



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Stop 3646
1400 Independence Ave., SW
Washington, DC 20250-3646

TO: Alan R. Christian 
Deputy Administrator
Packers and Stockyards Program

FROM: S. Brett Offutt 
Director
Policy and Litigation Division

SUBJECT: Section 6 Approval for Releasing Information Regarding Bond Claims Filed
Against L & S Cattle LLC and Laverne Silva

Sherman Young Jr., manager, Young & Young Livestock LLC, has submitted a FOIA request for information regarding bond claims filed against L & S Cattle LLC (L&S) and Laverne Silva (Silva), Bliss, ID. As indicated in the attached "Schedule of Bond Claims and Payments by Bonding Company", Young & Young are presently owed approximately \$218,000. Total claims filed against the bonds of L&S and/or Silva are \$1,323,127.34; the \$80,000 bond filed by L&S has paid out, leaving \$1,243,127.34 unpaid. Claims against Silva's \$80,000 bond were denied. An investigative file, No. 1231, against L&S and Silva was forwarded to OGC on May 29, 2009 for payment violations.

In lieu of handling Mr. Young's request under FOIA, the WRO and PLD recommend a section 6(f) release to all claimants. The documentation recommended for release is listed in the attached letter from you to Mr. Silva. We believe it is in the public interest to release this documentation so claimants can make informed decisions regarding possible legal action to protect their interests. As you will note, claimants' names, addresses, and phone numbers are included so claimants may contact each other and take collective action if they wish. For these reasons, we recommend the agency issue a section 6(f) release of this information.

The Office of the General Counsel has reviewed this document for legal sufficiency.

I deem it expedient in the public interest to release the information described above, as authorized by section 6(f) of the Federal Trade Commission Act, made applicable to the jurisdiction, powers, and duties of the Secretary of Agriculture by section 402 of the P&S Act.

Approved:

Alan R. Christian

Alan R. Christian
Deputy Administrator
Grain Inspection, Packers and Stockyards Program

Date:

6/30/09



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Stop 3601
1400 Independence Ave., SW
Washington, DC 20250-3601

JUN 30 2009

Laverne Silva
L&S Cattle LLC
1854 Clovercreek Road
Bliss, ID 83314

Subject: Bond Claims Filed Against L & S Cattle LLC, Bond No. FC8669, and Laverne Silva,
Bond No. FC1429, under the Packers and Stockyards Act

Dear Mr. Silva:

Enclosed for your reference are the following documents regarding the bond claims filed against you individually and L & S Cattle LLC.

1. L & S Cattle LLC and Laverne Silva, Bliss, Idaho; Bond Claim Analysis Sheet dated January 26, 2009, and letter to surety dated February 11, 2009.
2. Documentation regarding Bond No. FC8669, principal L & S Cattle LLC, effective November 2, 2008, in the amount of \$80,000, as follows:
 - a. Copy of Bond No. FC8669
 - b. Cancellation Notice from the surety, Contractors Bonding and Insurance Company (CBIC), received by the Grain Inspection, Packers and Stockyards Administration, Packers and Stockyards Program (P&SP) on January 30, 2009, with fax cover sheet.
 - c. Two copies of a January 30, 2009, letter from P&SP to L&S Cattle LLC, advising of the termination date of March 7, 2009, with your handwritten note at the bottom dated February 5, 2009, advising that you were "not buying or selling".
3. Documentation regarding Bond No. FC1429, principal Laverne Silva, effective November 2, 2005, in the amount of \$80,000, as follows:
 - a. Two copies of Bond No FC1429
 - b. Unsigned bond rider dated December 2, 2008, to change the name of the principal from Laverne Silva to L and S Cattle LLC.
 - c. Cancellation Notice from the surety, CBIC, received by P&SP on January 2, 2009.
 - d. January 5, 2009, letter from P&SP to CBIC Insurance setting a termination date of February 2, 2009.
 - e. January 5, 2009, letter from P&SP advising you of the February 2, 2009 termination date, with copies of the front and back of the return receipt card.
 - f. Copy of our January 5, 2009, letter to you with your handwritten note advising the bond was renewed and you were operating as L&S Cattle L.L.C.
 - g. Copy of our January 5, 2009, letter to CBIC with your handwritten note.
4. October 23, 2008, letter from P&SP to you advising of forms that must be completed and filed with P&SP to reflect the change in entity from Laverne Silva to L&S Cattle, LLC.
5. Application for Registration form for L&S Cattle LLC, filed with P&SP, and signed on

November 14, 2008.

6. Application for Registration form for Laverne Silva, filed with P&SP, and signed on March 15, 2000.
7. Email to Jane Henning from Kim Kelly dated December 1, 2008, regarding the name change rider for Laverne Silva.
8. Fax cover sheet dated December 22, 2008, from Vanette Stewart re Laverne Silva/L&S Cattle, LLC.
9. Your undated request to make your "old registration inactive". The document has a date received stamp by P&SP, but the date is illegible.
10. P&SP Registration Record for L&S Cattle LLC, registered December 19, 2008.
11. March 5, 2009 letter from attorney John S. York, Jr.
12. Distribution schedule for Bond FC8669.

Copies of this letter and attached documentation are being sent to the claimants and their attorneys listed on the schedule referenced above in Item 1. As provided in section 6(f) of the Federal Trade Commission Act, made applicable to the power of the Secretary under the Packers and Stockyards Act, section 402 of the Act (7 U.S.C. § 222), I have authorized the release of these documents, including claimant names, addresses, and phone numbers, pursuant to section 6(f) of the Federal Trade Commission Act. Please take notice that it is USDA policy that the addresses, or any other personally identifiable information regarding individual claimants, are considered to be confidential and are not to be publicly released.

By copy of this letter claimants and their attorneys are advised that USDA's Packers and Stockyards Program, Grain Inspection, Packers and Stockyards Administration, does not have authority to make final determination on the validity of the claims, to order payment of the claims, or to provide legal representation to claimants. Claimants may wish to consider retaining legal counsel to protect their interests in this matter.

Questions regarding the handling of claims filed against the above bonds should be directed to CBIC Insurance, 901 N. Monroe St., Suite 340, Spokane, WA 99201 (509) 326-2244. If you have questions regarding this letter, please call John D. Barthel, Regional Director of our Denver, Colorado, office, at (303) 375-4240.

Sincerely,



Alan R. Christian
Deputy Administrator

Attachments as listed above, items 1 through 12



United States
Department of
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Grain Inspection,
Packers and Stockyards
Administration

Stop 3646
1400 Independence Ave., SW
Washington, DC 20250-3646

TO: Alan R. Christian
Acting Administrator
Grain Inspection, Packers and Stockyards Program

FROM: S. Brett Offutt 
Director
Policy and Litigation Division

SUBJECT: Section 6 Approval for Releasing Information Regarding Trust and Bond Claims
filed Against Meadowbrook Farms Cooperative

The Midwest Regional Office has completed: (1) the analysis of packer trust claims filed against Meadowbrook Farms Cooperative (Meadowbrook) by unpaid sellers of livestock; and (2) the analysis of claims filed against Meadowbrook's \$740,000 bond.

We believe it is in the public interest to release the completed analyses of the livestock trust and bond claims so that claimants are informed of the amounts believed to be timely and valid. It also appears to be in the public interest that a listing of the addresses and telephone numbers of all claimants be provided to the claimants or their attorneys, so that claimants may contact each other and take collective action if they wish. We will also send this information to attorneys representing other parties having an interest in the pending Meadowbrook bankruptcy proceeding, so they are aware of the amounts to which trust beneficiaries potentially are entitled. For these reasons, we recommend that the agency issue a section 6(f) release of this information.

The Office of the General Counsel has reviewed this document for legal sufficiency.

I deem it expedient in the public interest to release the information described above as recommended, as authorized by section 6(f) of the Federal Trade Commission Act, made applicable to the jurisdiction, powers, and duties of the Secretary of Agriculture by section 402 of the P&S Act.

Approved:



Alan R. Christian
Acting Administrator
Grain Inspection, Packers and Stockyards Program

Date:

4/29/09

Laura K. Grandy, Esq.
Chapter 7 Trustee for Meadowbrook Farms Cooperative
23 Public Square, Suite 300
P.O. Box 307
Belleville, IL 62220-0307

Mark D. Skaggs, Esq.
US Trustees Office
401 Main St., Suite 1100
Peoria, IL 61602

Subject: Claims filed against Meadowbrook Farms Cooperative, under the Packers and
Stockyards Act

Dear Ms. Grandy and Mr. Skaggs:

Enclosed are copies of the USDA analyses of the packer trust claims and packer bond claims filed against Meadowbrook Farms Cooperative, Belleville, Illinois (MFC). As a packer buying livestock for slaughter under the Packers and Stockyards Act (7 U.S.C. § 181 *et seq.*) (Act), MFC was required: (1) to maintain a surety bond in the amount of \$740,000 to secure its obligations for the purchase of livestock; and (2) to hold meat inventory, accounts receivables, and proceeds in trust for the payment of cash sellers of livestock. The USDA analyses address the timeliness and apparent validity of the packer trust and bond claims.

Because livestock sellers and packers that wish to extend the time for payment required under section 409(a) of the Act (7 U.S.C. § 228b(a)), must agree under section 409(b) of the Act (7 U.S.C. § 228b(b)) to both credit payment terms, and to a waiver of the statutory trust which complies with section 201.200 of the regulations (9 CFR § 201.200), all transactions without a compliant trust waiver have been scheduled as cash sales with payment due as required under section 409(a) of the Act. Many claims that have been scheduled as apparently non-valid trust claims have been scheduled as apparently valid bond claims because the bond covers all livestock purchase obligations regardless of payment terms, and bond claims are timely if filed within 60 days of the transaction date whereas trust claims must be filed within a shorter time.

Maximum protection under the Act is provided when cash sellers are paid first with trust assets, which are not included in the packer's bankruptcy estate. The USDA analysis of the bond claims also sets forth the claim balances that would be apparently valid after the apparently valid trust claims are paid. The Deputy Administrator, as provided under section 402 of the Act (7 U.S.C. § 222), has authorized the release of these analyses and claimant names and addresses under section 6(f) of the Federal Trade Commission Act.

As shown below, copies of this letter and the enclosed analyses are being sent to the Chief Financial Officer of MFC, counsel representing five claimants, to claimants not known to be

represented by counsel, and attorneys representing other interested parties. Please take notice that it is USDA policy that the addresses, or any other personally identifiable information regarding individual claimants, are considered to be confidential and are not to be publicly released.

By copy of this letter claimants are advised that USDA's Packers and Stockyards Program, Grain Inspection, Packers and Stockyards Administration, does not have authority to make final determination on the validity of the claims, to order payment of the claims, or to provide legal representation to claimants. Claimants not represented by counsel may wish to consider retaining counsel to protect their interests in this matter.

If you have any questions regarding this matter, you may contact me in this office at (515) 323-2579, or attorney Eric Paul of the Trade Practices Division, Office of the General Counsel, USDA, Washington, DC, at (202) 720-2460.

Sincerely,

Jay A. Johnson
Regional Director

Attachments:

Meadowbrook Farms Cooperative Trust Claim Analysis dated 4/27/2009
Meadowbrook Farms Cooperative Bond Claim Analysis dated 4/27/2009

Cc: Richard T. Klene
Chief Financial Officer
Meadowbrook Farms Cooperative
10 South Jackson St., Suite 400
Belleville, IL 62220

Edward J. Karfeld, Esq.
Karfeld Law Firm, P.C.
611 Olive Street, Suite 1640
St. Louis, MO 63101
(314) 231-1312
Attorney representing Meadowbrook in the Chapter 7 bankruptcy proceeding

Eric M. Pfeifle, Esq.
Patton Boggs, LLP
2001 Ross Ave., Suite 3000
Dallas, TX 75201
(214) 758-1517
Attorney representing CIT Group/Business Credit, Inc.

Shari L. West, Esq.
Legal Counsel
Illinois Department of Agriculture
P.O. Box 19281
Springfield, IL 62794
(217) 558-0014
Attorney representing the bond trustee

Thomas J. Niemann, Esq.
Neimann Rourke, LLC
1650 Des Peres Road, Suite 150
St. Louis, MO 63131
(314) 822-7171
Attorney representing:
Great Lakes Pork
Lehmann Brothers Farms, LLC
Johnson - Pate Pork, Inc.

Michael R. Blaser, Esq.
Brown, Winick, Graves, Gross, Baskerville and Schoenebaum, P.L.C.
666 Grand Avenue, Suite 2000
Ruan Center
Des Moines, IA 50309-2510
(515) 242-2480
Attorney representing:
Charles Alan Wildt (Shiloh Hill, LLC)
Greg Giertz (S.G. Swine)

List of trust and bond claimants not known to be represented by counsel:

(List of claimants will be added by MRO after letter is approved in DC)



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Stop 3601
1400 Independence Ave., SW
Washington, DC 20250-3601

DEC 21 2007

Elkin W. Parker, Regional Director
Packers & Stockyards Program, GIPSA, USDA
75 Spring Street, Suite 230
Atlanta, GA 30303-3308

Dear Mr. Parker:

I have determined, in accordance with Section 6(f) of the Federal Trade Commission Act, which is made applicable to the jurisdiction, powers and duties of the Secretary of Agriculture by Section 402 of the Packers and Stockyards Act (7 U.S.C. § 222), that the release of the following records to claimants who have filed trust notices against Southerleigh, Ltd. is expedient in the public interest:

1. Trust Analysis schedule as of December 14, 2007, showing claimants' names, claim amounts, and other information regarding the trust claims filed with P&SP. Copies of the trust claim forms are included with the schedule.
2. Trust Property Analysis schedule showing a summary of the trust assets indicated by P&SP's investigation.
3. Livestock Purchases from Cash Sellers schedule with attached invoice showing a December 2, 2006, purchase from Sellers Feedlot in the amount of \$35,185.80.
4. Schedule of Outstanding Checks for the First National Bank account
5. Packer Inquiry form for the year ended December 31, 2006, filed with P&SP.
6. Mr. Elkin Parker's letter dated December 5, 2007 to attorney Anthony F. Anderson, and Mr. Anderson's reply letter dated December 7, 2007.

Sincerely,

Alan R. Christian
Deputy Administrator
Packers and Stockyards Program

Attachments



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

75 Spring St., Suite 230
Atlanta, GA 30303-3308
404-562-5840
Fax 404-562-5848

Katrina A. Gravely
Southerleigh Ltd.
195 Emmanuel Road, SW
Willis, VA 24380

Dear Mrs. Gravely:

This office has received and conducted an analysis of the trust claims filed against the trust assets of your firm. The analysis is based on the trust claim forms filed with this office; claimants may have to verify proper filing of their claims with your firm to perfect their claims; P&SP does not have authority to make a final determination on the validity of trust claims. The following documentation is attached:

1. Trust Analysis schedule as of December 14, 2007, showing claimants' names, claim amounts, and other information regarding the trust claims filed with P&SP. Copies of the trust claim forms are included with the schedule.
2. Trust Property Analysis schedule showing a summary of the trust assets indicated by P&SP's investigation.
3. Livestock Purchases from Cash Sellers schedule with attached invoice showing a December 2, 2006, purchase from Sellers Feedlot in the amount of \$35,185.80.
4. Schedule of Outstanding Checks for the First National Bank account
5. Packer Inquiry form for the year ended December 31, 2006, filed with P&SP.
6. Mr. Elkin Parker's letter dated December 5, 2007 to attorney Anthony F. Anderson, and Mr. Anderson's reply letter dated December 7, 2007.

Copies of the documentation listed above are also being sent to the trust claimants. The release of information to trust claimants is being made under the authority of Section 6(f) of the Federal Trade Commission Act made applicable to the jurisdiction, powers and duties of the Secretary of Agriculture by Section 402 of the Packers and Stockyards Act (7 U.S.C. § 222). In accordance with Section 6(f), Mr. Alan R. Christian, the Deputy Administrator, Packers and Stockyards Program, Grain Inspection, Packers and Stockyards Administration, has determined that the release of these records is expedient in the public interest.

It is anticipated that final claim determination and distribution will be accomplished pursuant to litigation commenced by Laura's Lean Beef Company in the U.S. District Court for the Western District of Virginia, Roanoke Division, Civil Action No. 7:07CV00569.

If you have any questions, on this matter, please contact me at (404) 562-5840, or Eric Paul, Office of the General Counsel, Washington, D.C, (202) 720-2460.

Sincerely,

Elkin W. Parker
Regional Director, P&SP
75 Spring Street, Suite 230
Atlanta, GA 30303-3308

Attachments

cc:

Steven J. Berendes, President
B&B Feeding
P.O. Box 97
Red Oak, Iowa 51566

Laura's Lean Beef Company
1517 Bull Lea Road, Ste 200
Lexington, Kentucky 40511

Richard C. Maxwell, Esq.
Woods Rogers PLC
P.O. Box 14125
Roanoke, Virginia 24038-4125
(*Counsel for Laura's Lean Beef Company*
Telephone: 540-983-7600; Facsimile: 540-983-7711)

Dan VanDriel
V Bar D Cattle Co., Inc.
2491 460th St.
Ireton, Iowa 51027

Charlie Peters
Peters Beef Genetics
17510 298th Avenue
Bellevue, Iowa 52031

Floyd Peters
19940 Hwy 62
Bellevue, Iowa 52031



United States
Department of
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Grain Inspection,
Packers and Stockyards
Administration

Stop 3646
1400 Independence Ave., SW
Washington, DC 20250-3646

TO: Alan R. Christian
Deputy Administrator
Packers and Stockyards Program

FROM: Timothy B. Hansen *Timothy B. Hansen*
Acting Director
Office of Policy and Litigation Division

SUBJECT: Section 6 Approval for Releasing Information Regarding Trust and Bond
Equivalent Claims filed Against Agriprocessors, Inc.

The Midwest Regional Office has completed: (1) the analysis of packer trust claims filed against Agriprocessors, Inc. by unpaid cash sellers of livestock; and (2) the analysis of claims filed against the bond equivalent maintained by Agriprocessors, Inc. An analysis of poultry trust claims is currently being prepared.

We believe that it is in the public interest to release the completed analyses of the livestock trust and bond equivalent claims, and the dollar-total of poultry trust claims (\$4,044,967.11) so that claimants are informed of the amounts believed to be timely and valid. It also appears to be in the public interest that a listing of the addresses and telephone numbers of all claimants be provided to the claimants and their attorneys, so that claimants may contact each other and take collective action if they wish. We will also send this information to attorneys representing other parties having claims in the pending Agriprocessors, Inc., bankruptcy proceeding, so that they are aware of the amounts to which trust beneficiaries potentially are entitled. For these reasons, we recommend that the agency issue a section 6(f) release of this information.

The Office of the General Counsel has reviewed this document for legal sufficiency.

I deem it expedient in the public interest to release the information described above as recommended, as authorized by section 6(f) of the Federal Trade Commission Act, made applicable to the jurisdiction, powers, and duties of the Secretary of Agriculture by section 402 of the P&S Act.

Approved: *Alan R. Christian*
Alan R. Christian
Deputy Administrator
Packers and Stockyards Program

Date: 12/12/08

Livestock Claimants' Letter

Subject: Agriprocessors, Inc.

Dear:

Enclosed for your information are copies of: (1) the analysis of packer trust claims; (2) the analysis of claims filed against the \$1.245 million trust agreement; and (3) contact information for the livestock sellers who filed claims against Agriprocessors, Inc. Please note that, in addition, unpaid sellers of poultry have filed poultry trust claims in a total amount of \$4,044,967.11. An analysis of these poultry claims is currently underway. This information is being provided to each livestock claimant, to Agriprocessors' Chapter 11 Bankruptcy Trustee, and to the U.S. Attorney's Office for the Eastern District of New York, where Agriprocessors filed for bankruptcy.

The USDA's Packers and Stockyards Program, Grain Inspection, Packers and Stockyards Administration, does not have authority to make final determination on the validity of the claims, to order payment of the claims, or to provide legal representation to claimants. In order to protect your interest in the packer trust, to assure that trust assets are properly maintained and not dissipated, and to assure a reasonably prompt disbursement of trust proceeds, you may wish to seek the services of an attorney or to contact the other claimants and retain an attorney together. Since the company has now filed for bankruptcy, it is important that you carefully review any communications you may receive from the Bankruptcy Court.

For your information, we are also enclosing a copy of the Act and regulations issued thereunder (9 C.F.R. §§ 201.1 – 201.200). If you have any questions, do not hesitate to contact this office. My telephone number is (Regional Office telephone number).

Sincerely,

(Signature Name)

(Title)

Packers and Stockyards Program

Enclosures



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Stop 3601
1400 Independence Ave., SW
Washington, DC 20250-3601

October 22, 2004

Ms. Susan Baatz
Office Administrator
Bureau of Animal Health
Illinois Department of Agriculture
P.O. Box 19281
Springfield, Illinois 62794-9281

Dear Ms. Baatz:

This responds to your August 13, 2003, letter requesting the Grain Inspection, Packers and Stockyards Administration, to release the 2001 and 2002 annual reports of Gary Fulton, Lewistown, Illinois. In a September, 13, 2004, conversation with Ray Minks of this office, you amended the records request to include Gary Fulton's 2003 annual report.

This request is made pursuant to the duties of your office as trustee on Mr. Fulton's trust agreement, and in the enforcement of applicable laws of the State of Illinois. I apologize for the delay in responding to your request.

I have authorized the release of the requested information to you. This release of records is being made under the authority of section 6 of the Federal Trade Commission Act made applicable to the jurisdiction, powers and duties of the Secretary of Agriculture by section 402 of the Packers and Stockyards Act (7 U.S.C. § 222). In accordance with section 6, I have determined that the release of these records for the purpose stated in your request is expedient in the public interest. Mr. Fulton's 2001, 2002, and 2003 reports are attached.

In the certification section of the 2002 annual report, you will note that Mr. Fulton indicated the report is for the year ended "December 31, 2003." This date is in error; the report is for the year ended December 31, 2002. The report was signed by Mr. Fulton on "5-30-03," and received in the Des Moines regional office of the Grain Inspection, Packers and Stockyards Administration, Packers and Stockyards Programs, on June 5, 2003.

We are providing these records for use in an investigation by the Illinois Department of Agriculture. Much of the information you have requested is commercial or financial information which the Department of Agriculture regulation (9 CFR section 201.96) requires to be kept confidential. Commercial or financial information, which is privileged or confidential, is also exempt from disclosure to the public under the Freedom of Information Act (FOIA) 5 U.S.C. 552(b)(4). In addition, other FOIA exemptions, such as the exemption for investigatory records, 5 U.S.C. 552(b)(7), may apply. In the event of a third party request for disclosure of the information, we request that you inform this office of the request and assert all applicable exemptions from disclosure permitted by FOIA or any other applicable statute.

Ms. Susan Baatz

Page 2

We request that you not disclose this information to any other parties, including law enforcement agencies, without consulting with us first.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Brett Offutt', written in a cursive style.

S. Brett Offutt
Acting Deputy Administrator
Packers and Stockyards Programs



United States
Department of
Agriculture

Grain Inspection,
Packers and Stockyards
Administration

Stop 3646
1400 Independence Ave., SW
Washington, DC 20250-3646

To: Alan R. Christian
Deputy Administrator

From: S. Brett Offutt
Director
Policy and Litigation Division

Subject: "Section 6" Information Request by the Grant County Sheriff's
Department, Lancaster, Wisconsin

Date: July 1, 2008

Detective Travis Klaas, Grant County Sheriff's Department, has requested "any information" this agency has regarding Honey Creek Cattle Co. d/b/a Peace Livestock (Peace), Edgewood, Iowa. Information re this matter follows.

- Peace, a corporation, registered with this agency in 2004 as a dealer. The corporate owners and managers are James L. Thurn and Deryl D. Hines.
- On June 18, 2008, an investigative file on Peace was referred to OGC for failure to pay \$506,611.31 for livestock and issuance of NSF checks.
- An administrative complaint and notice to show cause, P&S Docket No. D-08-0144, was issued against Peace and Messrs. Thurn and Hines on June 19, 2008, for the violations noted in the OGC referral. The complaint includes a "show cause" notice to Mr. Thurn, giving him an opportunity to show cause why his application for registration as a packer buyer should not be denied. The "show cause" notice responds to Mr. Thurn's June 10, 2008, application to the MRO for a "packer buyer" registration.
- Detective Klaas requested the information for a pending investigation of a "theft complaint" received from Bloomington Livestock Exchange. The administrative complaint includes the two instances of failure to pay Bloomington Livestock Exchange in the amounts stated in Detective Klaas' letter; \$67,177.10 and \$66,233.21.
- The information responsive to the request is the investigative report prepared by the MRO and other information noted in paragraph 3 of the letter to Detective Klaas.
- The MRO recommends P&SP comply with Detective Klaas' request.
- OGC has approved the letter to Detective Klaas.

I concur with the MRO's recommendation that P&S provide the requested information. If you concur, please sign the letter authorizing release of the requested information. As

you will note, the letter also authorizes MRO personnel to discuss the investigation and findings with Detective Klaas or other law enforcement officers with the Grant County Sheriff's Department, if requested.

The following are attached for reference:

- Detective Klaas' May 22, 2008 information request to the MRO.
- P&SP business record for Honey Creek Cattle Co. d/b/a Peace Livestock
- June 18, 2008 OGC referral for Deryl D. Hines, James L. Thurn, and Honey Creek Cattle Co. d/b/a Peace Livestock, Edgewood, IA
- Administrative complaint issued June 19, 2008, P&S Docket No. D-08-0144, against Honey Creek Cattle Co., d/b/a Peace Livestock, James L. Thurn, and Deryl D. Hines
- Eric Paul's email of 6/27/2008 with attached OGC-approved letter to Detective Klass.
- The investigative file and related documentation to be released under Section 6 authority



United States
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Stop 3601
1400 Independence Ave., SW
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JUL - 1 2008

Detective Travis Klaas
Grant County Sheriff's Department
P.O. Box 506
Lancaster, WI 53813

Re: Your Case #1898-08

Dear Detective Klaas:

This responds to your May 22, 2008, request to our Des Moines, Iowa, regional office, for information regarding "Jim Thurn an agent/owner of Peace Livestock", who allegedly failed to pay the Bloomington auction market for \$133,410.31 worth of livestock. The information request is pursuant to your Department's pending criminal investigation of Mr. Thurn.

Our records indicate Honey Creek Cattle Co., d/b/a Peace Livestock (Peace), Edgewood, IA, registered with this agency on March 26, 2004, as a corporation. James L. Thurn (Thurn) and Deryl D. Hines (Hines) are the officers who each own 50% of the corporation. After receiving complaints that Peace was failing to pay for livestock, our Des Moines office conducted an investigation and submitted a report of its findings to this office. On June 19, 2008, a Complaint and Notice to Show Cause was issued alleging (1) that Peace and its *alter egos*, Messrs. Thurn and Hines, failed to pay six Iowa and one Wisconsin livestock markets \$506,611.31 for livestock purchases, failed to pay another \$13,070.95 for livestock within the time period required by the Packers and Stockyards Act, and issued five NSF checks in purported payment for livestock purchases; and (2) that Thurn is unfit to be registered as a dealer buying livestock for slaughter as a packer buyer pursuant to an application for registration received on June 10, 2008. The investigation revealed that unpaid livestock purchases were personally made for Peace by Thurn and Hines, and that they signed the checks issued on the "Peace Livestock" checking account.

In response to your request, please find enclosed: (1) a copy of the Complaint and Notice to Show Cause issued by this agency, (2) a copy of the investigative report prepared by our Des Moines office; and (3) copies of the Trust Agreement, \$95,000 Letter of Credit, and the related claims, claim analysis, and transmittal letters to the Trustee, attorney David G. Baumgartner. All seven of the livestock markets allegedly unpaid in the Complaint and Notice to Show Cause appear to have filed timely claims totaling \$506,611.31. Kerr Trucking, LLC, has filed a claim seeking \$60,984.25 for hauling livestock. However, the \$12,912.00 portion of this last claim which was timely filed

would appear to be non-valid unless the Trustee is able to determine that the trucking provided constituted part of the agreed purchase price of the livestock purchased [and was within the scope of the Clause 2 condition clause], rather than post-purchase transportation expenses incurred by Peace. Personnel in the Des Moines office are authorized to discuss the investigative report and findings with you, if needed.

This release of records and information is being made under the authority of section 6 of the Federal Trade Commission Act made applicable to the jurisdiction, powers and duties of the Secretary of Agriculture by section 402 of the Packers and Stockyards Act (7 U.S.C. § 222). In accordance with section 6, I have determined that the release of these records and information for the purpose stated in your request is expedient and in the public interest.

We are providing these records and information for use in a criminal investigation by the Grant County Sheriff's Department, Lancaster, Wisconsin. Much of the information you have requested is commercial or financial information which Department of Agriculture regulation (9 CFR § 201.96) requires to be kept confidential. Commercial or financial information, which is privileged or confidential, is also exempt from disclosure to the public under the Freedom of Information Act (FOIA) 5 U.S.C. § 552(b)(4). In addition, other FOIA exemptions, such as that for investigatory records, 5 U.S.C. § 552(b)(7), may apply. In the event of a third party request for disclosure of the information, we ask that you inform this office of the request and apply all appropriate exemptions from disclosure permitted by FOIA or any other applicable statute.

We request that you not disclose this information to any other parties, including law enforcement agencies, without consulting with us first.

Sincerely,

Alan R. Christian
Deputy Administrator
Packers and Stockyards Program

Enclosures

cc: Midwestern Regional Office

Ray Minks _____

Brett Offutt 

GIPSA:R.Minks:06/27/08:dash:7207363
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