

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



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March 10, 2014

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

**Via Facsimile, E-mail and U.S. Mail**

**Re: R-CALF USA's Renewed Complaint and Request for Remedial Action Regarding Beef Checkoff Program Abuses**

Dear Secretary Vilsack:

For nearly four years R-CALF USA has been submitting complaints and making requests to urge you take remedial action to restore the integrity of the Beef Checkoff Program. In June 2010 R-CALF USA joined with other groups to request that you completely separate the Federation of State Beef Councils (Federation) from the National Cattlemen's Beef Association (NCBA). Following the July 2010 independent auditors' findings that the NCBA had misappropriated more than \$216,000 in Beef Checkoff Program contributions, we repeated our complaint and expanded our requests to include the immediate suspension of all Beef Checkoff Program contracts between the NCBA and the Cattlemen's Beef Board (CBB) as well as the initiation of a full investigation into the NCBA's fiscal management of Beef Checkoff Program funds.

In response to our numerous complaints and requests, we received numerous assurances from you stating, *e.g.*, that you were taking our "recommendations under advisement" (your letter dated Sept. 2, 2010); that the USDA's Office of Inspector General (OIG) would conduct an audit of the Beef Checkoff Program in 2011 (your letter dated March 23, 2011); that the OIG audit "will include field work specifically focused on the accounting of checkoff dollars by CBB and its contractors, including NCBA" (*id.*; *see also* your letters dated Nov. 3, 2011; Oct. 3, 2012); that the OIG "acts independently and objectively to perform audits and investigations of USDA's programs and operations" (your letter dated May 14, 2013); and that you had "full confidence that OIG has accomplished those objectives in its audit report on USDA's oversight of the Board" (*id.*).

It is now clear that not a word of what we were being told by you for almost the past four years was true. Instead, our complaints and requests have been stonewalled for nearly four years

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and you are no closer to validating our complaints and addressing our requests than you were in 2010 when we first began making them.

It is unconscionable but true that after nearly four years of stonewalling and equivocation, your agency still cannot validate our fundamental complaint that our members' Beef Checkoff Program contributions are being squandered and improperly spent by the NCBA while under the watchful eyes of both the CBB and your Agricultural Markets Service (AMS). Indeed, the OIG's final corrected report on the Beef Checkoff Program, which had to be corrected because the first final report turned out to be a conspiratorial cover-up and a work of fiction, states that after nearly four years of investigations, the OIG "could not determine that all funds were collected, distributed, and expended in accordance with the Act and Order. . ." (OIG letter to R-CALF USA, Jan. 31, 2014). Not only does the nearly-four-year-old investigation conclude that it cannot be determined if beef checkoff program funds were properly expended, but worse, it concluded that your agency has a "reduced assurance" that such funds were properly expended. (*Id.*)

It is beyond any semblance of common sense and impartiality that you would allow the Beef Checkoff Program to continually collect and expend producer contributions – for a period of nearly four years *after* you had definitively learned that funds were being misspent – while not having any assurance whatsoever that the program was being operated and administered in accordance with U.S. laws and regulations.

We hereby renew in full our complaint and request first sent to you on August 4, 2010 that had been effectively derailed and disregarded by the stonewalling efforts by your agency and by the OIG. Our renewed requests include that you:

- 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.

If you believe our anger is unjustified, please explain why we should not be livid under the circumstances. The facts show that after you learned definitively that the NCBA attempted to expropriate hundreds of thousands of U.S. producer dollars; after your OIG agency issued a whitewashed report that conspiratorially attempted to exonerate the NCBA, CBB and your agency from complicity for the misappropriations of those producer dollars; and even after the OIG retreated from its conspiratorial cover-up, you continue to allow the NCBA, including its

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policy division, to benefit both directly and indirectly from the Beef Checkoff Program. As a direct result, you are manifestly and effectively bolstering the NCBA's ability to undermine our U.S. country-of-origin labeling law, our U.S. antitrust laws, and the Packers and Stockyards Act, all of which are critically important to independent U.S. cattle farmers and ranchers.

We look forward to a more meaningful response than what we have received in the past.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Bullard". The signature is stylized and cursive, with the first name "Bill" being more prominent and the last name "Bullard" following in a similar script.

Bill Bullard

Cc: Select Members of Congress