekly work. Deceptive actions by the Kansas Livestock Association place a dark cloud over the national Beef Checkoff Program, jeopardizing its existence.

Introduction

The Beef Checkoff Program was established in the 1985 Farm Bill. The resulting federal law, the Beef Promotion and Research Act (Beef Act), mandates that every time a cattle producer sells a head of cattle, the producer is required to pay a \$1.00 federally mandated beef checkoff assessment to the federally designated Qualified State Beef Council in the producer's state. Pursuant to criteria established in the Beef Act, the U.S. Department of Agriculture's Cattlemen's Beef Promotion and Research Board (Cattlemen's Beef Board) designates the Qualified State Beef Council in each state.¹

In Kansas, the Kansas Beef Council is the federally designated Qualified State Beef Council.² As such, the Kansas Beef Council collects the \$1.00 mandatory assessment from cattle producers who sell cattle in the state.³ Half of the \$1.00 assessment is forwarded to the federal Cattlemen's Beef Board, which by federal law oversees the national Beef Checkoff Program, subject to USDA review and approval. The other half of the dollar is retained by Kansas Beef Council.⁴ Both the Cattlemen's Beef Board and Kansas Beef Council are required pursuant to the Beef Act to use these federal assessments for "...carrying out a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for beef and beef products."⁵

Issue

Although the Kansas Beef Council is designated as a federal Qualified State Beef Council, it does not exist as an entity. Instead, the Kansas Livestock Association collects the federally mandated beef checkoff assessments and administers the funds. Because Kansas Livestock Association is a private-membership trade and lobbying organization with a complex business model of both nonprofit and for-profit organizations, its role as the tax collector breeds resentment and hostility within the state of Kansas and nationally among the independent cattle producers who are mandated to pay into the fund. This discontent jeopardizes the integrity and the future of the national Beef Checkoff Program.

The Kansas Livestock Association's illegal activities breed resentment among cattle producers.

¹ United States, Congress, House. United States Code. Title 7, section 2901-2911, Office of the Law Revision Counsel, 15, Jan. 2019, uscode.house.gov

² "Qualified State Beef Councils." *MyBeefCheckoff.com*, Retrieved January 15, 2019 from www.beefboard.org/qsbc.asp

³ "About Us." *Kansas Beef Council*, Retrieved January 15, 2019 www.kansasbeef.org/more-information/about-us

⁴ McGraw, Mike, and Lowe, Peggy. "Ranchers Take on the Beef Industry over Mandatory Checkoff Payments." *Kansascity*, The Kansas City Star, 2015, www.kansascity.com/news/business/article7245926.html

⁵ United States, Congress, House. United States Code. Title 7, section 2901(b), Office of the Law Revision Counsel, 15, Jan. 2019, uscode.house.gov

Beef Checkoff Program Organizational Framework

The Cattlemen's Beef Board oversees the Beef Checkoff Program at the federal level. Following a nomination process, cattle producers and beef importers are appointed to the Cattlemen's Beef Board by the secretary of the United States Department of Agriculture (USDA).⁶ The Cattlemen's Beef Board is responsible for the certification of Qualified State Beef Councils.

Federal Regulation 7 CFR 1260 defines Qualified State Beef Councils as follows:

1260.115 Qualified State beef council.

Qualified State beef council means a beef promotion entity that is authorized by State statute or a beef promotion entity organized and operating within a State that receives voluntary assessments or contributions; conducts beef promotion, research, and consumer and industry information programs; and that is certified by the Board pursuant to this subpart as the beef promotion entity in such State.⁷

The Qualified State Beef Councils are the designated agencies responsible for the collection of the \$1.00 federally mandated assessment on every head of cattle sold in the U.S.⁸ Legal issues have been raised as to Qualified State Beef Councils' authority to retain up to 50 cents of the \$1.00 mandatory assessment.⁹ Nevertheless, Qualified State Beef Councils have historically retained 50 cents of the assessment; the remaining 50 cents have been submitted by the Qualified State Beef Councils to the Cattlemen's Beef Board to be expended on approved programs and projects as outlined in the Beef Act.¹⁰

⁶ United States, Congress, House. United States Code. Title 7, section 2904(1), Office of the Law Revision Counsel, 15, Jan. 2019, [uscode.house.gov](https://www.uscode.house.gov)

Beef Research and Information Act, 7 U.S.C. 2904

⁷ "7 CFR § 1260.115 - Qualified State Beef Council." *LII / Legal Information Institute*, Legal Information Institute, www.law.cornell.edu/cfr/text/7/1260.115. CFR 1260.115 2016

⁸ United States, Congress, House. United States Code. Title 7, section 2904(8)(A), Office of the Law Revision Counsel, 15, Jan. 2019, [uscode.house.gov](https://www.uscode.house.gov)

⁹ "Independent Ranchers Seek Injunction of Beef Checkoff Funds in Thirteen More States." *R-CALF USA*, 9 Aug. 2018, www.r-calfusa.com/independent-ranchers-seek-injunction-beef-checkoff-funds-thirteen-states/. R-CALFUSA through litigation has called into question KBC's legal authority to retain the \$0.50. Also, David Pfrang, Kansas cattle producer and David Wright, former Cattlemen's Beef Board member, argue that the Qualified State Beef Councils do not have a "right" to retain the \$0.50, but may only do so if a cattle producer grants them the authority to do so, otherwise the full \$1.00 assessment is submitted to the Cattlemen's Beef Board.

¹⁰ United States, Congress, House. United States Code. Title 7, section 2901-2911, Office of the Law Revision Counsel, 15, Jan. 2019, [uscode.house.gov](https://www.uscode.house.gov)

Does the Kansas Beef Council Meet the Criteria to be a Qualified State Beef Council?

With the passage of the Beef Act, the USDA, through its agency, the Cattlemen's Beef Board, designated the Kansas Beef Council as the Kansas Qualified State Beef Council.¹¹ This designation grants it the authority to collect the beef checkoff assessments in Kansas and administer the funds pursuant to the Beef Act. The Kansas Beef Council should not have been certified, however, because it does not meet the definition of a Qualified State Beef Council as set out in the federal regulations. It is neither an *"entity that is authorized by State statute"* nor is it *"a beef promotion entity organized and operating within a State that receives voluntary assessments or contributions."*

Kansas Beef Council Is Not an Entity That Is Authorized by State Statute

The federal beef checkoff assessment and administration authority has been granted to the Kansas Beef Council by the federal government. But a review of Kansas state statutes demonstrates that the state of Kansas, unlike other states in the region,¹² has not adopted a state statute to govern the collection and administration of the beef checkoff assessments;¹³ therefore, the Kansas Beef Council is not an agency of the state of Kansas and fails to meet the definition as an *"entity that is authorized by state statute."*

Kansas Beef Council Is Not an Entity That Is Organized and Operating Within Kansas That Receives Voluntary Assessments or Contributions

The Kansas Secretary of State Business Entity records show the Kansas Beef Council was registered and formed as a legal business entity on November 17, 2011, by independent Kansas ranchers David Pfrang and James Dobbins. Pfrang was listed as the incorporator and the registered agent. Pfrang and Dobbins were listed as the only board members.¹⁴ In January 2014, Pfrang dissolved the Kansas Beef Council as a legal business entity.¹⁵ As of the date of this briefing paper, no further Kansas incorporation filings have been made.

The Kansas Secretary of State Business Entity Records do disclose the name "Kansas Beef Council" in one of the corporate purpose statements referenced in the Kansas Livestock

¹¹ "Qualified State Beef Councils." *MyBeefCheckoff.com*, Retrieved January 15, 2019 from www.beefboard.org/qsbc.asp

¹² Neighboring states with laws creating a Qualified State Beef Council include Colorado, Missouri, Nebraska, and Oklahoma

¹³ Kansas Statutes Annotated, Retrieved January 15, 2019 from <http://ksrevisor.org/ksa.html>

¹⁴ "Articles of Incorporation." Kansas Secretary of State, Retrieved January 15, 2019 from www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=03051252

¹⁵ "Business Entity Amendment to Dissolve." Kansas Secretary of State, Retrieved January 15, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=03698308

Association's Restated Not For Profit Articles of Incorporation. It states as one of the Kansas Livestock Association's purposes:

3. To establish and oversee task forces, committees, councils, and other entities, including, but not limited to (a) Kansas Beef Council; (b) Kansas Bull Test; (c) Kansas Cattle Women; (d) Kansas Beef Expo and (e) Kansas Junior Livestock Association, all under the control of the Association for the purpose of carrying out the non-profit mission for its membership as determined by the Board of Directors.¹⁶



The review of the state of Kansas business records filing establishes the Kansas Livestock Association controls the Kansas Beef Council and is the actual organized entity collecting the federally mandated beef checkoff assessment, expending the public funds and administering the program in Kansas. Further, a review of the organizational structure of Kansas Livestock Association does not dispute these findings. In fact, a review of the public evidence demonstrates that Kansas

Beef Council is not an entity but rather a trademark name held by Kansas Livestock Association.

Kansas Livestock Association Organizational Structure

Kansas Livestock Association was founded in 1894 to address cattle theft and railroad rates.¹⁷ Since that time, as stated in its Articles of Incorporation, Kansas Livestock Association has focused on livestock and livestock products for the benefit of its membership.¹⁸

While Kansas Livestock Association has had a long history of lobbying,¹⁹ it was not until December 15, 2000, that it indicated lobbying as a stated purpose in its Articles of Incorporation: "To work for and promote a fair legislative, administrative and judicial

¹⁶ Kansas Secretary of State, Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=01919916

¹⁷ "About KLA." *Kansas Livestock Association*. Retrieved September 1, 2019 from www.kla.org/about-kla

¹⁸ "Articles of Incorporation." Kansas Secretary of State, Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=01919916. Also, "Amendment to Articles of Incorporation." Kansas Secretary of State, Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=00032805

¹⁹ "About KLA." *Kansas Livestock Association*, Retrieved September 1, 2019 from www.kla.org/about-kla

climate for livestock producers and represent the interests of the livestock producers in all aspects of government.”²⁰

Over the years Kansas Livestock Association has consolidated its power and influence over Kansas agricultural interests by forming various entities. In 1977, Kansas Livestock Association formed a Kansas Political Action Committee (PAC), which “provides money to campaigns and endorses candidates that are supportive of the policy positions of KLA at the Statehouse.”²¹ Kansas Livestock Association PAC’s organizational filing allowed it to participate politically in the 2018 election cycle and with recent filings it is expected they will participate in the 2020 election cycle. The filings establish Kansas Livestock Association as the “Affiliated or Connected Organization.”²²

In 1993, Kansas Livestock Association launched a risk-management for-profit corporation, KLA Risk Management Services, Inc.²³ In 2001, it formed a for-profit corporation, KLA Environmental Services, an environmental business consulting firm.²⁴ In 2003, it formed Kansas Livestock Association Ranchland Trust, Inc., changing its name to Ranchland Trust of Kansas, Inc. in 2008.²⁵ According to Kansas

Livestock Association’s website, Ranchland Trust is a not-for-profit affiliate of Kansas Livestock Association.

On its website, Kansas Livestock Association claims it formed the Kansas Beef Council in 1973 for the purpose of beef promotion.²⁶ Based on the review of Kansas statutes and business records, Kansas Beef Council does not exist as a governmental entity or state agency, nor as a business entity. Unlike all of the

other Kansas Livestock Association’s listed affiliates, there is simply no evidence the Kansas

...there is simply no evidence the Kansas Beef Council was “formed” as an entity by Kansas Livestock Association.

²⁰ “Amendment to Articles of Incorporation.” Kansas Secretary of State, Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=00032805

²¹ “KLA PAC.” *Kansas Livestock Association*, Retrieved September 1, 2019 from www.kla.org/affiliates/kla-pac

²² “Statement of Organization for Political Action Committees and Political Party Committees.” Retrieved September 1, 2019 from <http://ethics.ks.gov/CFAScanned/PACs/2018ElecCycle/SO/PAC005SO.pdf>

²³ “Affiliates.” *Kansas Livestock Association*, Retrieved September 1, 2019 from www.kla.org/affiliates, also see, “Not for Profit Articles of Incorporation.” Kansas Secretary of State, Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=01873873

²⁴ “Affiliates.” *Kansas Livestock Association*, Retrieved September 1, 2019 from www.kla.org/affiliates, also see, “Articles of Incorporation.” Kansas Secretary of State, Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=00059736

²⁵ “Affiliates.” *Kansas Livestock Association*, Retrieved January 15, 2019 from www.kla.org/affiliates also see, “Articles of Incorporation.” Kansas Secretary of State, Retrieved January 15, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=00765885 and “Name Change Amendment.”

Kansas Secretary of State, Retrieved January 15 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=02205025

²⁶ “Affiliates.” *Kansas Livestock Association*, Retrieved September 1, 2019 from www.kla.org/affiliates

Beef Council was “formed” as an entity by Kansas Livestock Association. However, it is clear Kansas Livestock Association conducts business under the name Kansas Beef Council and is fully and totally in control of those operations.

A review of IRS 990 filings corroborates this finding.²⁷ All nonprofit associations and corporations are required to file an annual IRS 990. A review of IRS records found IRS 990s are filed on behalf of Kansas Livestock Association and the Ranchland Trust of Kansas.²⁸ However, no such filing appears in the records for Kansas Beef Council. The other Kansas Livestock Association affiliates are shown in the Kansas business records as legal for-profit entities and therefore would not file an IRS 990. However, in that they are for-profit affiliates of Kansas Livestock Association, a limited amount of their financial activity is shown on Kansas Livestock Association’s IRS 990 filings.²⁹

**The Kansas Beef Council is not an independent entity,
despite legal requirements.**

An unrelated nonprofit organization, the Kansas Cattlemen’s Association, has shed some light on the existence of the Kansas Beef Council. On its website, the Kansas Cattlemen’s Association states the Kansas Livestock Association’s Kansas Beef Council does have a set of bylaws bearing a title, “Operational By-Laws, Kansas Beef Council An Organization of the Kansas Livestock Association (KLA).” While the bylaws state that the Kansas Beef Council shall operate as “a separate and segregated entity,” the Kansas Cattlemen’s Association’s assessment of section five of the bylaws is that Kansas Livestock Association “has complete and total control over budgets, policies, and major programs KBC develops.”³⁰

The Operational By-Laws Kansas Beef Council (Revised February 16, 2012) Section VI Paragraph 1 states, “All budgets, policies and major programs approved by the KBC

²⁷ For the research a free-access public website was utilized ; <http://foundationcenter.org/find-funding/990-finder>

²⁸ “Kansas Livestock Association IRS Form 990.” *Form 990, 990 Tax Forms | Foundation Center*, Retrieved January 15, 2019 from http://990s.foundationcenter.org/990_pdf_archive/480/480546612/480546612_201612_990O.pdf

&ei=&fy=&action=Search also, “Ranchland Trust IRS Form 990. *Form 990, 990 Tax Forms | Foundation Center*, Retrieved January 15, 2019 from http://990s.foundationcenter.org/990_pdf_archive/611/611460798/611460798_201612_990.pdf

²⁹ “Kansas Livestock Association IRS Form 990.” *Form 990, 990 Tax Forms | Foundation Center*, Retrieved January 15, 2019 from http://990s.foundationcenter.org/990_pdf_archive/480/480546612/480546612_201612_990O.pdf

³⁰ “KCA Membership Speaks Out About Beef Checkoff.” *Kansas Cattlemen's Association - Home*, Kansas Cattlemen's Association - Home, 21 Jan. 2015, Retrieved September 1, 2019 from www.kansascattlemen.com/single-post/2015/01/21/KCA-Membership-Speaks-Out-About-Beef-Checkoff

Executive Committee must be presented to the Board of Directors of the Kansas Livestock Association for approval.”³¹

A Kansas Cattlemen’s Association member who served on the Kansas Beef Council states it this way: “According to the Kansas Beef Council bylaws, all decisions made by the Kansas Beef Council must be approved by the Kansas Livestock Association Board of Directors. So, basically we are an advisory council with no clear firewall between the beef council and the Kansas Livestock Association.”³²

The Kansas Cattlemen’s Association’s analysis of what is contained in the Kansas Beef Council bylaws is consistent with the Kansas Livestock Association’s corporate purpose statement contained in its incorporation filing. Paragraph three clearly states the Kansas Livestock Association’s purpose is to establish and oversee the Kansas Beef Council under the control of the association for the benefit of its members. This purpose statement dictates that the Kansas Beef Council only acts on behalf of the members of Kansas Livestock Association and not on behalf of all the Kansas cattle producers who are mandated to pay the beef checkoff assessment.

Section VII of the Operational By-Laws Kansas Beef Council (Revised February 16, 2012), guarantees Kansas Livestock Association will continue its full control of operations of the Kansas Beef Council by requiring all amendments to the bylaws be approved by the Kansas Livestock Association.

Kansas Beef Council only acts on behalf of the members of Kansas Livestock Association and not on behalf of all the Kansas cattle producers who are mandated to pay the beef checkoff assessment.

According to facts uncovered in a dispute between Kansas Livestock Association and the two Kansas ranchers, David Pfrang and James Dobbins, Kansas Beef Council exists in name only.³³ For several years, Pfrang and Dobbins had questioned the legitimacy of the Kansas Beef Checkoff Program. In an attempt to show that Kansas Beef Council was merely a front for Kansas Livestock Association, Pfrang and Dobbins registered the Kansas Beef Council as a business entity.³⁴ Pfrang registered the Kansas Beef Council in protest for mishandling of beef checkoff revenue. In 2014, he was

³¹ Researchers obtained a copy of the Kansas Beef Council by-laws with a revised date of February 16, 2012, and note that the provision cited by the Kansas Cattlemen’s Association, “Section Five,” is now contained in section VI of the Operational By-Laws Kansas Beef Council.

³² “KCA Membership Speaks Out About Beef Checkoff.” *Kansas Cattlemen's Association - Home*, Kansas Cattlemen's Association - Home, 21 Jan. 2015, Retrieved September 1, 2019 from www.kansascattlemen.com/single-post/2015/01/21/KCA-Membership-Speaks-Out-About-Beef-Checkoff

³³ McGraw, Mike, and Lowe, Peggy. “Ranchers Take on the Beef Industry over Mandatory Checkoff Payments.” *Kansascity*, The Kansas City Star, 2015, www.kansascity.com/news/business/article7245926.html

³⁴ “Articles of Incorporation.” Kansas Secretary of State Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=03051252

sued by Kansas Livestock Association, alleging trademark infringement. Pfrang and Dobbins settled out of court, and in January 2014 they dissolved the legal business entity, Kansas Beef Council.³⁵

A thorough review of the evidence reveals that the Kansas Beef Council is actually the Kansas Livestock Association, which is illegally collecting and administering the federally mandated beef checkoff assessment. The Kansas Beef Council should be disqualified as the designated Qualified State Beef Council in Kansas.

Impact on the Integrity of the Beef Checkoff Program

The existence of a Qualified State Beef Council, which is only a trademark name for a private membership trade and lobbying association and is not accountable to Kansas cattle producers, jeopardizes the very existence of the program.

Lack of Transparency

First and foremost, it is simply deceptive to not disclose the real entity that is collecting the federally mandated assessment with the power to expend the funds and administer the program. Because this is a federal program, USDA is made complicit in the deception.

A thorough review of the evidence reveals that the Kansas Beef Council is actually the Kansas Livestock Association, which is illegally collecting and administering the federally mandated beef checkoff assessment.

Hiding behind its private membership trade and lobbying organizational structure, Kansas Livestock Association claims it is not subject to any government open records requirements or required to release any detailed financial documents.³⁶ This leaves farmers and ranchers in the dark on how Kansas Livestock Association actually spends their mandatory assessment

dollars. Failure to disclose this information breeds contempt for not only the Kansas Beef Checkoff Program, but the Beef Checkoff Program nationally.³⁷

According to the Kansas Public Record statute Chapter 45 Article 1 Section 216 (a), the records of a public entity are free for public inspection. Chapter 45 Article 2 defines a public entity as follows:

³⁵ "Business Entity Amendment to Dissolve." Kansas Secretary of State, Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=03698308

³⁶ McGraw, Mike, and Lowe, Peggy. "Ranchers Take on the Beef Industry over Mandatory Checkoff Payments." *Kansascity*, The Kansas City Star, 2015, www.kansascity.com/news/business/article7245926.html

³⁷ KCPT. "A Beef over Politics." *YouTube*, YouTube, 23 Jan. 2015, www.youtube.com/watch?time_continue=18&v=1m_oBzdyM8o

(f) (1) "Public agency" means the state or any political or taxing subdivision of the state or any office, agency or instrumentality thereof, or any other entity receiving or expending and supported in whole or in part by the public funds appropriated by the state or by public funds of any political or taxing subdivision of the state.

(2) "Public agency" shall not include:

(A) Any entity solely by reason of payment from public funds for property, goods or services of such entity...³⁸

Based on the Kansas Statutes and from a review of the financial information contained in its IRS 990,³⁹ Kansas Livestock Association appears to be justified in the position that it is not subject to the Kansas open records law.

Over the years, a number of individuals have tried to obtain information on how the Kansas Beef Checkoff funds are being administered, but Kansas Livestock Association has refused to acknowledge their requests.

Unable to receive any documentation on how the Kansas beef checkoff funds were being expended, David Pfrang and James Dobbins filed a corporation in the name of the Kansas Beef Council. Instead of obtaining information on how the funds were being expended, they were forced to spend their own money to defend against the legal actions of the organization that is collecting and administering their tax dollars.

Kansas checkoff funds are not subject to transparency requirements such as FOIA and IRS 990s.

Kansas Cattlemen's Association is highly respected among independent Kansas cattle producers.⁴⁰ Its members are cattle producers who support a checkoff, just not the current administration of the funds. "KCA and its members have made many requests to see financial details with regard to how the KLA ultimately spends the KBC assessments. With

³⁸ "Records Open to the Public." Kansas Statutes Annotated, Retrieved September 1, 2019 from http://ksrevisor.org/statutes/ksa_ch45.html

³⁹ "Kansas Livestock Association IRS Form 990." *Form 990, 990 Tax Forms | Foundation Center*, Retrieved January 15, 2019 from http://990finder.foundationcenter.org/990results.aspx?990_type=&fn=Kansas+Livestock+Association&st=KS&zp=&ei=&fy=&action=Search

⁴⁰ Interview with David Pfrang and James Dobbins, May 2018 and January 2019; Interview with Mike Callicrate, October 2018; Meeting and interview Kansas Cattlemen's Association, January and July 2019

many rejected requests for this information, members of KCA voice their concern about how their checkoff funds are spent..."⁴¹

Reporters Mike McGraw and Peggy Lowe were also refused a breakdown of the Kansas Beef Council finances, including travel costs and specific salaries of officials. Instead McGraw and Lowe were referred to annual reports and audits that are void of such information.⁴² It should be noted that the Kansas Beef Council reports and audits are not available on the Kansas Beef Council webpage, as checkoff reports are in other states.

Absent transparency there is no assurance that Kansas Livestock Association is properly managing and spending federal checkoff assessments. What is certain is that its mission is to benefit its members and not all Kansas cattle producers who are mandated to pay the assessment.⁴³ It does not even list beef promotion or research among its missions, even though 76% of its budget is derived from the beef checkoff assessment (\$9,347,357 of the \$12,886,401 total revenue is shown on its IRS 990 as coming from Beef Promotion/Checkoff).⁴⁴ Further, only members of the Kansas Livestock Association have a say in how the assessment revenues are managed and spent.⁴⁵ Yet less than 25% of Kansas cattle producers are its members.⁴⁶

Lack of Accountability

A review of publicly available information, including the Kansas Livestock Association IRS 990 and Kansas Livestock Association webpage, National Cattlemen's Beef Association webpage and annual report, and the Cattlemen's Beef Board webpage and annual report, raises grave concerns as to the influence beef checkoff revenues have over Kansas Livestock Association's overall business and its ability to continue to hold itself out as the voice of the Kansas cattle producers. Three out of four Kansas cattle producers are not represented by Kansas Livestock Association policies.

⁴¹ "KCA Membership Speaks Out About Beef Checkoff." *Kansas Cattlemen's Association - Home*, Kansas Cattlemen's Association - Home, 21 Jan. 2015, Retrieved September 1, 2019 from www.kansascattlemen.com/single-post/2015/01/21/KCA-Membership-Speaks-Out-About-Beef-Checkoff

⁴² McGraw, Mike, and Lowe, Peggy. "Ranchers Take on the Beef Industry over Mandatory Checkoff Payments." *Kansascity*, The Kansas City Star, 2015, www.kansascity.com/news/business/article7245926.html

⁴³ "Articles of Incorporation." Kansas Secretary of State Retrieved September 1, 2019 from http://www.sos.ks.gov/CM_ServiceWM/displaydocuments.aspx?DocID=01919916

⁴⁴ "Kansas Livestock Association IRS Form 990." *Form 990, 990 Tax Forms | Foundation Center*, Retrieved January 15, 2019 from http://990finder.foundationcenter.org/990results.aspx?990_type=&fn=Kansas+Livestock+Association&st=KS&zp=&ei=&fy=&action=Search

⁴⁵ *ibid.*

⁴⁶ USDA National Agriculture Statistic Services, Agriculture Census (2012) Retrieved September 1, 2019 from https://www.nass.usda.gov/Publications/AgCensus/2012/Full_Report/Volume_1_Chapter_1_State_Level/Kansas/st20_1_01_7_019.pdf also see, "About KLA." *Kansas Livestock Association* Retrieved September 1, 2019 from www.kla.org/about-kla

Kansas Livestock Association controls or owns several affiliate organizations, including an established political action committee. Its activities and organizational structure are so commingled among its affiliates and the beef checkoff revenues, that producers have no clear understanding of how its revenues are being expended and to whose benefit.

Like reporters Lowe and McGraw, Mike Callicrate, a Kansas cattle producer, raised the issue about Kansas Livestock Association salaries being subsidized by beef checkoff funds.⁴⁷ A review of Kansas Livestock Association's IRS 990 only raises more questions. Five employees are listed on the Kansas Livestock Association's Kansas Beef Council webpage as Kansas Beef Council employees; however, because the Kansas Beef Council is not a separate entity, these five employees are in reality employees of Kansas Livestock Association.⁴⁸ The only salary data available for Kansas Beef Council employees is found on the Kansas Livestock Association's IRS 990 for the Kansas Beef Council Executive Director, Kevin Thielen. The 2016 IRS 990 indicates Mr. Thielen received \$116,950 from Kansas Livestock Association and an additional \$25,041 from the organization and related organizations (one of the other Kansas nonprofit or for-profit affiliates).⁴⁹ Because Kansas Livestock Association has refused to release any other requested salary information, there is no way to tell if Mr. Thielen's salary is paid in whole or in part by federally mandated beef checkoff assessments. Nor is there any way to know the compensation of the other listed Kansas Beef Council employees or from what funds they are paid.

Only members of the Kansas Livestock Association have a say in how the assessment revenues are managed and spent.

⁴⁷ Callicrate, Mike. "Kansas Livestock Association Hijacks State's Beef Checkoff." *Mike Callicrate | No-Bull Food News*, 13 Apr. 2011, <https://nobull.mikecallicrate.com/2011/04/12/kla-hijacks-beef-checkoff/>

⁴⁸ "Contact Us". *Kansas Beef Council* Retrieved September 1, 2019 from <https://www.kansasbeef.org/more-information/contact-us>

⁴⁹ "Kansas Livestock Association IRS Form 990." *Form 990, 990 Tax Forms | Foundation Center*, Retrieved January 15, 2019 from http://990finder.foundationcenter.org/990results.aspx?990_type=&fn=Kansas+Livestock+Association&st=KS&zp=&ei=&fy=&action=Search

The Kansas Livestock Association 2016 IRS 990 shows a total of eight employees listed in Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. The total compensation for these eight employees totals \$1,466,943. For 2016, the highest compensated employee is Kansas Livestock Association's former executive

Three out of four Kansas cattle producers are not represented by Kansas Livestock Association policies.

director, Thomas D. Likes. He is shown as having received total compensation of \$277,128 for what was reported as only one hour of work per week.⁵⁰ When he was executive director, he had reached an annual salary of over \$1,000,000.⁵¹

Reports clearly indicate Mr. Likes lobbies for the Kansas Livestock Association and represents the Kansas Beef Council.⁵² But again, there is no way to know how much he is paid, if anything, from the federally mandated beef checkoff assessment. Because Kansas Livestock Association has refused to release expenditure details to include salaries, there is simply no way to ensure from what funds any Kansas Livestock

Association employee is being paid. And for the majority of those reported by Kansas Livestock Association as employees of Kansas Beef Council, producers cannot tell how much they are compensated.

The IRS only requires that officers, directors, key employees, and highest-compensated employees' income be reported. If as required by federal law, Kansas Beef Council was a separate entity, additional salary information would have to be released to the public through IRS filings.

An Attempt to Piece Together Kansas Beef Checkoff Spending from the Limited Information Available

The limited financial information Kansas Livestock Association reports and its unwillingness to release additional information, raises questions as to whether Kansas Livestock Association is properly managing the Kansas Beef Checkoff Program.

The dollar amounts reported in the 2016 annual report of the federal Cattlemen's Beef Board show that Kansas transferred \$3,448,338 to that entity. Based on the existing practice of a State Qualified Beef Council retaining up to half of the checkoff funds it collects, it is reasonable to conclude that Kansas collects no more than \$6,898,676 dollars

⁵⁰ *ibid.*

⁵¹ McGraw, Mike, and Lowe, Peggy. "Ranchers Take on the Beef Industry over Mandatory Checkoff Payments." *Kansascity*, The Kansas City Star, 2015, www.kansascity.com/news/business/article7245926.html

⁵² *ibid.*

in checkoff assessments, of which it sends half to the Cattlemen's Beef Board and retains the other half.

However, on its 2016 IRS 990 Part VII, Statement of Revenue, Kansas Livestock Association reported \$9,347,357 as revenue from "Beef Promotion/Checkoff."⁵³ This amount is in line with what others have reported as the federally mandated beef checkoff revenue Kansas collects from the over 24,000 Kansas cattle producers.⁵⁴ If this amount is correct, then the dollars forwarded by Kansas to the Cattlemen's Beef Board fall short of half (\$0.50) by \$1,224,340.50.

Further, the Kansas Livestock Association's IRS 990 provides almost no detailed information that would allow this issue to be resolved. Part IX, Statement of Functional Expenses simply lists Kansas Beef Council expense of \$9,269,582 with no further detail.⁵⁵ This disclosed expense amount is \$77,775 short of the total amount of Beef Promotion/Checkoff revenue disclosed on the IRS 990. This type of discrepancy contributes to the concern and discontent among those who are paying into the Kansas Beef Checkoff Program.

Additionally, its IRS 990 states that Kansas Livestock Association had \$2,297,535 in "collections received to be remitted to other states." The Cattlemen's Beef Board has indicated states such as Kansas have in-state sales of cattle that originated from different states. If this is what the Kansas Livestock Association's IRS 990 is referencing, the \$1.00 per head federal assessment is being collected for the sale of cattle in Kansas and then submitted by Kansas Livestock Association to the Qualified State Beef Council of the state where the cattle originated.⁵⁶ Any such funds should be deducted from the \$9,347,357 dollars in Beef Promotion/Checkoff revenue reported by Kansas Livestock Association when making a calculation of how many dollars Kansas Livestock Association should have transferred to the Cattlemen's Beef Board. That

It is impossible to fully determine how Kansas beef checkoff funds are spent, but even the limited information available reveals financial irregularities.

⁵³"Kansas Livestock Association IRS Form 990." *Form 990, 990 Tax Forms* | *Foundation Center*, Retrieved January 15, 2019 from http://990finder.foundationcenter.org/990results.aspx?990_type=&fn=Kansas+Livestock+Association&st=KS&zp=&ei=&fy=&action=Search

⁵⁴ McGraw, Mike, and Lowe, Peggy. "Ranchers Take on the Beef Industry over Mandatory Checkoff Payments." *Kansascity*, The Kansas City Star, 2015, www.kansascity.com/news/business/article7245926.html also see, USDA National Agriculture Statistic Services, Agriculture Census (2012) Retrieved January 15, 2019 from https://www.nass.usda.gov/Publications/AgCensus/2012/Full_Report/Volume_1,_Chapter_1_State_Level/Kansas/

⁵⁵"Kansas Livestock Association IRS Form 990." *Form 990, 990 Tax Forms* | *Foundation Center*, Retrieved January 15, 2019 from http://990finder.foundationcenter.org/990results.aspx?990_type=&fn=Kansas+Livestock+Association&st=KS&zp=&ei=&fy=&action=Search

⁵⁶ Telephone Interview with Cattlemen Beef Board November 2018.

calculation results in the following: $\$9,347,357 - \$2,297,535 = \$7,049,822$ (amount of federal assessments collected on cattle originating in Kansas from Kansas cattle producers). Using this sum as a basis for calculating the amount of dollars to be transferred to the Cattlemen's Beef Board results in $\$3,534,911$. While this calculation produces a number closer to the amount shown by Cattlemen's Beef Board as having been transferred, $\$3,448,338$, it still is not an accurate accounting. The difference is $\$86,573$ fewer dollars transferred to the Cattlemen's Beef Board.

As previously explained, it is the practice of Qualified State Beef Councils, whether legal or not, to retain half of the $\$1.00$ federally mandated assessments. Based on the calculations above, the amount Kansas Livestock Association retains for its own purposes ranges from $\$3,448,338$ to $\$3,534,911$. Because of the lack of transparency, detailed financial information is not available to conclude how this money is spent, to whose benefit, if it is being spent in accordance with federal law, or if it is even an accurate dollar amount.

However, the National Cattlemen's Beef Association website does shed light on how most of the retained funds were spent in 2016 by Kansas Livestock Association.⁵⁷ The National Cattlemen's Beef Association's Federation Investor's report indicates Kansas Livestock Association paid the Federation $\$2,300,757$ dollars that year. The Federation is a division of the National Cattlemen's Beef Association, which is a national trade and lobbying organization. Kansas Livestock Association is an affiliate of the National Cattlemen's Beef Association. According to David Wright, former Cattlemen Beef Board member, in a pay-to-play scheme, Qualified State Beef Councils pay for Federation board seats, allowing them to have significant control over how the Cattlemen's Beef Board expends nearly $\$40,000,000$ in beef checkoff funding. For $\$2,300,757$, Kansas purchased nine National Cattlemen's Beef Association Federation board seats in 2016.

Kansas Livestock Association policy positions harm independent cattle producers.

Looking back further, a 2012 signed memorandum between Kansas Livestock Association and its Kansas Beef Council states that in 2012, $\$208,000.00$ of the beef checkoff funds retained were used by Kansas Livestock Association as reimbursement from "the Council for support (communications, printing, storage, data processing, office manager, accounting, and clerical support), services and office machine...." Further, in 2012, Kansas Livestock Association was paid $\$72,586.00$ for 3,303.86 square feet of office space for the five Kansas Beef Council employees. This total reflects $\$21.97$

⁵⁷ "State & National Partnership The Federation of State Beef Councils 2016 Investor Report." *Beefusa.org*, National Cattlemen's Beef Association, 2016, www.beefusa.org/CMDocs/BeefUSA/2016%20Federation%20Investor%20Report.pdf

per square foot per year rental cost.⁵⁸ Comparing the total number of square feet to standard guidelines for a per employee office space allocation results in Kansas Livestock Association being reimbursed for almost twice as much space as they should be.⁵⁹ Further, the per square foot rental cost exceeds the cost of renting office space in Topeka, Kansas, today.⁶⁰ This analysis leads some Kansas cattle producers to conclude that Kansas Livestock Association is charging the Kansas Beef Checkoff Program an amount that covers the full cost of Kansas Livestock Associations office building cost to include operations other than the Kansas Beef Checkoff Program.⁶¹

What would seem to be a basic financial question of how much money Kansas Livestock Association collects in beef checkoff assessments, how much it should transfer to the Cattlemen's Beef Board, and how it spends mandatory federal assessments it chooses to retain becomes a complex set of speculations. For a taxing entity, it should not be this way.

Kansas Livestock Association Lobbying against Cattle Producers Only Further Builds Hostility and Discontent

Further fueling this fire of discontent is the fact that Kansas Livestock Association lobbies government on various policy issues on behalf of its membership. In its lobbying effort, Kansas Livestock Association often takes positions counter to those of many independent cattle producers.⁶² These Kansas Livestock Association policy positions harm independent cattle producers.

The Kansas Livestock Association presents itself and its Kansas Beef Council trademark as two organizations. Having a named Qualified State Beef Council like Kansas Beef Council that is controlled by a private membership trade and lobbying organization has been dubbed a "Two Hat State" structure.⁶³ As outlined in the McGraw and Lowe, "On one day, Likes could wear his Kansas Livestock Association hat, lobbying a state legislator over lunch. Later the same day, he could wear his Kansas Beef Council hat, riding herd over checkoff dollars." Such behavior captures the conflict of interest when high-level executives and employees who control the Qualified State Beef Council simultaneously operate a private membership trade and lobbying association.

⁵⁸ Researchers obtained a copy of this memorandum and maintains it on file. OCM will release this memorandum upon a written request.

⁵⁹ "Office Space Calculator." *Office Space Allocations per Person and Tenant's Rules of Thumb*, www.officefinder.com/officespacecalc.html.

⁶⁰ "Topeka, KS Office Space for Lease." *LoopNet*, www.loopnet.com/kansas/topeka_office-space-for-lease/.

⁶¹ Interview with David Pfrang January 2019.

⁶² McGraw, Mike, and Lowe, Peggy. "Ranchers Take on the Beef Industry over Mandatory Checkoff Payments." *Kansascity*, The Kansas City Star, 2015, www.kansascity.com/news/business/article7245926.html

⁶³ *ibid*.

Two Hat organizations like Kansas Livestock Association argue there is a firewall that protects against abuse of the Beef Checkoff Program and its funds. But one cannot build a firewall that separates the actions or influence of a common chief executive or key staff and their lobbying and trade organization from the Qualified State Beef Council actions and programs. Indeed, as reported by the Kansas Cattlemen’s Association there is “no clear firewall” between operations.⁶⁴

Their Two Hat conflict of interest provides Kansas Livestock Association with undue influence to push policy at both the state and federal levels. Kansas Livestock Association has advocated for policies that are widely considered harmful to independent family farmers and ranchers. These issues include opposition to Country of Origin Labeling (COOL), supporting the ratification of the U.S.-Mexico-Canada Trade Agreement (the USMCA does not include a provision for COOL), and opposing the Farmer Fair Practices Rules, or GIPSA Rules.⁶⁵

Kansas Livestock Association has advocated for policies that are widely considered harmful to independent family farmers and ranchers.

The fact that Kansas Livestock Association is Kansas Beef Council provides Kansas Livestock Association a leg up in its lobbying efforts when its leadership lobbies Congress or the State House on specific policy issues. Policy makers cannot know who is in their office pushing the policy. Is it the voice of the Kansas Beef Council, an organization that is held out as representing all Kansas cattle producers, or is it the Kansas Livestock Association, which represents less than 25% of the Kansas cattle producers? This creates a conflict of interest between the lobbying entity and the government speech program.⁶⁶

There is a clear but unchecked conflict of interest between checkoff lobbying and government funding.

Through its growth of affiliates Kansas Livestock Association has consolidated the platforms and voices of the Kansas livestock industry. With the millions of dollars in federally mandated assessments, it is able to buy advertisements and conduct extensive community outreach and brand building for itself. This includes

⁶⁴“KCA Membership Speaks Out About Beef Checkoff.” *Kansas Cattlemen's Association - Home*, Kansas Cattlemen's Association - Home, 21 Jan. 2015, Retrieved January 15, 2019 from www.kansascattlemen.com/single-post/2015/01/21/KCA-Membership-Speaks-Out-About-Beef-Checkoff, also, Interview with Perry Owens January 2019
⁶⁵Callicrate, Mike. “Kansas Livestock Association Hijacks State's Beef Checkoff.” *Mike Callicrate | No-Bull Food News*, 13 Apr. 2011, <https://nobull.mikecallicrate.com/2011/04/12/kla-hijacks-beef-checkoff/>, also, Kansas Livestock Association. “KLA Membership Approves Policy on a Wide Range of Issues.” *Kansas Livestock Association*, 3 Dec. 2018, www.kla.org/news-center/news-releases/news/details/10908/kla-membership-approves-policy-on-a-wide-range-of-issues, and also, Kansas Livestock Association. “KLA Members Approve Resolutions Addressing Business Issues.” *Kansas Livestock Association*, 4 Dec. 2017, www.kla.org/news-center/news/details/8428/kla-members-approve-resolutions-addressing-business-issue
⁶⁶ This is a reference to the decision handed down by the U.S. Supreme Court in *Johanns v. Livestock Marketing Association*, 544 U.S.550

work with Kansas State University, where Kansas Livestock Association co-brands events with Kansas State University and uses the event to present its legislative update.⁶⁷ This gives the association what many would consider ill-gotten influence that can be leveraged for the advancement of its for-profit affiliates. Kansas Livestock Association claims to be the voice of the Kansas cattle producer while representing less than a quarter of the cattle producers.

Ranchers like David Pfrang have fought against Kansas Livestock Association's abuse of the voice of the Kansas Beef Council. Many small ranchers like Pfrang and Dobbins are upset that Kansas Livestock Association takes an active role in lobbying against the mandatory Country of Origin Labeling (COOL) of meat products. According to Pfrang, the "beef products of the USA" are largely imported from up to a dozen countries, including Brazil, Mexico, and Canada, because "imported beef is cheaper to buy" and can later be sold at the same price as domestic beef. If this foreign beef passes through a USDA-inspected plant and is repackaged it may be marketed as "Product of U.S.A." and sold as such, taking away U.S. consumers' right to choose American products.⁶⁸

But Kansas Livestock Association continues to support transnational meatpackers' position against family farmers and ranchers by opposing COOL. Kansas Livestock Association has a conflict of interest. It should not be able to wear the hat of the Kansas Beef Council, gain the benefits from those resources, and then use it to work against them with the policy positions it takes.

Not unlike David Pfrang and James Dobbins, Kansas cattle producer Mike Callicrate has been an outspoken voice against Kansas Livestock Association's lock on the Kansas beef checkoff dollars. As early as 2011, Callicrate raised concerns about how Kansas Livestock Association uses the undue influence checkoff funds give it to advocate against policies and programs that would help independent family farmers and ranchers like himself.⁶⁹

The federal government mandates Kansas independent cattle producers, like [David] Pfrang, pay assessments to a tax collector that is a private membership trade and lobbying organization.

Kansas Livestock Association gains additional undue influence, and is guilty of conflict of interest, when the Kansas Beef Council is wholly controlled by a private membership trade

⁶⁷ "Events & Meetings." *Kansas Livestock Association*, www.kla.org/events-meetings, in March 2019 alone the Kansas Livestock Association Calendar included two events with Kansas State University, K-State Cattlemen's Day in Manhattan and K-State Stockgrowers Field Day <https://www.postrock.k-state.edu/news/Stock%20Growers%20Initial%20Flyer.pdf>.

⁶⁸ "Food Safety Inspection Services Product of the U.S.A. Petition." Organization for Competitive Markets Retrieved January 15, 2019 from <https://competitivemarkets.com/wp-content/uploads/2018/06/FSIS-petition.pdf>

⁶⁹ Callicrate, Mike. "Kansas Livestock Association Hijacks State's Beef Checkoff." *Mike Callicrate | No-Bull Food News*, 13 Apr. 2011, <https://nobull.mikecallicrate.com/2011/04/12/kla-hijacks-beef-checkoff/>

and lobbying association that manages a political action committee which endorses and contributes to political candidates.

A review of the Kansas Livestock Association's affiliate webpage proudly shows the Kansas Beef Council on the same page as the Kansas Livestock Association PAC.⁷⁰ Kansas Livestock Association goes about its political business and writes campaign checks and supports candidates while still wearing the Hat of the Kansas Beef Council.

In the minds of the independent cattle producers this equals taxation without representation.

A final point of discontent among cattle producers highlighted by David Pfrang is that as a non-Kansas Livestock Association member he and other non-members have "lost some freedom and we're not being represented."⁷¹ The facts bear this statement out. The federal government mandates Kansas independent cattle producers, like Pfrang, pay assessments to a tax collector that is a private membership trade and lobbying organization. Kansas Livestock Association outlines in its IRS 990 filings that the membership approves the significant decisions of the governing body. The membership elects the governing body, the association's incorporation filings make it clear it supports policies that benefit its membership, and the bylaws state that the Kansas Livestock Association calls the shots of the Kansas Beef Council. In the minds of the independent cattle producers this equals taxation without representation.⁷²

This Two Hat arrangement works against the best interest of the Beef Checkoff Program by pitting farmers against each other on critical policy issues, political candidate elections, and taxation.

At a minimum, this Two Hat arrangement is building discontent and hostility among independent cattle producers who would otherwise be happy with the Beef Checkoff Programs. It casts a dark cloud over the national Beef Checkoff Program and runs the risk of jeopardizing the whole program. Even worse, it may be that the Kansas Qualified State Beef Council with its federally mandated assessments is allowing Kansas Livestock

⁷⁰ "KLA PAC." *Kansas Livestock Association*, Retrieved September 1, 2019 from www.kla.org/affiliates/kla-pac

⁷¹ McGraw, Mike, and Lowe, Peggy. "Ranchers Take on the Beef Industry over Mandatory Checkoff Payments." *Kansascity*, The Kansas City Star, 2015, www.kansascity.com/news/business/article7245926.html

⁷² Lowe, Peggy, and McGraw, Mike. "Beef: It's What's For Dinner, And For Fueling A Rancher's Rebellion." *KUNC*, Harvest Media, 21 Jan. 2015, www.kunc.org/post/beef-its-whats-dinner-and-fueling-ranchers-rebellion#stream/0, also, KCPT. "A Beef over Politics." *YouTube*, YouTube, 23 Jan. 2015, www.youtube.com/watch?time_continue=18&v=1m_oBzdyM8o

Association to pad its salaries, beef up its staffing needs, and allow it to further concentrate the agriculture livestock interests in Kansas. We just cannot know the truth because Kansas Livestock Association is a private membership trade and lobbying association that refuses to provide the information necessary to answer the questions and resolve the issues.

Conclusion

There is not a Kansas state law recognizing or granting Kansas Livestock Association authority to function as a Qualified State Beef Council. Its Kansas Beef Council trademark does not meet the federal definition and requirements to be the state's designated Qualified State Beef Council. Kansas Livestock Association proudly admitted that "Kansas Beef Council" is merely its trademark in a 2014 trademark infringement case filed against ranchers David Pfrang and James Dobbins. Kansas Livestock Association has used the Kansas Beef Council resources to build its influence to lobby against the interests of cattle producers and to further concentrate its power in its development of affiliate organizations.

A gross lack of transparency and accountability of the federally mandated beef checkoff assessments has led to a genuine distrust of the checkoff program among the independent farmers and ranchers, who are mandated to pay a portion of their "cattle check" to an entity that lobbies against them. Currently these independent cattle producers support a Beef Checkoff Program, but the distrust and hostility that exists threatens its very existence.

Recommendations

For these reasons United States Department of Agriculture and the Cattlemen's Beef Board should disqualify the Kansas Beef Council as the Kansas Qualified State Beef Council. All federally mandated Beef Checkoff assessments should be paid directly to the Cattlemen's Beef Board until such time as the Kansas Legislature enacts legislation to provide for a Qualified State Beef Council that is transparent and representative of all of the cattle producers in Kansas.