

Judge Orders Halt to National Beef Checkoff

On June 21, South Dakota Federal District Court Judge Charles B. Kornmann ruled that the Beef Promotion and Research Act and checkoff “are unconstitutional and unenforceable” because they violate the First Amendment of the U.S. Constitution. Judge Kornmann enjoined any further collection of the \$1 per head checkoff after July 15.

“I am disappointed by the ruling of the U.S. District Court in South Dakota that the Beef Promotion and Research Act is unconstitutional. The U.S. Department of Agriculture regards such programs, when properly administered, as effective tools for market enhancement,” USDA Secretary of Agriculture Ann Veneman said.

“The beef promotion program in particular has helped beef demand to increase and has contributed to increased U.S. beef exports. These results have led to support for the program by a majority of beef producers,” she said. “We are consulting with the Department of Justice to determine next steps.”

According to Livestock Marketing Association (LMA) President Billy Perrin, the key elements of the Court’s ruling include:

...Beef producers cannot be compelled to finance advertising programs with which they disagree. The Court said the Constitution requires that beef advertising be paid for “only from assessments paid by producers who do not object to advancing the generic sale of beef and who are not coerced into doing so against their wills.”

Several individual plaintiffs in LMA’s lawsuit objected to checkoff-financed advertising, claiming the ads made no distinction between U.S. and foreign beef.

...Claims made by the Cattlemen’s Beef Board and the government, that checkoff programs constitute government speech, are contradicted by several years of so-called “producer communications.”

The Court found that “All of these so-called ‘producer communications,’ which were prepared with checkoff funds, stress to the producers that the Beef Board is a ‘producer-controlled, independent Board.’ They stress to the producers that the beef checkoff is an ‘industry-run program,’ that ‘cattlemen run the program,’...”

“Nowhere in any of the ‘producer communications,’” the Court found, “does it even hint that the Board is accountable to the (U.S. Department of Agriculture) or that the speech being paid for by the producers is that of the federal government.”

In a further rejection of the defendants’ “government speech” argument, the Court said, “Common sense tells us that the government is not ‘speaking’ in encouraging consumers to eat beef. After all, is the ‘government message’ therefore that consumers should eat no other product or at least reduce the consumption of other products such as pork, chicken, fish or soy meal? The answer is obvious.”

The Court’s ruling, Perrin said, “confirms that producers will be able to use their money to promote the beef they produce, in the way they want, in association

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Adami Named Equity Cooperative Livestock Sales Association's President and CEO

Baraboo, WI (Equity) - In May Equity Cooperative Livestock Sales Association announced the resignation of President and CEO Gregory A. Beck.

At that time the board of directors had asked Charles Adami, current Vice President of Finance and CFO, to take on the role as interim President and CEO. At a recent meeting, the regional board of directors unanimously voted to name Adami President and CEO.

"The regional board of directors is confident in Chuck's leadership abilities and knows he will direct the cooperative toward a successful

future," Norm Fruit, Chairman of the Board, said.

Adami has been employed by the cooperative since July 2000 in his position of CFO. His experience in financial management, team building and business forecasting was gathered over a career spanning 25 years in various businesses and positions.



Charles Adami

"This position will have its challenges, but with the cooperative's rich history, strong patron base, insightful board of

directors, and dedicated employees, any obstacle will in time, be surmounted," commented Adami.

Adami is the proud father of two grown children and has one grandchild. He and his wife, Jill, reside in Lodi, Wis.

Equity Cooperative Livestock Sales Association is comprised of 22 divisions, which assists today's producers with the marketing, managing and financing of their agricultural businesses.

NLPA to Hold Board Meeting in Colorado Springs, July 24-27

Colorado Springs, CO (NLPA) - The National Livestock Producers Association will hold its summer board meeting at the Antlers Adam's Marks Hotel in Colorado Springs, July 24-27.

The NLPA Summer Board meeting was to include each member organization's full board of directors in order to help directors get a better understanding of their organization's involvement in NLPA. However, due to market conditions and special circumstances among member organizations, the meeting has been scaled back to include only the NLPA Board representatives.

The focus of the 2002 Summer Board Meeting will be the strategic planning of the future direction of NLPA. Facilitating the planning will be Dr. Carol Barbeito, Ph.D., president of CLB & Associates. Dr. Barbeito is a specialist in working with association management and leadership in planning, needs assessment, organization governance and structure, and evaluation. The NLPA Board of Directors will be challenged to refine the goals of the organization and provide direction for the future.

For more information about summer board meeting, please contact NLPA at 1-800-237-7193.



The National Producer

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Elston to Take Over for Caubin as CEO at Tri-State Livestock Credit Corporation

Colorado Springs, CO (NLPA) – After 20 years as President and Chief Executive Officer of Tri-State Livestock Credit Corporation, Jack Caubin is ready to hand the reins to someone else.

"Working for Tri-State has been a fabulous trip," Caubin said. "I was able to be in a lot of farm and ranch kitchens and businesses and travel the back roads of the United States."

Caubin spent his first years at Tri-State trying to build up business and working to change the company's problems into challenges.

"We worked really hard to develop a structure to get Tri-State back on its feet so it would really work toward the benefit of the owners and users," he said. "We eventually found the right banking relationship, which proved critical to making this happen."

Caubin is originally from California, but he was raised in Colorado. Before joining Tri-State he worked for Farmland Industries, Adolph Coors, Co., First National Bank, Colorado National Bank and Western Farm Management Co.

Caubin has been a livestock lender (sheep included) since 1967 in Colorado, Wyoming, Idaho, Oregon and California. He used his knowledge of financing ewe/lamb and feeder lamb operations as a member of NLPA's Sheep & Goat Fund Committee.

Caubin has been involved in NLPA for almost 20 years. He has served as chairman of many of NLPA's committees and as a board member.



Jack Caubin

"Jack has been an important part of the NLPA board of directors for many years," Scott Stuart, NLPA President and CEO, said. "His experience and leadership are greatly appreciated and will be sorely missed."

Caubin said that he is not retiring completely though. He will be working with Tri-State as a consultant in his home office.

"I am looking forward to spending more time with my wife, Lauralee, and my family," he said. "I have a sailboat and plan to do more sailing and some golfing too."

"I have truly enjoyed my time with Tri-State, but there are lots of things I've wanted to do and didn't have the time, now I will," he said. "Tri-State will be in good hands."

As of July 1st, Mike Elston will officially take over the duties as President and CEO.

"It will be difficult to follow Jack," Elston said. "He has done a really wonderful job for the company and he is highly respected and well-liked."

Elston comes to Tri-State from Mid Valley Bank in Red Bluff, Calif., where he was senior vice president and chief credit officer. Elston began working in the credit/banking business in 1978 as the branch manager for Lassen Production Credit Association. Then he worked for Bank of America before he became a loan officer at Mid Valley Bank.

Elston spent several years as a ranch manager. He spent a year managing, Lucas Ranches, cattle and hay ranches in Lakeview, Ore. Then he managed Weigand Ranch in McArthur, Calif.

"I am looking forward to working with people in the livestock industry and focusing solely on agriculture," Elston said.

Elston graduated from California Polytechnic University in San Luis Obispo, Calif., with a bachelors degree in animal science and a masters degree in general agricultural sciences. He also has secondary teaching credentials in vocational agriculture.

Elston also serves as secretary/treasurer for the Tehama County Cattlemen's Association, is a past director of the Kiwanis Club of Red Bluff and is a treasurer of Cal Poly Boots and Spurs, member of the Rodeo Club and member of Alpha Zeta.

Elston and his wife, Vicky, who is a school nurse, live in Lincoln, Calif.

NLPA Sheep & Goat Fund Recipient, Tolman Sheep Dairy Farm Works to Create New Dairying Alternative

Tolman Sheep Dairy Farm, LLC, is a work in progress, developing a sheep dairying model that can be a realistic option for Upstate New York farmers.

The Tolman Sheep Dairy Farm is owned by Bee Tolman and her husband, Simon Hurley, and managed by Tolman. The business, located in Cazenovia, N.Y., became fully operational in April 2000.

The sheep dairy sits on a leased 300-acre farm in Chittenango, N.Y., and now includes 250 East Friesian cross dairy ewes and a purpose-built sheep-milking parlor. The main goal of the farm is to be milking 250 highly productive ewes and producing over 75,000 pounds of Grade A milk in 2003.

The Tolman Sheep Dairy Farm is located in an area of Central New York where the (cow) dairy industry is struggling and seeing a steady decline in cow numbers, with no real alternatives emerging. In fact, Tolman Sheep Dairy Farm sits on a farm property where cows were milked from 1903 to 1997.

“Dairy farm numbers in Madison County (where the dairy is located) and neighboring Herkimer and Oneida Counties, have dropped by about 4 percent every year for the last half-dozen years,” Tolman said. “Most exiting farms are small farms, averaging 62 milking cows and operating on less than 100 acres.”

Tolman said she believes that Upstate New York is optimally

sited for the development of the sheep dairying industry because of its available land base, its existing dairy agriculture infrastructure, and especially its close proximity to the largest discretionary marketplace in the world.

“The sheep business is not generally a financially viable option for Upstate New York farmers looking for an alternative to milking cows,” Tolman said. “The addition of sheep milk as a revenue source, however, might make a small flock of about 250 ewes a more appealing option for an individual farmer.”

“There has been considerable interest in this enterprise among (cow) dairy farmers in the region, many of whom are on the lookout for alternatives to traditional dairying.

-- Bee Tolman, Manager

Unlike the Tolman Sheep Dairy Farm, most sheep dairy farmers in the Northeast also process and direct-market their own cheese. That model may be attractive to those inclined to produce and promote “farmstead”-style products from small, part-time farm operations.

Tolman Sheep Dairy Farm, however, sells its raw sheep milk to the Old Chatham Shepherding Company, a New York State cheese manufacturer.

“We are supplying a raw material – sheep milk – to a niche market that has an enormous demand for its premium-priced product,” Tolman said. “The domestic market for sheep-milk products is extremely strong, particularly in the Northeast. There has been considerable interest in this enterprise among (cow) dairy farmers in the region, many of whom are on the lookout for alternatives to traditional dairying.”

From a farm business perspective, Tolman believes that Tolman Sheep Dairy Farm model is attractive because of its modest start-up costs (\$100,000), its modest annual operating costs (\$70,000), its potential for return on assets, and the strong market for its products. And from a dairy farmer’s perspective, the Tolman Sheep Dairy Farm model might be attractive because of its location on an ex-dairy farm, its use of standard machinery and feeding systems, and its easy conversion of dairy buildings and facilities.

Tolman is well-suited to take on the venture. She began her agricultural career as a shepherd in Scotland in 1982, followed by shepherding jobs for eight years in New England. In 1990, She left shepherding to pursue a Masters degree in Animal Science at Virginia Tech.

Tolman and Hurley moved to New Zealand in 1993 to capitalize on a career opportunity for Hurley. While in New Zealand, Tolman worked for 18 months as managing



Left: A friend puts cups on the last ewes in the 12-bail row. Center: Ewes in the parlor. Right: Sheep at the Tolman Sheep Dairy, "row up" in the 12-bail rapid-exit parlor.

editor of a regional farming newspaper, for 12 months as a research technician on Massey University's sheep and beef farms, and finally, happily, she spent 30 months as a (cow) dairy farm worker. She and Hurley relocated to Upstate New York in 1998 to be closer to their families.

Tolmans' farm experience has included both extensive, low-input systems in Scotland and New Zealand, and intensive, high-input systems in New Hampshire and Vermont. She said this helped her appreciate the profit limits placed on Northeast livestock agriculture by the high costs of feed and capitalization. This has made her determined to focus on the low-cost production of sheep milk and market lambs.

When Tolman learned of the NLPA Sheep & Goat Fund she decided it was worth a try to get a loan, and in September 2000, the NLPA Sheep and Goat Fund Committee entered a loan agreement with Tolman Sheep Dairy to use toward the purchase of state-of-the-art milking equipment.

"Getting loans from community lenders was difficult," she said. "We did find a supportive local bank to finance part of the start-up costs, but at a fairly high interest rate because sheep dairying is such an unknown. NLPA allowed us to refinance, which helped a lot."

In addition to the dairy, Tolman Sheep Dairy Farm sells many lambs for meat consumption - accounting for about 50 percent of the farm revenues. Tolman said she sold 450 lambs last year, about 97 percent of which went to the local Bosnian community either directly or through a contact - without packers or breakers.

"The Bosnians represent a substantial market in our immediate area," she said. "They love lamb and prefer to serve it for special occasions or family gatherings."

"Service really counts with them, too," she said. "Over the past couple of years I've learned what type of

lamb they prefer, and my husband and I have learned a bit of their language - enough to greet them or commiserate about the weather."

Tolman said she feels a bit like a guinea pig right now in regard to her farm business model.

"If I can make it work it will be a good model for those producers looking for a decent alternative to the marginally viable dairy business," she said. "The sheep dairy business hasn't created a return at this point, but I'm working on it. These things take time."

Story submitted by Bee Tolman and Melissa Schneider

NLPA Sheep & Goat Fund Applications are available online!

Visit the NLPA Web site at www.nlpa.org or call 1-800-237-7193

United Producers Premiers Livestock Listing Service

Columbus, OH (UPI) - Producers Technologies, Inc., a division of United Producers, Inc. has developed a new livestock listing service available on www.uproducers.com.

This listing service will bring livestock right to the front doors of buyers and sellers across the country. Producers will get first hand what livestock species are available along with a detailed description and pictures for each lot. The livestock listed will include special features in United's regular auctions, special sales and direct on farm lots.

Each lot listing will include head count, type, weight, asking price and health information. Producers will also have the option of sorting the animals into various groups that best fit viewing needs. By placing livestock online United Producers, Inc. is able to reach a larger

audience of potential buyers while continuing to allow for the traditional personal interaction.

"United Producers, Inc., is committed to bringing our members the programs and services they need that will allow them to be competitive in today's livestock markets," Mike Bumgarner, Vice President of Marketing Services and Producers Technologies, Inc., said. "We are excited to offer a service that will not only provide greater competition for our producers, but will also provide improved marketing efficiency. Buyers will be able to view livestock at their convenience and make marketing decisions according to their schedules."

This new service lists available cattle, hogs, sheep and any additional livestock needed. To get more information regarding this new service or to participate, please visit www.uproducers.com

Dairylea Joins Efforts to Establish Livestock ID System

Syracus, NY (Dairylea) - Dairylea Cooperative Inc. has joined the Wisconsin Livestock Identification Consortium (WLIC) in order to lend support to, and stay abreast of, developments in the creation of a food animal identification and information system. The members of WLIC, in an effort to add value to - and protect the interests of - animal agriculture, advocate the implementation of a national livestock identification program through regionalized systems.

The WLIC believes that the development of a national program would allow the U.S. livestock industry to better contain and respond to problems with animal disease and food safety. In addition, it would provide a number of economic benefits for those involved in animal agriculture.

Members of the consortium recognize that creating a universal program would be an overwhelming challenge and therefore decided to first develop a regional identification system that includes all livestock species. WLIC was formed and has secured funding to establish a regional system that could serve as a model for a national program. Starting out on a regional scale will allow problems to be worked through more easily and efficiencies to be created before implementing full-scale.

"There is a critical need for a universal identification system in our country in order to ensure public health and safety as well as profitability for animal agriculture," said Clyde Rutherford, president of Dairylea Cooperative. "That is why we are involved. The Wisconsin Livestock Identification Consortium is headed in the right direction and we are pleased to be a part of this group."

The Wisconsin Livestock Identification Consortium (WLIC) is a group of more than 20 trade associations, proprietary firms and government agencies interested in adding value to, and protecting the interest of, livestock agriculture through animal identification and product tracing from the producer to the consumer.

Dairylea Cooperative Inc. is a farmer-owned agricultural marketing and service organization based in Syracuse, N.Y. It has more than 2,500 member farms located throughout the Northeast. Dairylea is a provider of resources such as insurance coverage, loan programs, milk price risk management services, business planning, livestock marketing (through Empire Livestock), and investment and retirement planning through its holding company, Agri-Services, LLC.

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with people whose beliefs they share. It's now up to the industry to come together to discuss a voluntary program, which we can all support."

LMA began a petition drive in 1998, to obtain a producer referendum on the checkoff. LMA later filed a lawsuit in South Dakota federal district court challenging the U.S. Department of Agriculture's process to validate those petitions.

The matter became a constitutional challenge to the checkoff following the Supreme Court's decision last year ruling that the mushroom checkoff was unconstitutional.

National Cattlemen's Beef Association Responds to Ruling

The challenge to the beef checkoff's constitutionality was raised by LMA and the Western Organization of Resource Councils (WORC) and several individual producers in an earlier petition. Defendants in the case are the U.S. Department of Agriculture, the Cattlemen's Beef Promotion and Research Board, which administers the checkoff, and Nebraska Cattlemen, Inc., which is leading a group of supportive producers to intervene on behalf of the checkoff.

"We believe this ruling is only a temporary setback for American beef producers," said Wythe Willey, president of the National Cattlemen's Beef Association and a beef producer from Cedar Rapids, Iowa. Willey said NCBA is confident the case will be overturned on appeal and the judge's ruling

stayed so that the checkoff can continue while the case advances to the next court level.

"We will continue the business of promoting beef while this process takes place, with minimal distraction," Willey said. "We believe the checkoff, the 'Beef. It's What's For Dinner.®' promotions and other similar programs designed to build demand have returned significant dividends to producers over the years. We will follow the law, of course, but believe the judge has misinterpreted it. Fortunately, the beef industry has an extremely strong case, and we believe we will prevail in higher court. The checkoff has been and will continue to be an effective way for producers to invest in their future."

"Foreign marketers are increasing efforts to promote their beef in the U.S. and our competitive position will be weakened if we lose the checkoff," Alexander said. "So, LMA and WORC are opening the door for importers to promote their own brands in the U.S. – and they are doing it with contributions to WORC from activist and environmentalist organizations that are working to put U.S. beef producers out of business."

Willey noted that since Congress launched the \$1-per-head beef checkoff in 1986, all previous constitutional challenges to it have been defeated. He said that in 15 years the administration of the program has not changed. It has always been producer directed with USDA oversight.

NCFC Names LTA Vice President and General Counsel

Washington, DC (NCFC) –The National Council of Farmer Cooperatives (NCFC) announced that Charles R. Rawls will become the new Vice President for Legal, Tax and Accounting (LTA) this June. Rawls will also assume the title of NCFC's General Counsel upon the retirement of Jim Krzyminski, the current general counsel.

Rawls will work with the NCFC member-led Legal, Tax & Accounting Committee to help identify and analyze legislative and regulatory issues important to farmer cooperatives and to develop recommended actions on these issues. Rawls comes to NCFC from the Senate Committee on Agriculture, Nutrition, and Forestry, where he has served as general counsel since 2001.

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Announcements

NIAA Summer Expo to Focus on Animal Identification

Bowling Green, KY (NIAA) – The National Institute for Animal Agriculture (NIAA) has announced ID/INFO EXPO 2002, a conference and trade show devoted to the subject of animal identification and information systems.

The event will take place in Chicago, July 29 - Aug. 1, and will feature the National Food Animal Identification Symposium, the first-ever National Equine Identification Symposium and a trade show featuring manufacturers and service providers in the animal identification and information systems business. NLPA will also facilitate a Livestock Subcommittee meeting at the ID/INFO EXPO. All NLPA members are invited to participate in the EXPO and the Subcommittee meeting.

For more information, please call Michelle Thomas at 270-782-9798 or visit the NIAA web site at www.animalagriculture.org.



NLPA Launches Redesigned Web Site

In early June, the National Livestock Producers Association's launched its re-designed and reorganized web site at www.nlpa.org. The new site has familiar information such as information on NLPA member organizations, contacts, and general information about NLPA. The new site has a site map for easier navigation, an expanded links area, and a benefits page. The new site has an expanded communications page that includes weekly newsbriefs, which are updated every Friday, and downloadable versions of *The National Producer* newsletter. Also, the newly added Resource section has the latest information regarding livestock disease outbreaks, legislation and other issues affecting NLPA members. The NLPA Sheep & Goat Fund has its own section on the new site, which includes: applications, contacts, grant information and project descriptions as well as its own news section.

