

August 4, 2010

Honorable Tom Vilsack
United States Secretary of Agriculture
1400 Independence Ave SW
Washington, D.C. 20250

The Honorable Eric Holder
United States Attorney General
U.S. Department of Justice
950 Pennsylvania Ave NW
Washington, DC 20530-0001

The Honorable Phyllis K. Fong
USDA Office of Inspector General
Room 117-W Jamie Whitten Bldg
1400 Independence Ave SW
Washington, DC 20250

Via Facsimile and E-mail

Re: Urgent Request to Protect Against Misuse of Beef Checkoff Funds

Dear Secretary Vilsack, Attorney General Holder, and Inspector General Fong:

Several of the undersigned organizations wrote you in June 2010 to support “any action by the United States Department of Agriculture (USDA) that would lead to the separation of NCBA [National Cattlemen’s Beef Association] from the Federation of State Beef Councils.” Our letter was based on our strong belief that the firewall between the policy side of NCBA and the Federation of State Beef Councils division of NCBA (Federation) was inadequate and ineffective and that the Beef Checkoff Program (Checkoff) is being operated in violation of the Beef Promotion and Research Act. Our letter was written without the benefit of the July 23, 2010, Independent Accountant’s Report (Accountant’s Report), which was completed pursuant to a directive by the Cattlemen’s Beef Promotion and Research Board (CBB).

Based on the findings of the Accountant’s Report, we, the undersigned organizations, each representing members who contribute to the Checkoff, urge you to take decisive action to protect against the misuse of those funds.

Specifically, we request that USDA:

1) immediately freeze all Checkoff accounts managed or controlled by NCBA;

- 2) immediately suspend the Checkoff contract between NCBA and the CBB;
- 3) immediately conduct a full and complete investigation and audit into NCBA's fiscal management of Checkoff funds for a period to include at least the past five years (the investigation must go well beyond the small sampling of transactions reviewed in the Accountant's Report);
- 4) take any and all action necessary to both redress any violations, non-compliance, and fraud that may be discovered, and reimburse the Checkoff in full for each dollar that may be found to have been misappropriated; and,
- 5) take action to completely separate the NCBA from the Federation of State Beef Councils.

In support of our request, we cite below only a small sample of the Accountant's Report findings (which, too, were based only on a sample of transactions) that involve thousands of dollars and provide USDA with more than a reasonable justification for taking the decisive action we recommend to preserve the integrity of the Checkoff for the hundreds of thousands of U.S. cattle producers who not only expect, but also deserve, to have their mandated Checkoff contributions allocated in accordance with the law.

The Accountant's Report found, for example:

1. NCBA charged the overhead cost pool (which is allocated to the Checkoff) more than \$16,000 for overhead costs associated with NCBA's policy related expenses.
2. An NCBA employee charged time to the Checkoff for attending NCBA's Charity Golf Tournament.
3. A Senior NCBA staff member expensed travel costs totaling \$3,592 related to his spouse's travel to New Zealand and his spouse's and child's travel to San Antonio, Texas, to the overhead cost pool for the Checkoff.

These three examples substantiate the seriousness of this matter and reinforce the conclusion by the CBB that the Accountant's Report "clearly indicates that NCBA breached the financial firewall during the periods tested . . ."

This conclusion also substantiates our collective concern: NCBA's lobbying influence is facilitated by, and greatly enhanced by, its receipt of National Beef Checkoff Program dollars that are being used unlawfully to defeat public policy initiatives viewed as critically important to many, if not most, U.S. cattle producers, and to advance public policy initiatives that are viewed by many, if not most, U.S. cattle producers as detrimental to their financial interests.

For the reasons listed above, we respectfully request that USDA take the immediate, decisive actions we recommend to protect against the misuse of the National Beef Checkoff

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Program. The hard-working men and women involved in the U.S. cattle industry and who annually make their mandatory financial contributions to the National Beef Checkoff Program deserve no less.

Sincerely,

American Agriculture Movement
BueLingo Beef Cattle Society
Cattle Producers of Washington
Colorado Independent CattleGrowers Association
Dakota Rural Action
Independent Beef Association of North Dakota (I-BAND)
Independent Cattlemen of Iowa
Independent Cattlemen of Nebraska
Independent Cattlemen of Wyoming
International Texas Longhorn Assn
Intertribal Agricultural Council
Kansas Cattlemen's Association
Land Stewardship Project, MN
Michigan Farmers Union
Mississippi Livestock Markets Association
Missouri Farmers Union
National Farmers Organization
Nevada Live Stock Association
Oregon Livestock Producers Association
Organization for Competitive Markets (OCM)
Powder River Basin Resource Council
R-CALF USA
Rocky Mountain Farmers Union
Rural Coalition/Coalición Rural
South Dakota Stockgrowers Association
Texas Longhorn Breeders Association of America
Texas Longhorn Marketing Alliance
Western Organization of Resource Councils
World Watusi Association

For more information, or to contact any of the above-signed organizations, contact R-CALF USA at 406-252-2516.

CC: The Honorable Edward Avalos
The Honorable John Ferrell
Tom Ramey, CEO, CBB