

*Fighting for the U.S. Cattle Producer!*



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January 17, 2011

Honorable Tom Vilsack  
United States Secretary of Agriculture  
U.S. Department of Agriculture  
1400 Independence Ave., S.W.  
Washington, D.C. 20250

The Honorable Eric Holder  
United States Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, 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 Deny Final NCBA/CBB Resolution Regarding NCBA's Misuse of Beef Checkoff Dollars; Request for Immediate Suspension of NCBA's Contract Pending a Thorough Investigation Into NCBA's Misuse of Beef Checkoff Dollars**

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

We urge you to deny the Cattlemen's Beef Promotion and Research Board's (CBB's) Jan. 7, 2011 request for approval of the final resolution between the CBB and the National Cattlemen's Beef Association (NCBA), contractor to CBB, NCBA's misuse of hundreds of thousands of Beef Checkoff Program (Checkoff) dollars. Instead, we urge you to immediately suspend NCBA's contract with CBB pending a full and complete investigation into NCBA's misuse of Checkoff dollars.

The final resolution by CBB regarding NCBA's misuse of Checkoff dollars calls for NCBA to reimburse CBB the amount of \$216,944. This amount was determined based on improprieties initially identified by a July 2010 compliance review conducted by Clifton Gunderson (CG). Though the CG compliance review covered only a sampling of actual financial transactions, CBB's finding of \$216,944 in improper expenditures by NCBA is intolerable.

In documents supporting the final resolution, CBB identifies NCBA actions that violate the Beef Promotion and Research Act of 1985 (the Act), the Beef Promotion and Research Order (the Order), and the contract between NCBA and the Beef Promotion Operating Committee (BPOC). These serious violations represent disrespect and disdain by NCBA for its legal obligations to the Checkoff and to the hundreds of thousands of cattle producers required to pay into the Checkoff. The CBB found that NCBA used thousands of Checkoff dollars to: 1) pay legal fees to maintain NCBA; 2) pay NCBA's credit card fees; 3) pay employee's time for non-

Checkoff activities; 4) pay for employees to participate in NCBA's charity golf tournament; 5) pay for spouses' travel; 6) pay for meetings, travel, and speaker costs for non-Checkoff activities; and, 7) pay for expenses incurred by NCBA's policy division, which is the non-Checkoff division that advances the organization's political and policy objectives.

The supporting documents also reinforce what many cattle producers believe – that the Federal Government is subsidizing NCBA's political and policy agenda with Checkoff dollars. We are deeply concerned that while CBB's acknowledges that NCBA charged the Checkoff for expenses incurred during activities involving both Checkoff and NCBA policy elements, it has nevertheless decided not to demand reimbursement for NCBA policy activities within its final resolution, even when all expenses were found to have been charged to the Checkoff.

The Federal Government must avoid even the appearance of subsidizing a political association such as the NCBA through Checkoff dollars. However, the effect of approving the final resolution likely would confirm concerns that subsidization is ongoing. Because NCBA's use of certain Checkoff funds has been identified as improper by CBB, the reimbursement proposed in the final resolution would appear to constitute a no-interest bearing loan to NCBA by the Checkoff for several improper expenditures. For several other improper expenditures, including those that involve a political or policy element, the CBB appears to have agreed that NCBA does not need to reimburse the Checkoff, regardless of the percentage of time or resources that were actually attributable to such inappropriate activities.

We note NCBA is intimately involved in federal election campaign politics as evidenced by the attached political advertisements in direct opposition to U.S. Senator Michael Bennet and several former U.S. representatives. The approval of the final resolution, particularly the proposal to take no remedial action regarding NCBA's longstanding application of a 50/50 travel expense allocation between the Checkoff and NCBA's policy division for NCBA officers, will ensure that the Federal Government's subsidization of NCBA included providing NCBA a sizable subsidy to assist it in defeating federal political candidates.

The NCBA has violated the trust of every U.S. cattle producer required to pay into the Checkoff. The final resolution shows NCBA has committed numerous wrongful and unlawful acts of charging the Checkoff for improper and ineligible activities. Strong action must now be taken to restore confidence in the Checkoff for U.S. cattle producers. We urge you to conduct a comprehensive investigation and suspend NCBA's eligibility to contract with CBB until the investigation has been completed and the findings reviewed and approved.

Sincerely,



R. M. (Max) Thornsberry, D.V.M., President

Attachment