Review of Implementation of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Testimony

of the

Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA)

to the

United States House of Representatives, Committee on Agriculture, Subcommittee on General Farm Commodities and Risk Management

February 15, 2011

Presented By

Bill Bullard
CEO, R-CALF USA

P.O. Box 30715
Billings, MT 59107
Phone: 406-252-2516
Cell: 406-670-8157
Fax: 406-252-3176
e-mail: billbullard@r-calfusa.com
Web site: www.r-calfusa.com

Good afternoon Chairman Conaway, Ranking Member Boswell, and Members of the Subcommittee. I am Bill Bullard and I thank you for the opportunity to provide testimony regarding the Subcommittee's review of the implementation of title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Wall Street Reform Act").

I am here today representing the cattle-producing members of R-CALF USA, the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America. R-CALF USA is a membership-based, national, nonprofit trade association that represents United States farmers and ranchers who raise and sell live cattle. We have thousands of members located in 46 states and our membership consists of seed stock producers (breeders), cow/calf producers, backgrounders, stockers and feeders. The demographics of our membership are reflective of the demographics of the entire U.S. cattle industry, with membership ranging from the largest of cow/calf producers and large feeders to the smallest of cow/calf producers and smaller, farmer-feeders. Our organization's mission is to ensure the continued profitability and viability for all independent U.S. cattle producers.

R-CALF USA does *not* represent the entire U.S. beef supply chain. Rather, R-CALF USA exclusively represents the live cattle segment of the beef supply chain, meaning it represents the farmers and ranchers located across the U.S. who breed, birth, and raise live cattle for breeding purposes and beef production. These live cattle are subsequently marketed to beef packers that transform live cattle into the commodity beef, which beef is then further processed and/or marketed to other entities within the beef commodity industry (e.g., beef processors, beef wholesalers and distributors, and beef retailers).

It is critically important that the Subcommittee recognize that the live cattle industry is a distinct industry segment within the U.S. beef supply chain and that a clear demarcation point exists between the live cattle industry and the beef commodity industry – a demarcation point so profound that often there is an inverse relationship between economic prosperity in the live cattle industry and economic prosperity in the beef commodity industry.[1]

I. INTRODUCTION

The United States cattle industry is in prolonged state of severe crisis. For the benefit of the Subcommittee, in just the most recent 10-year periods where data are available, the 16 states represented by this Subcommittee's 24 members collectively lost 49,850 beef cattle businesses from their respective rural economies (1988-2007),[2] representing a rate-of-loss of nearly 5,000 beef cattle business operations per year. In addition, the combined size of the U.S. beef cow herd in those 16 states declined during the most recent 10-year period (2002-2011) by over 1.3 million

[1] *See*, e.g., Sparks Companies Inc., "Potential Impacts of the Proposed Ban on Packer Ownership and Feeding of Livestock," A Special Study, (March 18, 2002) at 24 ("Vertical integration [of the live cattle industry and the beef commodity industry] often attracts investors because of the negative correlation between profit margins at the packing stage [beef commodity stage] and the feeding stage [live cattle stage].").

[2] *See* Cattle and Calves: Number of Operations by State and United States, 1997-1998, Cattle, U.S. Department of Agriculture, Agricultural Statistics Board, National Agricultural Statistics Service, January 1999, at 12; *see also* Farms, Land in Farms, and Livestock Operations 2008 Summary, U.S. Department of Agriculture, Agricultural Statistics Board, National Agricultural Statistics Service, February 2009, at 18.

cows.[3] And, the volume of production of cattle and calves in those 16 states declined during this period (2000-2009) by over 935 million pounds.[4]

Data clearly show that the geographic segment of the U.S. cattle industry represented by the 16 states represent by the Members of this Subcommittee is declining rapidly in terms of the number of beef cattle operations, the size of the beef cow herd, and the volume of cattle and calf production. Nationally, the number of U.S. cattle operations has declined 40 percent since 1980,[5] the size of the U.S. cattle herd is now the smallest since 1958,[6] and the production of U.S. beef has declined since 2000.[7]

These factors indicate an industry in severe crisis, particularly when one considers that this ongoing, rapid contraction was rapidly occurring even while domestic consumption of beef, as measured by its disappearance from the market, was increasing significantly and reached 40-year highs in both 2007 and 2008,[8] before beginning a decline due to the United States' recent economic downturn. Even though per capita beef consumption decreased over the past few decades, the considerable growth in U.S. population fostered a long-term increase in total domestic beef consumption that the U.S. cattle industry has been unable to satisfy.

A shrinking industry unable to keep pace with domestic consumption is, undeniably, an industry in serious trouble – the kind of serious trouble that warrants sweeping remedial reforms such as those Congress passed in the Wall Street Reform Act.

A principal factor driving the rapid contraction of the U.S. cattle industry is a dysfunctional cattle market that lacks robust competition and adequate transparency, which results in a marketplace that is subject to manipulation and distortion.

II. THE CASH AND FUTURES MARKETS IN THE CATTLE INDUSTRY ARE PRONE TO MANIPULATION AND DISTORTION

---

[3] *See* Cattle and Calves: Number by Class, State, and the United States, January 1, 2002-2003, Cattle, U.S. Department of Agriculture, Agricultural Statistics Board, National Agricultural Statistics Service, January 2003, at 5; *see also* Cattle Inventory by Class – States and United States: January 1, 2010 and 2011, Cattle, U.S. Department of Agriculture, Agricultural Statistics Board, National Agricultural Statistics Service, January 2003, at 6.

[4] *See* Cattle and Calves: Production and Income by State and the United States, Revised 2000, Meat Animals Production, Disposition, and Income 2001 Summary, U.S. Department of Agriculture, Agricultural Statistics Board, National Agricultural Statistics Service, April 2002, at 4: *see also* Cattle and Calves: Production and Income by State and the United States, 2009, Meat Animals Production, Disposition, and Income 2009 Summary, U.S. Department of Agriculture, Agricultural Statistics Board, National Agricultural Statistics Service, April 2010, at 7.

[5] The size of the U.S. cattle industry, as measured by the number of cattle operations in the U.S., declined from 1.6 million in 1980 to 983,000 in 2005 and further declined to 967,400 in 2007. *See* Fed. Reg. Vol. 72, No. 152, Wednesday, August 8, 2007, at 44,681, col. 2.

[6] *See* Cattle, U.S. Department of Agriculture, National Agricultural Statistics Service, January 28, 2011.

[7] *See* Beef: Supply and disappearance (carcass weight, million pounds) and per capita disappearance (pounds), Livestock, Dairy, and Poultry Outlook: Tables, U.S. Department of Agriculture, Economic Research Service (Total production declined from 26.89 billion pounds in 2000 to 26.07 billion pounds in 2009), available at http://www.ers.usda.gov/publications/ldp/LDPTables.htm.

[8] *See id*. (Total disappearance (i.e., consumption) of beef increased to a over 28 billion pounds in both 2007 and 2008, which are record-setting highs since USDA began reporting disappearances in 1970).

A. The Live Cattle Production Chain and Its Relation To Markets

The U.S. cattle industry is unique in that it raises an animal with the longest biological cycle of any farmed animal. This is the characteristic that created the historical phenomenon known as the cattle cycle. According to the U.S. Department of Agriculture ("USDA"), the cattle cycle "arises because biological constraints prevent producers from instantly responding to price."[9] It takes approximately 15 to 18 months to rear cattle to slaughter weight and cattle consume considerable volumes of forage (i.e., from grazing) for much of this time. After cattle reach approximately one-year of age on forage, and weigh approximately 800 pounds, they then become adaptable to a more concentrated production regime (i.e., they can be finished in concentrated feedlots).

Because of the long biological cycle and the diminishing forage requirements as cattle intended for slaughter grow to maturity, the cattle production chain is segmented. Typically, the farmer or rancher that maintains a beef-cow herd births new calves each year and those calves are raised at their mothers' side on milk and forage for their first several months of life. At approximately six months of age the calves are typically weaned from their mothers and placed in a backgrounding lot where they are fed a growing ration of forage and grain, or they may be weaned and turned back out on forage such as pasture. At approximately one-year of age and weighing approximately 800 pounds, the calves will have matured sufficiently to be placed in feedlots and fed a fattening grain ration for approximately four to five additional months before they become slaughter-ready.

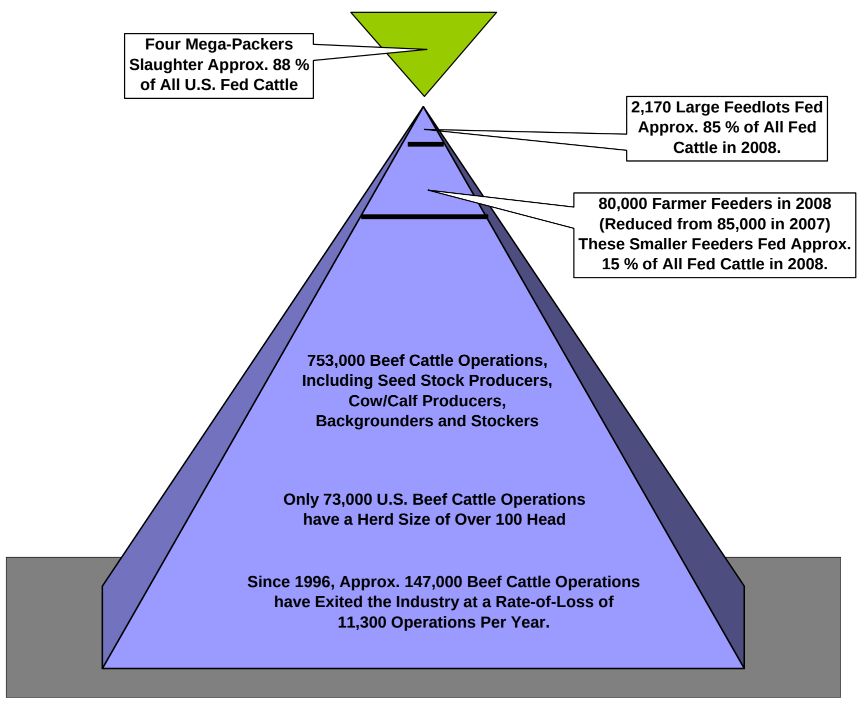
The approximately one-year-old cattle that weigh approximately 800 pounds and are ready to be placed in a feedlot correspond to the "Feeder Cattle" category of the commodity futures market. The feeder cattle that are subsequently fed in a feedlot for four to five months and are ready to be sold to the beef packer to be slaughtered correspond to the "Live Cattle" category of the commodity futures market and are referred to as fed cattle.

Due to the segmented production chain in the cattle industry, calves are often first sold by those who raised them – the cow/calf producer – then sold to those that background them or turn them back to pasture – the backgrounder or stocker – who in turn sells them to those that feed them to slaughter weight – the feedlot. From the moment a newborn calf hits the ground, its value is based on the expected future value of that calf when it is mature and ready for slaughter. Thus, the value of a calf weaned today at approximately six months of age is the expected value of that calf when it is sold for slaughter approximately one-year into the future. This explains why it is so vitally important to the entire cattle industry to ensure that the market for slaughter-ready cattle – the price discovery market – is robustly competitive and transparent. Any manipulation or distortion of the price for cattle that are ready for slaughter permeates throughout the entire cattle industry and can translate into lower prices for everyone within the

[9] Cattle: Background, Briefing Room, USDA, ERS, updated June 7, 2007, available at http://www.ers.usda.gov/Briefing/Cattle/Background.htm.

cattle industry (which includes 753,000 cattle farmers and ranchers throughout the United States[10]), regardless of what segment of the production chain they specialize in.

The entire cattle industry can thus be visualized as a pyramid as depicted below in which the nation's feedlots comprise the top sections of the pyramid and the nation's hundreds of thousands of cattle producers occupy its base. Importantly, it is the price negotiated at the pyramid's apex between the feedlots and the highly concentrated beef packers that determines whether the cattle industry as a whole remains profitable. Economists have long expressed grave concerns regarding the unprecedented concentration in the beef packing industry. For example, as early as 2001, Oklahoma State University Economist Clement E. Ward described the concentration level in the U.S. meatpacking industry as among the highest of any industry in the United States, "and well above levels generally considered to elicit non-competitive behavior and result in adverse economic performance."[11]



Another important factor that makes cattle marketing unique is the perishable nature of fed cattle. Unlike many agricultural commodities that are storable, fed cattle that have reached their optimal slaughter weight must be marketed within a narrow window of time (generally within about a two-week period); otherwise, the animals would degrade in quality and value.[12]

[10] *See* Farms, Land in Farms, and Livestock Operations 2009 Summary, USDA, National Agricultural Statistics Service (hereafter "NASS"), Feb. 2010, at 14, available at http://usda.mannlib.cornell.edu/usda/current/FarmLandIn/FarmLandIn-02-12-2010.pdf.

[11] A Review of Causes for and Consequences of Economic Concentration in the U.S. Meatpacking Industry, Clement E. Ward, Current Agriculture Food and Resource Issues, 2001, at 1.

[12] *See* GIPSA Livestock and Meat Marketing Study, January 2007, Volume 3, at 5-4, available at http://archive.gipsa.usda.gov/psp/issues/livemarketstudy/LMMS_Vol_3.pdf.

This characteristic severely reduces the pricing power of fed cattle sellers who often are relegated to take whatever price is offered by the beef packer, regardless of whether it is a legitimate price or a distorted price.

The cash market for slaughter-ready or fed cattle is the price discovery market for the entire cattle industry. The cattle futures market was intended to compliment the price-discovery function of the cash market by projecting it out into future months, thus serving as a risk-management tool for cattle producers that raise and sell cattle intended for slaughter and for beef packers that purchase and slaughter the fed cattle for human consumption. Unfortunately, the cash market for fed cattle, to which the futures market is intrinsically tied, has become too thin to function as an accurate indicator of the fair market value of fed cattle.

The USDA reports that the national-average volume of fed cattle sold in the cash market has shrunk from 52 percent in 2005 to 37 percent in 2010.[13] The volume of cash cattle in the Texas, Oklahoma, and New Mexico marketing region is now down to less than 22 percent[14] and the Colorado region is now down below 20 percent.[15] With such a small volume of cattle actually sold in the cash market today, the cash market can no longer function as an accurate price discovery market. With an overwhelming number of cattle committed to the beef packers outside the cash market at undisclosed prices and terms on any given day (which cattle are referred to as the beef packers' captive supply), the actual fair market price for fed cattle is difficult, if not impossible, to determine. This is why, in addition to supporting the ongoing rulemaking by the Commodity Futures Trading Commission ("CFTC") that will increase transparency in the futures market, R-CALF USA also supports the USDA Grain Inspection, Packers and Stockyards Administration ("GIPSA") rulemaking that will increase transparency in the fed cattle market.

In addition to the reduced volume of cattle sold in the cash market, the trades that do occur in the cash market are too infrequent to function as a viable price discovery tool. Anecdotal evidence from numerous cattle feeders indicate that beef packers' exposure to the cash market is now so limited that the current bidding practice often involves an offer by the beef packer once per week, and oftentimes within only about a fifteen-minute timeframe. If the beef packers are short bought (i.e., they have insufficient cattle numbers even with their captive supplies), this fifteen-minute window may occur on a Thursday, or perhaps even on a Wednesday. However, if the beef packer is long-bought (i.e., has more than enough captive supply cattle), the fifteen-minute marketing opportunity may not occur until late Friday afternoon, after the close of the futures markets. This extremely narrow window of opportunity to market cattle places cattle feeders at a distinct disadvantage as there is insufficient time to make calls to other beef packers after an offer is made – it is essentially a take-it or leave-it offer that, if refused, means the cattle feeder must continue feeding for another week, even if the cattle have already reached their optimal weight, in hopes of a more realistic offer the next week. This

[13] *See* National Breakdown by Purchase Type, 2005-2010 Fed Cattle Summary of Purchase Types, USDA Market News.
[14] *See* Texas-Oklahoma-New Mexico Breakdown of Volume by Purchase Type, 2005-2010 Fed Cattle Summary of Purchase Types, USDA Market News.
[15] *See* Colorado Breakdown of Volume by Purchase Type, 2005-2010 Fed Cattle Summary of Purchase Types, USDA Market News.

limited and infrequent bid window affords the beef packers with tremendous market power that gives them the ability to leverage down the price discovery market.

B. Empirical Evidence of Behaviors that Manipulate and Distort the Cash and Futures Market

Empirical evidence shows that the U.S. cattle market is already susceptible to coordinated and/or simultaneous entries and exits from the cash market that negatively affect the futures market. In February 2006, all four major beef packers – Tyson, Cargill, Swift, and National – withdrew from the cash cattle market in the Southern Plains for an unprecedented period of two weeks. On February 13, 2006, market analysts reported that no cattle had sold in Kansas or Texas in the previous week.[16] No cash trade occurred on the southern plains through Thursday of the next week, marking, as one trade publication noted, "one of the few times in recent memory when the region sold no cattle in a non-holiday week."[17] Market analysts noted that "[n]o sales for the second week in a row would be unprecedented in the modern history of the market."[18] During the week of February 13 through 17, there were no significant trades in Kansas, western Oklahoma, and Texas for the second week in a row.[19] Market reports indicated that Friday, February 17, 2006, marked two full weeks in which there had been very light to non-existent trading in the cash market, with many feedlots in Kansas, Oklahoma, and Texas reporting no bids at all for the past week.[20] The beef packers made minimal to no purchases on the cash market, relying on captive supplies of cattle to keep their plants running for two weeks and cutting production rather than participating in the cash market. The beef packers reduced slaughter rates rather than enter the cash market. Cattle slaughter for the week of February 13 – 17 was just 526,000 head, down from 585,000 the previous week and 571,000 at the same time a year earlier.[21] According to one analyst, the decision to cut slaughter volume indicated "the determination by beef packers to regain control of their portion of the beef price pipeline."[22] Another trade publication noted that the dramatic drop in slaughter was undertaken in part to "try and get cattle bought cheaper."[23] At the end of the second week of the buyers' abandonment of the cash market, one market news service reported, "The big question was whether one major [packer] would break ranks and offer higher money. That has often occurred in the past, said analysts."[24]

As a result of the beef packers shunning the cash market, cash prices fell for fed cattle, replacement cattle, and in futures markets. Sales took place after feedlots in Kansas and the Texas Panhandle lowered their prices to $89 per hundredweight, down $3 from the $92 per hundredweight price reported in the beginning of February.[25] The same day, February 17, live

[16] "Packers Finally Seriously Cut Kills," *Cattle Buyers Weekly* (Feb. 13, 2006).
[17] "Classic Standoff Continues Through Thursday," *Cattle Buyers Weekly* (Feb. 20, 2006).
[18] "Classic Standoff Continues Through Thursday," *Cattle Buyers Weekly* (Feb. 20, 2006).
[19] Curt Thacker, "Cash Cattle Quiet 2-20," *Dow Jones Newswires* (Feb. 20, 2006).
[20] Lester Aldrich, "Cash Cattle Standoff 2-17," *Dow Jones Newswires* (Feb. 17, 2006).
[21] Curt Thacker, "Cash Cattle Quiet 2-20," *Dow Jones Newswires* (Feb. 20, 2006).
[22] Jim Cote, "Today's Beef Outlook 2-17," *Dow Jones Newswires* (Feb. 17, 2006).
[23] "Classic Standoff Continues Through Thursday," *Cattle Buyers Weekly* (Feb. 20, 2006).
[24] "Classic Standoff Continues Through Thursday," *Cattle Buyers Weekly* (Feb. 20, 2006).
[25] Curt Thacker, "Cash Cattle Quiet 2-20," *Dow Jones Newswires* (Feb. 20, 2006).

and feeder cattle futures fell to multi-month lows.[26] Replacement cattle prices also dropped in response to buyer reluctance.[27] In Oklahoma City, prices for feeder cattle dropped as much as $4 per hundredweight.[28]

Whether the beef packers' simultaneous boycott of the cash market was deliberately coordinated or not, it was a highly unusual event that required simultaneous action in order to effectively drive down prices, which it did. As market analysts observed, the major question in markets during the second week of the buyers' strike was whether or not any one of the major beef manufacturers would "break ranks" to purchase at higher prices than the other beef manufacturers. No buyer did so until prices began to fall. In fact, beef packers were willing to cut production rather than break ranks and purchase on the cash market.

Abandonment of the cash market in the Southern Plains by all major beef manufacturers for two weeks in a row resulted in lower prices and had an adverse effect on competition. Cattle producers in the Southern Plains cash markets during those two weeks were unable to sell their product until prices fell to a level that the buyers would finally accept. The simultaneous refusal to engage in the market did not just have an adverse effect on competition – it effectively precluded competition altogether by closing down an important market for sellers. The simultaneous boycott of cash markets in the Southern Plains was, however, a business decision on the part of the beef packers that did not conform to normal business practices and that resulted in a marked decline in cattle prices. At the time, market analysts interpreted the refusal to participate in the cash market as a strategy to drive down prices, and purchases only resumed once prices began to fall.

The coordinated/simultaneous action in February 2006 was not isolated and was soon followed by a second, coordinated/simultaneous action. During the week that ended October 13, 2006, three of the nation's four largest beef packers – Tyson, Swift, and National - announced simultaneously that they would all reduce cattle slaughter, with some citing, *inter alia*, high cattle prices and tight cattle supplies as the reason for their cutback.[29] During that week, the packers reportedly slaughtered an estimated 10,000 fewer cattle than the previous week, but 16,000 more cattle than they did the year before.[30] Fed cattle prices still fell $2 per hundredweight to $3 per hundredweight and feeder prices fell $3 per hundredweight to $10 per hundredweight.[31]

By Friday of the next week, October 20, 2006, the beef packers reportedly slaughtered 14,000 more cattle than they did the week before and 18,000 more cattle than the year before –

[26] Jim Cote, "Live Cattle ReCap – 2/17/2006," *Dow Jones Newswires* (Feb. 17, 2006).
[27] "The Markets," *AgCenter Cattle Report* (Feb. 18, 2006), available on-line at http://www.agcenter.com/cattlereport.asp.
[28] "The Markets," *AgCenter Cattle Report* (Feb. 18, 2006), available on-line at http://www.agcenter.com/cattlereport.asp.
[29] *See* "National Beef Cuts Hours at Two Kansas Plants (Dodge City, Liberal)," Kansas City Business Journal (October 10, 2006) attached as Exhibit 17; "Update 1 – Tyson Foods to Reduce Beef Production," Reuters (October 10, 2006), attached as Exhibit 18; "Swift to Stay with Reduced Production at U.S. Facilities," Meatpoultry.com (October 10, 2006), attached as Exhibit 19.
[30] *See* "Livestock Market Briefs, Brownfield Ag Network," (October 13, 2006), attached as Exhibit 20.
[31] *See id.*

indicating they did not cut back slaughter like they said they would.[32] Nevertheless, live cattle prices kept falling, with fed cattle prices down another $1 per hundredweight to $2 per hundredweight and feeder cattle prices were down another $4 per hundredweight to $8 per hundredweight.[33]

The anticompetitive behavior exhibited by the beef packers' coordinated/simultaneous market actions caused severe reductions to U.S. live cattle prices on at least two occasions in 2006. This demonstrates that the exercise of abusive market power is manifest in the U.S. cattle industry.

In testimony to the U.S. Senate Judiciary Subcommittee on Antitrust, Competition Policy, and Consumer Rights, R-CALF USA informed Congress on May 7, 2008, that the potential for a recurrence of this type of anticompetitive behavior that caused the manipulation and distortion of both the cash market and the futures market was considerable and constitutes an empirically demonstrated risk that would likely become more frequent, more intense, as well as extended in duration unless Congress took decisive, remedial action.

R-CALF USA did not have to wait very long before evidence surfaced that indicated the beef packers were once again involved in manipulating and distorting the cash/futures market relationship. As discussed more fully below, R-CALF USA immediately recognized the symptoms of the unlawful market manipulation that occurred in the cattle futures market in October 2009 and formally notified federal regulatory officials of the disastrous consequences to U.S. livestock producers resulting from that manipulation. At that time, R-CALF USA witnessed a severe break in the cattle futures market, likely indicating that a dominant market participant had shorted the market, causing the futures market to fall the limit. However, R-CALF USA had no knowledge at that time regarding which dominant market participant was involved. Below are actions R-CALF USA initiated in its attempts to address this incidence of obvious market manipulation:

Soon after the close of the October 2009 live cattle futures contract month, on Dec. 9, 2009, R-CALF USA Marketing Committee Chairman Dennis Thornsberry submitted a formal complaint/affidavit to GIPSA in which he stated:

> I have used the Chicago Mercantile Exchange to hedge cattle for the purpose of managing the risk associated with marketing my cattle. However, the problems in the cash cattle market are mirrored in the futures market as it too is subject to undue influence by the dominant corporate packers and feedlots. For example, on the last trading day before the October futures contract expired, some outside force broke the October board, causing it to fall by the full $3.00 limit to $81.65 per cwt. However, the live cattle trade was at $87.50. This was among the worst convergences that I have seen in the futures market for a long time. It is unlikely that the futures market can attract sufficient long positions to add the needed liquidity to the futures market for determining the value of cattle when the market remains vulnerable to those who would exercise speculative short selling to

[32] *See* "Livestock Market Briefs, Brownfield Ag Network," (October 20, 2006), attached as Exhibit 21.
[33] *See id*.

> effectively drive down the futures price. Given that this type of volatility cannot be attributed to market fundamentals (but, according to market analysts can be triggered by a $50 million infusion, which is not beyond the means of hedge funds and perhaps the dominant beef packers), small to mid-sized producers would not have the financial wherewithal to cover the margin calls associated with such a volatile market. This, I believe, plays directly into the hands of the large corporations that use the markets daily to gain an advantage over the small to mid-sized producer. And, the volatility in the futures market caused by manipulative practices has rendered it incapable of serving as a risk management tool for the small to mid-sized producer and is contributing to the exodus of these producers from the industry.

Later, in its formal comments submitted December 31, 2009, to both the U.S. Department of Justice ("Justice Department") and USDA regarding the two agencies' joint investigation on Agriculture and Antitrust Enforcement Issues in Our 21st Century Economy, R-CALF USA provided the same evidence that indicated that the beef packers' manipulation of the cash market is mirrored in the futures market where they also exercise abusive market power. R-CALF USA stated:

> R-CALF USA is concerned that beef packers are able to significantly influence the commodities futures market, rendering it unsuitable for managing the risks of independent cattle producers. Practices such as shorting the market to drive down both cash and futures prices, particularly on the last trading day of the month before futures contracts expire are a form of market manipulation. The October 2009 futures board, e.g., broke the limit down on the last trading day in October, causing an unprecedented number of live cattle deliveries to occur. Based on information and belief, the manipulative practices by the beef packers in the commodities futures market has created a disinterest among speculators who would otherwise participate in long speculative positions in the market. The lack of speculative long positions in the market may well be depressing the cash and futures market by several dollars per hundredweight and reducing the utility of the commodity futures market as a risk management tool for cattle producers. R-CALF USA urges the Department of Justice and USDA to investigate the beef packers' activities in the commodities futures market.

Later, on April 26, 2010, R-CALF USA submitted formal comments to the CFTC concerning its proposed federal speculative position limits under the Wall Street Reform Act and informed the agency of R-CALF USA's concern that dominant beef packers were manipulating the cattle futures market to lower the price of live cattle. R-CALF USA provided the CFTC with the information that originated in Mr. Thornsberry's complaint/affidavit to GIPSA to substantiate R-CALF USA's concern that dominant market participants were manipulating the cattle futures market:

> Evidence, albeit anecdotal, that the cattle futures market is subject to undue influence by dominant market participants includes market events that occurred in October 2009. On the last trading day before the October 2009 futures contract

expired, some outside force broke the October board, causing it to fall by the full $3.00 limit to $81.65 per cwt. However, the live cattle trade was at $87.50, resulting in an unexplained convergence that is suggestive of direct manipulation.

Just last Monday, on Feb. 7, 2011, the CFTC issued an announcement stating it had ordered Chicago-based futures commission merchant Newedge USA, LLC ("Newedge") to pay more than $220,000 for violating speculative position limits in live cattle futures trading.[34] In its announcement, the CFTC stated that one of the nation's largest beef packers, JBS USA, LLC ("JBS"), was involved in the transaction that led to the CFTC's remedial sanction.

According to the CFTC order issued in this matter, Newedge purchased 4,495 October 2009 live cattle futures contracts on the CME from their client JBS, and then Newedge sold JBS an over the counter swap (OTC) in live cattle on Oct. 9, 2009 – a transaction that caused Newedge to exceed the 450 contract speculative limit for trading live cattle by 4,045 contracts.[35] The CFTC order further states of the transaction: "On Friday, October 9, 2009, Newedge and JBS, a live cattle end user, agreed that JBS would sell Newedge 4,495 contract long October 2009 live cattle futures position. Newedge would hedge the purchase with a short position in an underlying swap in live cattle and sell JBS a live cattle swap."[36] The CFTC order also stated that Newedge earned $80,910 in total profit and commissions on related transactions with JBS.[37]

We applaud the CFTC for taking this enforcement action, which, according to the CFTC's order in this matter, was taken pursuant to the Commodity Exchange Act, the Food, Conservation, and Energy Act of 2008, the new Wall Street Reform Act, and CFTC regulations. The CFTC has taken decisive steps to ensure that dominant market participants are not exercising abusive market power to manipulate and distort the cattle futures market. Though three federal agencies were informed about this incident, to our knowledge only the CFTC took the initiative to investigate and enforce this unlawful action. R-CALF USA believes the October 2009 live cattle futures market transaction that involved both Newedge and JBS, and in which Newedge was known to have engaged in unlawful activity, was a significant, contributing cause for the manipulation of the cattle futures price and resulting harm to U.S. cattle producers. Further, and based on the available information, we believe JBS' involvement in this transaction constitutes a direct violation of the Packers and Stockyards Act of 1921 ("PSA") that prohibits beef packers from engaging in any course of business or do any act for the purpose or with the effect of manipulating or controlling prices.[38] For those reasons, R-CALF USA has formally requested GIPSA and the Justice Department to immediately initiate a PSA enforcement action

---

[34] *See* CFTC Orders Chicago-Based Futures Commission Merchant Newedge USA, LLC to Pay More than $220,000 for Violating Speculative Position Limits in Live Cattle Futures Trading, U.S. Commodity Futures Trading Commission, Release PR5981-11, Feb. 7, 2011, available at http://www.cftc.gov/PressRoom/PressReleases/pr5981-11.html.

[35] *See* CFTC Docket No: 11-07, Order Instituting Proceedings Pursuant to Section 6(c) and 6(d) of the Commodity Exchange Act, Making Findings and Imposing Remedial Sanctions, U.S. Commodity Futures Trading Commission, Feb. 7, 2011, available at http://www.cftc.gov/ucm/groups/public/@lrenforcementactions/documents/legalpleading/enfnewedgeorder020711.pdf.

[36] *Ibid*.

[37] *Ibid*.

[38] *See* 7 U.S.C. § 192(e).

against JBS for its role in the debilitating cattle futures market transaction that occurred in October 2009.

III. THE DIRE NEED FOR SWEEPING FUTURES MARKET REFORM

R-CALF USA is a member of the Commodity Markets Oversight Coalition ("CMOC"), which is an independent, non-partisan and non-profit alliance of groups that represent commodity-dependent industries, businesses and end-users, including American consumers, that rely on functional, transparent and competitive commodity derivatives markets as a hedging and price discovery tool. The CMOC strongly supported congressional reforms to the commodity futures market and is actively involved in the CFTC's rulemaking process to fully and expeditiously implement the Wall Street Reform Act.

R-CALF USA is particularly concerned with the practice whereby large beef packers, which are legitimate hedgers for a certain volume of cattle, enter the commodity futures markets also as speculators with the intent and effect of manipulating the futures (and hence the cash price) of cattle. These beef packers should not be entitled to the end-user exception for speculative trades beyond their physical needs for slaughter cattle.

R-CALF USA has urged the CFTC to use its rulemaking authority to fully restore the cattle futures market to its original purpose of affording U.S. cattle producers a useful risk-management marketing tool void of distortion and manipulation by certain speculators and other dominant market participants (i.e., beef packers). As previously mentioned, United States cattle producers sell their cattle into one of the most highly concentrated marketing structures in the U.S. economy. Inherent to this high level of market concentration is substantial disparity between the economic power of the hundreds of thousands of disaggregated U.S. cattle producers (i.e., cattle sellers) and the economic power wielded by very few beef packers (i.e., cattle buyers).

A. The Futures Market for Live Cattle Is Fundamentally Broken

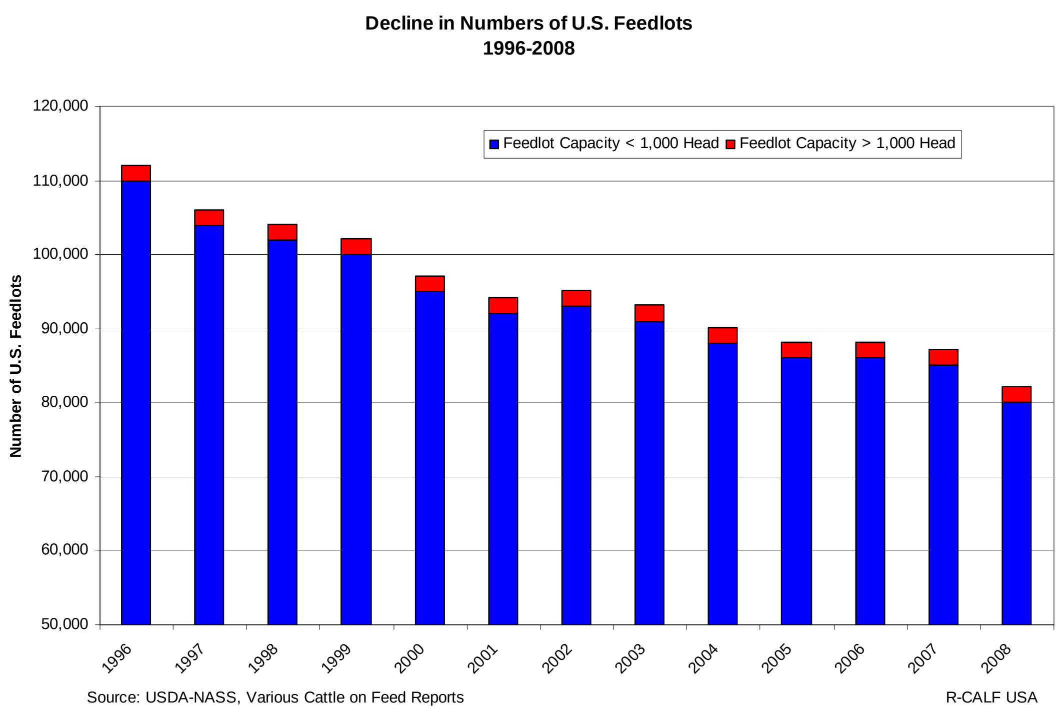
R-CALF USA believes the commodities futures market is fundamentally broken and no longer functionally capable of serving as an effective, economic risk management tool for U.S. cattle producers. Rather than to provide true price discovery, the live cattle futures market has become a device that enhances the ability of dominant market participants to manage and manipulate both live cattle futures prices and cash cattle prices.

Evidence that the live cattle futures market is no longer functionally capable of serving as an effective risk management tool for U.S. cattle producers includes data that show the physical hedgers share of the long open interest in the feeder cattle futures market and the live cattle futures market declined from 52.4 percent and 67.6 percent, respectively, in 1998 to only 17 percent and 11.7 percent, respectively, in 2008.[39] Such a drastic decline in the physical hedgers

[39] *See* The Accidental Hunt Brothers: How Institutional Investors Are Driving Up Food and Energy Prices, Michael W. Masters and Adam K. White, CFA, Table 10: Commodities Futures Markets – Long Open Interests Composition, July 31, 2008, at 34, available at http://accidentalhuntbrothers.com/wp-content/uploads/2008/09/accidental-hunt-brothers-080731.pdf.

open interests in just a 10-year period in these commodities show either or both that commercial (i.e., *bona fide* hedgers) interests are now avoiding the futures market (which they would not do if the market served an economically beneficial function) and/or speculator interests have now besieged the markets once dominated by actual sellers and buyers of the commodities.

The consolidation and concentration that already has occurred in the beef packing industry is now occurring at a rapid rate in the feedlot sector of the U.S. cattle industry, thereby exacerbating the ongoing thinning of the numbers of bona fide hedgers participating in the cattle futures market. For example, the numbers of U.S. feedlots that purchase feeder cattle and sell fed cattle have declined drastically in recent years. Today just 58 of the 2,170 feedlots with capacities of more than 1,000 head feed approximately 7 million of the approximately 26 million cattle fed and marketed, representing over one-fourth of all the fed cattle in 2008.[40] As shown below, the number of smaller U.S. feedlots, those with capacities of less than 1,000 head, has declined sharply over the past 13 years, with nearly 30,000 feedlots having exited the industry since 1996.[41]



As a result of the worsening economic disparity caused by the ongoing consolidation and concentration of the U.S. cattle market, the remaining cattle producers, some of whom continue to rely on futures markets to offset price risk, are vulnerable to any market distortions caused by beef packers that may not only participate in the futures market as physical hedgers, but as significant speculators as well. The cattle futures market is susceptible to downward price

[40] *See* Cattle on Feed, USDA, NASS, Feb. 20, 2009, at 14.
[41] *See* Cattle, Final Estimates, various reports, 1996-2008, USDA, National Agricultural Statistics Service (hereafter "NASS"); *see also* Cattle on Feed, USDA, NASS, Feb. 20, 2009.

movements – in contradiction of supply/demand fundamentals, when, e.g., beef packers, who may hold a physical hedging position in the market, also engage in substantial speculative short selling of the market. The effect of the beef packers' speculative short selling is to lower not only the futures market price, but also the cash spot market price, which is intrinsically tied to the futures market.

Another troubling development in the U.S. cattle market is that the same concentrated beef packers, who are the dominant purchasers of fed cattle, are fast becoming dominant purchasers of feeder cattle through their expanded feedlot holdings. Of the nations four largest feedlot companies, JBS Five Rivers Ranch Cattle Feeding; Cactus Feeders, Inc.; Cargill Cattle Feeders, LLC; and, Friona Industries, LP,[42] two, including the largest, are owned by two of the largest beef packers, JBS and Cargill. Thus, the beef packers' ongoing infiltration into the cattle feeding industry means that dominant participants in both the feeder cattle futures market and the live cattle futures market now have an economic interest in lowering both feeder cattle prices and fed cattle prices.

It is R-CALF USA's belief that futures market prices directly and significantly influence prices for all classes of cattle, including fed cattle, feeder cattle, stocker calves, and breeding stock, regardless of whether or not these cattle are included under any futures contract. For this reason, it is imperative that the futures market be protected from unfair, manipulative, and speculative practices that effectively distort the U.S. cattle market.

B. The Cattle Futures Market Must be Protected from Manipulation by Speculators With a Vested Interest in the Prices for Cattle

R-CALF USA believes the ongoing distortions to and manipulation of the cattle futures markets, particularly those that we believe are perpetrated through speculative short selling by one or more dominant beef packers and/or other concentrated/dominant traders, can be rectified within the CFTC's rulemaking by prohibiting traders holding positions pursuant to a *bona fide* hedge exemption from also trading speculatively.[43] To be effective, this provision would need to apply to any subsidiary, affiliate, or other related entity of the *bona fide* hedger, particularly with respect to a dominant beef packer.

C. The Cattle Futures Market Must be Protected from Distortions Caused by Excessive Speculation

Like other commodity futures markets, the futures market for live cattle is highly susceptible to market distortion should excessive liquidity be introduced in the form of excessive speculation. The remaining participants in the U.S. live cattle industry, whose numbers have already been reduced by an alarming 40 percent since 1980,[44] operate on slim margins and are

[42] *See* Recent Acquisitions of U.S. Meat Companies, Congressional Research Service, 7-5700, RS22980, March 10, 2009, at 2
[43] *See* 75 Fed. Reg., 4159.
[44] The size of the U.S. cattle industry, as measured by the number of cattle operations in the U.S., declined from 1.6 million in 1980 to 983,000 in 2005 and further declined to 967,400 in 2007. *See* Fed. Reg. Vol. 72, No. 152, Wednesday, August 8, 2007, at 44,681, col. 2.

highly vulnerable to even small changes in cattle prices.[45] As a result, cattle producers are particularly susceptible to financial failure caused by both market volatility and market distortions created by excessive speculation that can swing prices low, even for short periods, as they are operating in an industry already suffering from a long-run lack of profitability. In addition, small to mid-sized cattle producers do not have sufficiently deep pockets to cover margin calls associated with market volatility caused by excessive speculation, which, we believe, has rendered the cattle futures markets incapable of serving as an effective risk management tool for the small to mid-sized producer and is contributing to the ongoing exodus of these producers from the U.S. cattle industry.

R-CALF USA believes the ongoing distortions to the cattle futures market, particularly those we believe are created by excessive speculation, can be rectified within the CFTC's rulemaking with a provision that would limit speculative positions by index funds and other trading entities that have no specific interest in the underlying commodity and bear no risk relative to the commodity's production or consumption. To achieve the goal of effectively preventing excessive speculation, which is known to facilitate abrupt price movements and price distortions in other futures markets,[46] we are inclined to agree with the recommendation made by Michael W. Masters:

> As a general rule of thumb, speculators should never represent more than 50% of open interest, because at that level, they will dominate the price discovery function, due to the aggressiveness and frequency of their trading. The level I recommend is 25%; this will provide sufficient liquidity, while ensuring that physical producers and consumers dominate the price discovery function.[47]

D. The Cattle Industry Must be Protected from Distortions In Feed Grain Prices Caused Also by Excessive Speculation

Because feed grains are a major component of production costs for fed cattle, the price of feed grains is a major consideration by *bona fide* hedgers when formulating expectations for future cattle prices. If feed grain prices are expected to rise – thus increasing the cost of cattle production – without a corresponding expectation that beef prices also will rise, cattle feeders will attempt to offset the expectation of higher feed grain prices by purchasing feeder cattle at lower prices. The relationship between feed grain prices and cattle-feeder profitability has long influenced pricing decisions by *bona fide* hedgers. If, however, feed grain prices are themselves subject to non-market forces such as excessive speculation, as they were during the 2008 commodity bubble, the profitability of cattle feeders can be immediately affected. And, this lack of profitability, or reduced profitability, immediately translates into a perception that feeder cattle must be purchased at lower prices to offset the resulting increase in production costs. Thus, distortions in futures feed grain prices result in distortions to cattle futures prices and must be

---

[45] *See* A Review of Causes for and Consequences of Economic Concentration in the U.S. Meatpacking Industry, Clement E. Ward, Current Agriculture Food and Resource Issues, 2001, at 2 ("[E]ven seemingly small impacts on a $/cwt. basis may make substantial difference to livestock producers and rival meatpacking firms operating at the margin of remaining viable or being forced to exit an industry.").

[46] *See, e.g.*, 75 Fed. Reg., 4148, col. 3.

[47] Testimony of Michael W. Masters, Managing Member/Portfolio Manager, Masters Capital Management, LLC, before the Commodities Futures Trading Commission, March 25, 2010.

eliminated. R-CALF USA believes that effective speculative position limits imposed on all feed grain commodities markets would alleviate the transference of market distortions from the feed grains futures market to the cattle futures market.

E. The CFTC Should Consider Additional Reforms to Protect the Integrity of the Cattle Futures Market

R-CALF USA has urged the CFTC to ensure that the cattle futures market is always dominated by *bona fide* hedgers. In addition, it has urged the CFTC to strictly curtail the practice of allowing passive speculation in the commodities futures market by entities that hold large market positions without any interest in the underlying commodity and without any risk relative to the commodity's production or consumption. R-CALF USA further believes it important that the CFTC recognize the two types of excessive speculation that has invaded the cattle futures market: 1) the excessive speculation by one or more dominant market participants with market shares sufficient to engage in market manipulation (this can include dominant beef packers acting speculatively as discussed above or any other concentrated/dominant speculator), and 2) the excessive speculation by those without any vested interest in the underlying commodity and without any risk relative to the commodity's production or consumption (including both active and passive speculators). Both of these types of excessive speculation contribute to market distortions that are harmful to *bona fide* market participants, as well as to consumers who ultimately consume products derived from these commodities.

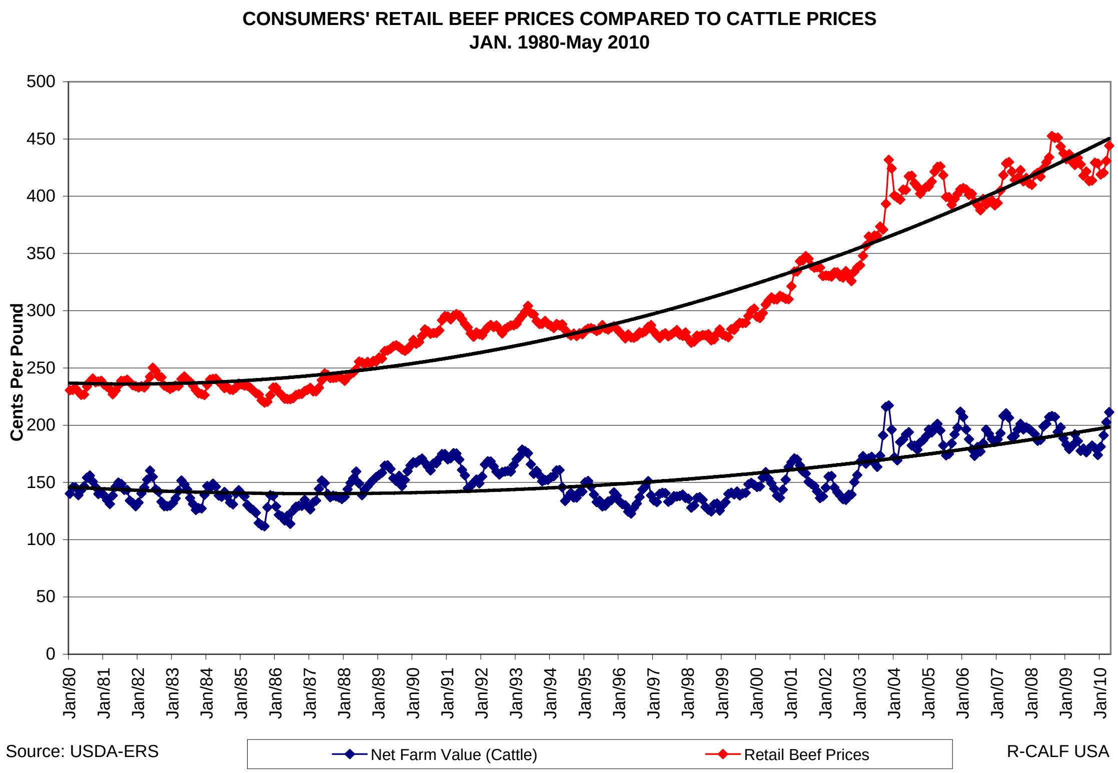
To achieve an optimal level of liquidity provided by speculators, it would be important that the actual speculative position limits for one or more concentrated/dominant speculators and the overall actual limit of speculation in the cattle futures market be established by *bona fide* hedgers in the futures market and adjusted by them from time-to-time as conditions may warrant. Further, the CFTC should restore daily market price limits to levels that minimize market volatility. The previous daily market limit in the cattle futures market of $1.50, which could still be adjusted upward following extended periods of limit movement, resulted in far less volatility than the current $3.00 daily market limit. Finally, R-CALF USA seeks reform to the practice of allowing cash settlements on futures contracts in lieu of actual delivery of the commodity, a practice that effectively lowers the cattle futures price on the day of contract expiration.

IV. LIKE CATTLE PRODUCERS, CONSUMERS ARE BEING HARMED BY THE DYSFUNCTIONAL CASH AND FUTURES MARKETS IN THE U.S. CATTLE INDUSTRY

The USDA Economic Research Service ("ERS") states that the price spread data it reports can be used to "measure the efficiency and equity of the food marketing system,"[48] and "increasing price spreads can both inflate retail prices and deflate farm price."[49] According to ERS, "[h]igher price spreads translate into lower prices for livestock,"[50] innovative technologies

[48] Beef and Pork Values and Price Spreads Explained, U.S. Department of Agriculture, Economic Research Service, at 3.
[49] *Id*. at 2.
[50] *Id.*, at 8.

can reduce price spreads and economic efficiency increases when price spreads drop,[51] and "[b]oth consumers and farmers can gain if the food marketing system becomes more efficient and price spreads drop."[52] Thus, if U.S. cattle markets were functioning properly and the ongoing concentration and consolidation of U.S. cattle markets were creating efficient economies of scale, then the spread between cattle prices and consumer beef prices would be expected to narrow over time. However, this is the opposite of what has occurred within the present marketing system. As shown below, the price spreads between ranch gate prices (i.e., cattle prices) and retail prices (i.e., prices paid by consumers) have been steadily increasing over time.



It is clear that both consumers and producers are being harmed by the current marketing structure that is creating increased price spreads, which means the marketplace is becoming less innovative and less inefficient. USDA found in 2004 that "the total price spreads show a weak upward trend when corrected for inflation,"[53] and this upward trend has only worsened since 2004. The ever-increasing price spread between ranch gate prices for cattle and retail prices for beef is further evidence of the broken cash and futures markets in the U.S. cattle industry where price discovery occurs. R-CALF USA believes this market anomaly is caused by the

---

[51] Id., at 3.
[52] *Ibid.*
[53] *See* Beef and Pork Values and Price Spreads Explained, U.S. Department of Agriculture, Economic Research Service, at 10.

unrestrained exercise of market power by dominant industry participants and results in the exploitation of both consumers and producers.

V. CONCLUSION

R-CALF USA encourages Congress to continue its efforts to implement sweeping changes that will improve market transparency and eliminate manipulation and other anticompetitive practices that have caused artificial price distortions in the commodities futures market and relegated the cattle futures market to an ineffective tool for price discovery and risk management for U.S. cattle producers. We urge Congress to support CFTC's rulemaking as well as to ensure that the agency has sufficient funding to effectively carry out the new responsibilities Congress mandated in the Wall Street Reform Act.

The integrity of the cattle futures market will depend on Congress' and CFTC's ability to impart the greatest transparency possible into the cattle futures market and on a sincere effort by both Congress and the CFTC to address the causes of volatility in the cattle futures market that are unrelated to underlying commodity fundamentals. We firmly believe that Congress and the CFTC are on the right track for restoring the cattle futures market to its original purpose of providing buyers and sellers with both a risk management tool that also can serve an important price discovery function by reflecting the legitimate market signals of supply and demand.

Respectfully,

Bill Bullard
CEO
R-CALF USA

Attachments: Biography
Disclosure of Any Federal Grants

Biography of
WILLIAM T. BULLARD JR.

ADMINISTRATIVE & MANAGEMENT EXPERIENCE

Chief Executive Officer, Ranchers Cattlemen Action Legal Fund – United Stockgrowers of America (R-CALF USA), 2001 - Present. Responsible to a 15-member Board of Directors for carrying out the objectives of a voluntary-membership based national trade association that represents the interests of independent cattle producers in trade and marketing matters. Serve as the organization's lobbyist and oversee and coordinate policy development, strategy formulation, and policy implementation among and between 9 standing committees and manage and direct organizational staff. Responsible for communicating the organization's purpose at public speaking events held throughout the nation. Also responsible for writing public comments and congressional testimony on technical matters as well as managing and coordinating comprehensive litigation involving scientists and industry experts.

Executive Director, South Dakota Public Utilities Commission, Pierre, South Dakota, February, 1995 - 2001. Chief Administrative Officer for 27-member Commission. Responsible to three state-wide elected Commissioners who perform legislative, adjudicatory, policy development and rulemaking functions. Manage professional employees including attorneys, engineers, accountants, economists, inspectors and customer relations experts. Oversee all aspects of regulation in the telecommunications, electric and gas utility industries; oversee the licensing and inspections of grain dealers and grain warehouses, permitting of interstate motor carriers, inspections mandated by the state's pipeline safety program; oversee the Commission's consumer complaint handling process; and represent the Commission before the state legislature, other state agencies, and the public.

Contract Author and Chief Planner for the 1994-1995 State Department of Agriculture's Comprehensive Farm Stress Program, Yukon, Oklahoma, 1994. Authored two grants totaling $183,386, with an additional USDA federal matching grant authority of $166,870, to administer and operate the state's agricultural mediation and financial and counseling services program. Organized and developed a state-wide advisory council. Directed all phases of program planning, start-up and development.

Director of Cooperative Programs, Oklahoma Farmers Union, Oklahoma City, Oklahoma, 1992-1994, and Interim Director of the Comprehensive Farm Stress Program, Farmers Union Foundation, Oklahoma City, Oklahoma, 1992-1993. Directly responsible to the President. Supervisor of a ten-person staff. Director of all farm organization activities and programs for Oklahoma's largest general farm organization with 107,000 family members. Administer youth and adult education programs; communicate organizational policies to the public through news mediums and produce a monthly newspaper for members; facilitate goal-oriented strategy meetings to enhance members' political influence; membership recruitment; administer lobbying and government/legislative relations activities; develop coalitions with other farm and rural groups; spokesperson and representative for the organization. Administered the Oklahoma Agricultural Mediation Program and the state's hotline, counseling and financial planning program funded by the Oklahoma Department of Agriculture.

Northwest Regional Coordinator, National Farmers Union, Boise, ID, 1989-1992. Supervised by eight-member Task Force. Directed and performed all aspects of a project to build a new Farmers Union organization in the three-state, Pacific Northwest region. Conducted membership recruitment meetings and performed legislative, communications, and policy development activities. Solicited grants for the development and implementation of educational programs for farmer-owned cooperatives. Successfully built a three-state organization, the Northwest Farmers Union, and served as its Executive Director while continuing to serve as a representative and spokesperson for the National Farmers Union.

Horse Breeder and Trainer, Spearfish, South Dakota, 1987-1989. Owner and operator of Heritage Training Stables, a Horse breeding and training facility. Provided stallion breeding services; trained, conditioned, and exhibited horses for the public; provided consultation services for buyers and sellers.

Director of South Dakota Farm Help Program, Huron, South Dakota, 1986. Responsible to Advisory Committee. Resolved conflicts between borrowers and lenders; represented farmers at administrative appeal hearings; provided technical assistance to farmers, attorneys, and Department of Agriculture counselors; completed loan applications, cash flows, and related financial documents for clients.

Founder and President of the South Dakota Family Farm and Ranch Association, 1984-1986. Built a state-wide membership based organization consisting of farmers and ranchers who were facing the then present economic cost-price squeeze. Conducted statewide meetings informing farmers and ranchers of their legal rights and met with attorneys throughout the state who were interested in representing farmers and ranchers but were unfamiliar with federal rules and regulations concerning FmHA farm programs. Represented farmers and ranchers through administrative hearing processes.

Farm Counselor, Cheyenne River Sioux Tribe, 1984-1986. Supervised by Tribe's Director of Planning. Resolved conflicts between Native American ranchers and their lenders; provided technical assistance to operators, tribal officials, and their attorney regarding borrower/lender responsibilities.

Ranch Owner, Perkins County, South Dakota, 1980-1985. Owner and operator of 6719 acre cow/calf operation until the agricultural economy mandated a new career.

Farm Operator, Hughes County, South Dakota, 1977-1980. Partner in irrigated farming operation in 1977. Sole proprietor in leased irrigated/dry-land farming operation in 1978-1979.

EDUCATION

University of South Dakota 15 credit hours graduate work toward MBA
Black Hills State University, Spearfish, SD, 1985-1989

Grade Point Average:	3.9 on a 4.0 scale
Degree:	Bachelor of Science, Summa Cum Laude
Major:	Political Science; Business Administration Minor

HONORARIES

Chairman, National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee on Executive Directors, 1998 to 2000.
Vice-Chairman, NARUC Staff Subcommittee on Executive Directors 1997-1998.
Board President, South Dakota Discovery Center and Aquarium, two terms, 1996-1998.
Distinguished Service Award from the Northwest Farmers Union Board of Directors, 1992.
Three academic scholarships from the BHSU Social Science Division in 1986, 1987, and 1988.
South Dakota's Alternate, 1987 Harry S. Truman Scholarship Program.
"Who's Who Among Students in American Universities and Colleges," 1988.
Outstanding Young Men of America Award, 1983.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witness to disclose the amount and source of Federal grants received since October 1, 2008.

Name: Bill Bullard

Organization you represent (if any): Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA)

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2008, as well as the source and amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: None Amount: None

2. If you are appearing on behalf of an organization, please leis any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2008, as well as the source and the amount of each grant or contract:

Source: None Amount: None

Please check here if this form is NOT applicable to you: Neither I nor R-CALF USA have received any Federal grants since October 1, 2008.

Signature: