

Cattlemen look for lessons in gigantic swindle

By Betsy Blaney
The Associated Press

LUBBOCK, Texas (AP) — The collapse of a Midwest cattle brokerage that owes hundreds of ranchers as much as \$130 million could put some operations out of business.

It also has some wondering if regulatory changes are needed to prevent similar swindles in the future.

Federal agriculture officials filed a complaint last month against Indiana-based Eastern Livestock Co. LLC, accusing it of bouncing checks for livestock purchases and failing to maintain an adequate bond to cover its debts. The company owes money to about 740 ranchers in 30 states, according to the U.S. Department of Agriculture. Three of those have filed a lawsuit to try to force Eastern into involuntary bankruptcy.

The average loss of about \$175,000 per rancher is enough to put some out of business, said David Scott, president of

the Texas and Southwestern Cattle Raisers Association. Many ranchers, unaware that Eastern's checks were no good, tried to pay bills and ended up writing bad checks themselves, ranchers said.

Eastern made money mainly by buying calves throughout the South and selling them to feed lots in big cattle states, including Texas and Oklahoma, where they were fattened for slaughter. Federal regulations require such companies to have a bond sufficient to cover two days of business activity, although the bond can be less if the two-day amount is more than \$75,000.

Eastern's bond was only \$875,000 even though it was buying what Lane Broadbent of KIS Futures in Oklahoma City described as "monstrous amounts" of cattle each week. Broadbent is among those who advocate an escrow system in which money from cattle buyers would be held in an account until the animals were delivered, and then ranchers would be paid. Now, Broadbent said, some ranchers de-

liver animals before a buyer's check has cleared. They should be more careful, he added.

"Something's got to change or this is going to be a problem for a long time," Broadbent said. "There's too many rotten people for it still be dealt with on a handshake. We've trusted too much."

The USDA ordered Eastern to increase its bond from \$875,000 to \$1.15 million earlier this year, but the company ignored the order and the agency doesn't have the authority to suspend a firm's operations when they don't have adequate bonds. Scott said the government needs greater enforcement power, but others said they didn't think that was the answer in a fast-moving business like cattle trading.

"It's just impractical," Texas rancher John Welch said. "When you're in business, there's not enough time — too many deals to try to keep up with it."

Welch said he sold a couple of hundred head of cattle to Eastern about a month before it collapsed. His check, unlike

scores of others, didn't bounce. Many cattle producers still make deals using "faith and a handshake," just like they've done for decades, said Welch, who manages up to 10,000 head of cattle on Spade Ranches across West Texas. The key, he said, is "try to know who you're doing business with."

That didn't help Lynn Hirsch, of Shelbyville, Ky., who never got paid for 51 Holstein steers that Eastern bought from him. Hirsch wouldn't say how much he lost, but said the animals "were worth a lot." He described Eastern as "a large, reputable company" and said he didn't know how future fraud could be prevented.

"I wish to hell I knew," Hirsch said. "Livestock people have worked on a handshake. We deliver cattle and trust that we'll get payment in the next two to three days by mail. I just don't know what could be done."

But, he said, a stockyard in Lexington, Ky., has a new policy requiring that all

cattle be paid for before they leave the yard. He suspected it was a result of the trouble at Eastern.

As of Nov. 22, the Agriculture Department's Grain Inspection, Packers and Stockyards Administration had documented \$81 million in returned checks that Eastern issued between Nov. 3 and Nov. 9. It counted 250 claims totaling \$7.4 million against the company's bond. The Justice Department is investigating.

But while ideas are being tossed about, those in the industry said they have no sure-fire answers on how to prevent similar problems in the future.

"I don't think anyone knows enough yet to say, 'Where do we go from here?'" said Ross Wilson, president and chief executive officer of Texas Cattle Feeders Association. "There are a lot of people asking similar questions, and I have not heard any good answers yet."

Associated Press writer Joe Edwards in Nashville, Tenn., contributed to this report.

On the Beat

COLBY POLICE Thursday

10:04 a.m. — Alarm: subject called to report false alarm. Officers checked to make sure location secure.

10:59 a.m. — Someone traveling in the 1900 block of south K-25 lost property off vehicle. Report-

ing party removed debris; officer contacted owner.

11:34 a.m. — Welfare check. Able to make contact, all OK.

5:11 p.m. — Security check at Walmart.

5:29 p.m. — Collision at Fourth and Franklin.

THOMAS COUNTY SHERIFF Thursday

10:09 a.m. — Donna Lowe arrested on warrant.

7:33 p.m. — Caller reported vehicle swerving and pulled off I-70 at mile 49 rest area. Not found.

8:09 p.m. — Assisted Highway Patrol at I-70 mile 68 eastbound.

Meat demand affected by media

U.S. consumers are increasingly interested in how their food is grown, and a recent study shows that media coverage of animal-welfare issues does have an impact on demand for meat.

The study, that involved a search of U.S. newspapers and magazines from 1982 to 2008, suggested that media attention to animal welfare has not directly affected beef demand. It did, however, reduce pork and poultry demand. A fact sheet and other information is available online at www.agmanager.info and search for publication MF-2951.

"While beef demand was found to not be directly influenced by increased media attention to animal welfare issues, this should not be interpreted as the beef industry being immune," said Glynn Tonsor, a

Kansas State University Research and Extension agricultural economist. He, along with Nicole J. Olynk, assistant professor of agricultural economics at Purdue, conducted the study.

The research found that media attention caused consumer spending to move to nonmeat food rather than across competing meat products, Tonsor said.

"Perhaps most importantly, the changes to estimated consumer demand need to be paired with production cost ... in order to derive estimates of net economic impact..." Tonsor said. "This study supports this and related evaluations to ... adjust on-farm practices to reflect societal pressures regarding animal well-being is economically impacting markets..."

Under pressure? Remember people

Aries (March 21 – April 20) Mercury is intensifying professional issues and creating an urge to escape. Life is busier. A lunar eclipse on Tuesday both complicates and helps the situation, creating pressure and bringing an opportunity for communication, ideas or a mental breakthrough.

Taurus (April 21 – May 21) Financial matters dominate. Exercise caution and due diligence. Wednesday the intensity ends, allowing you to focus on other matters in the lead up to Christmas.

Gemini (May 22 – June 21) It's unlikely you'll be taking your professional hat off this week in the lead up to Christmas, but focus on relationships. Reality checks and wake up calls make sure you're on the right track, with potential for a life-changing turning point.

Cancer (June 22 – July 22) Christmas on Saturday may offer the illusion of a full work week, giving you a sense you have more time. Urgency borders on panic at work and elsewhere, so you don't leave things to the last minute. When you're feeling stressed, identify what's urgent and what isn't.

Leo (July 23 – Aug. 22) The week begins with intensity at work. Find balance. Manage your time effectively, accomplishing what you need to at work and away. Embrace Christmas.



Shannon O'Brien

• Weekly Horoscope

Virgo (Aug. 23 – Sept. 23) You need to turn multitasking into an art form. This should be a week for winding things down on the work front as you focus more on your family. A total lunar eclipse in your career sector could become a last minute game changer.

Libra (Sept. 24 – Oct. 23) Christmas week isn't rushed, but you're not hanging up your work hat either. Even if you take time out there is no sudden end to 2010 and start to 2011. Pace yourself, decide what needs to be done and what can wait — you're not going to lose your edge. This is an important week for home, communication and adventure.

Scorpio (Oct. 24 – Nov. 22) Christmas puts finances under the microscope, but this year takes it to a whole new level. Finance and income comes to a head, then take a smarter and less urgent approach, just in time for Christmas.

Sagittarius (Nov. 23 – Dec. 21) You're feeling some reality checks challenging your authenticity on personal and relationship matters and making sure you're not asleep

at the wheel. Wake up calls are going to be strong and they may be game changing.

Capricorn (Dec. 22 – Jan. 20) There'll be no time for a slow and sedate windup to your old solar year or the start of the new solar year that begins Wednesday. Wednesday you'll have a chance to hit the ground running. You're more confident about your professional future. This could cause a major rethink on the job front.

Aquarius (Jan. 21 – Feb. 19) The heavens are creating some cheer likely to make this a Christmas to remember. It's giving you more confidence in the future. There's a lot to look forward to and a lot to celebrate as you look back that, even without events this week, would have created confidence. There's potential for some unexpected surprises or a major change of heart.

Pisces (Feb. 20 – March 20) This is a week you can't judge by its cover, for while it begins with being pulled from both ends, any pressure will be gone by mid week. Put things on track. Professional and home lives both demand attention. That will ease dramatically from Wednesday, with a breakthrough possible by then.

For entertainment purposes only.

Artificial trees don't spare forests

Amy Jordan is bewildered by Americans who believe they're saving a living evergreen by buying an artificial Christmas tree.

"Even in Kansas, you'll find people who don't know that Christmas trees are a horticultural crop, grown for the purpose of being harvested," said Jordan, who is a horticulturist with Kansas State University Research and Extension.

For all practical purposes, U.S.

Christmas trees come from commercial tree farms — large and small. One exception can be wild trees harvested under a paid permit where the Forest Service wants fire breaks.

"We have about 30 Christmas tree farms in Kansas. They're not the nation's biggest, but they're definitely a renewable resource," Jordan said. "They provide extra benefits, too. The fresher the tree, the longer it will last. Plus, local

trees are likely to be cleaner than shipped-in ones that have spent weeks or months crammed in storage."

The state's tree farmers are competing in a nationwide business with a product that takes about eight years to reach saleable size, she added. Still, Kansas' cut-your-own farms often work to ensure their customers also have family fun — from seeing how cider's made to going on a hay ride.

Cold temps don't break record

In the last few weeks, northeast Kansas have been bundling up against biting cold temperatures that are settling in for the winter with a vengeance, especially following our warm fall.

But even with these frigid temperatures, it still is not as cold as it could be. State Climatologist Mary Knapp with Kansas State University Research and Extension says roughly 137 cities in the Central Plains and eastern United States set record lows on Dec. 22, 1989, as an Arctic airwave spread across

these regions. Wichita's low temperature of 16 below zero set a record low for both the date and the month in that city. Goodland broke its record with a low temperature of 27 below zero, while Kansas City did the same with a low of 23 below zero.

Even these cold temperatures did not come close to the all time record low in Kansas. Lebanon recorded a low temperature of 40 below zero on Feb. 13, 1905.

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