



Missouri Agribusiness Association Wrap-Up

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March 5, 2010

FROM STEVE'S DESK *by Steve Taylor*



MO-AG at the Capitols

Over the last two weeks, your association has been to both our nation's capitol and our state capitol, calling upon our elected officials. We have promoted policy and we have warned against policy. I thank you and all of our members and sponsors for your support, without which none of this would be possible. Let me give you just a taste of what we have done with your support.

During the week of February 22nd, various state grain, feed, and agribusiness associations had a "fly-in" to Washington DC. Below is a picture of me with some of my counterparts in the House Agriculture Committee hearing room, behind the Chairman's seat.



State Executive Directors (pictured left to right): Jeffrey D. Adkisson, Illinois Grain & Feed Association; John Petty, Wisconsin Agri-Services Association; Steve Taylor, Missouri Agribusiness Association (MO-AG); Bob Zelenka, Minnesota Grain & Feed Association

We met with Chairman Peterson and discussed concerns we had with issues such as climate change. The Chairman told us he plans to have

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hearings on the farm bill starting by the end of March. We talked about the CRP program and the need to keep agricultural land in production. The Chairman conceded that "some land is in CRP that shouldn't [be]".



Congressman Collin Peterson, Chairman, House Agriculture Committee

Of course, your MO-AG Chairman, Rex Martin, and I did "charge the hill" one day to visit with members of Missouri's Congressional delegation and their staff. The picture below shows us with Congressman Luetkemeyer who has been great to work with on a number of issues. Congressman Luetkemeyer has been particularly outstanding in protecting the Hours of Service exemption for agriculture. With spring planting season upon us, this exemption is key to making sure we can service our producer customers. Congressman Luetkemeyer also understands the threat that overzealous regulations can posed to the viability of agribusinesses. We certainly appreciate his efforts, as well as others in our Congressional delegation. We also appreciate all the work and support from our national affiliates.



Missouri Agribusiness Association (MO-AG) and Agricultural Retailers Association (ARA) visit Congressman Luetkemeyer. Pictured left to right: Jon Samson, ARA Director of Public Policy; Steve Taylor, Executive Director, MO-AG; Congressman Blaine Luetkemeyer; Denny Gibeson, DeBruce Fertilizer; Rex Martin, Chairman, MO-AG; and Michelle Hummel, ARA Director of Marketing & Communications

At the state level, March 1-2 was MO-AG Legislative Days in Jefferson City. We were privileged to have 19 state legislators join us for dinner March 1st. Missouri Department of Agriculture Director Jon Hagler was our guest speaker. The next day, we dug into the issues that we face in Missouri. In the picture below, Director Hagler is "testifying" before the MO-AG Board of Directors. We appreciate the kind hospitality of House Agribusiness Chairman, Rep. Brian Munzlinger, in allowing us to utilize his hearing room for our discussions with Director Hagler and his staff.



Pictured in the foreground: Dr. Jon Hagler, Director, Department of Agriculture; Pictured in the background from left to right: Don Houston, 1st Vice-Chairman, MO-AG; Senator Bill Stouffer, Vice Chairman, Senate Agriculture Committee; Gus Wagner, Sen Clemen's Chief of Staff; Duane Simpson, Director, MO-AG; Senator Dan Clemens, Chairman, Senate Agriculture Committee; Jerry Foster, Director, MO-AG; Rex Martin, Chairman, MO-AG; Jason Paris, Director, MO-AG

"Advocates for the business of agriculture" is our motto year-round. But, we certainly have lived that motto these past two weeks.

Until next time,

Steve

NEWS YOU CAN USE

"Midwest Madoff" Sentenced to Nine Years

A \$900 tanning bed for show pigs and a barn cooling system to encourage thick, prize-winning coats in cattle were but two of the personal items bought by the woman who committed the largest

agricultural fraud in Missouri history, investigators said Thursday. That woman, Cathy M. Gieseke, 45, was sentenced in federal court to nine years in prison on a single mail fraud charge for bilking at least 179 Missouri farmers out of more than \$27 million. She pleaded guilty in November.

District Judge Charles Shaw and others in court last Thursday referred to her as the "Midwest Madoff," a derisive reference to Wall Street swindler Bernard Madoff, who stole billions in a pyramid scheme. Gieseke, who lived in Martinsburg, Mo., in Audrain County, claimed to have a special deal with agricultural giant Archer Daniels Midland that let her broker crops for premium prices. Farmers turned over their crops to Gieseke, who promised to later pay them a high return for their yield. Officials said that she had no such arrangement and that Gieseke merely churned money to pay her early customers with cash collected for the crops of later ones. It was a classic pyramid scheme, they said. This and other recent frauds have triggered several attempts in the Missouri Legislature to tighten financial reins for agricultural businesses.

Jon Hagler, director of the Missouri Department of Agriculture, said that the events prompted his agency to examine its own auditing process, to ensure it's doing everything it can to protect farmers. Investigators, who agreed to speak to a reporter only on the condition of anonymity, said that in addition to the tanning lamp, Gieseke invested \$100,000 to buy one boar, and as much as \$35,000 on a single cow. She also spent \$250,000 on two barns - one for the show pigs and one for cattle. Her lawyer, Travis Noble, said that much of the money spent on livestock was won in fairs by Gieseke's daughter. Under federal sentencing guidelines, a greater monetary loss from a crime means more prison time. Noble argued that prosecutors' figure of \$27 million overstated the scope, as much of it was paid back to farmers who got into the pyramid early. "The truth is, he (a hypothetical farmer) still made out - made money in this deal," Noble said. "There's no beach homes in Florida," he said. "There's no Lamborghini, no BMWs, nothing."

A spokeswoman for Missouri Attorney General Chris Koster said last Thursday that the office would look at the outcome of the federal case and make a decision about whether to continue to press pending state fraud charges against Gieseke. She reportedly turned down a plea deal that would have cost her no extra prison time. Noble said a settlement of those charges was still being negotiated. [*Source: St. Louis Post*]

Missouri Department of Agriculture Suspends License for Prairie Pride

Vernon County soybean farmer Gilbert Willson said last Thursday that he's completely in the dark about the financial health of Prairie Pride. The \$90 million plant that produces biodiesel from soybeans was

effectively taken over by the Missouri Department of Agriculture, which suspended Prairie Pride's grain dealer license. That action was announced last Wednesday by the state agency. The Department was named trustee of the Prairie Pride plant in an action approved Wednesday in Vernon County Circuit Court. Jon Hagler, director of the Missouri Department of Agriculture, said legal action was necessary to ensure that grain producers get paid. "We got an alert from Prairie Pride that they had obligations that wouldn't be met," Hagler said Thursday. "We've taken possession of the grain-related assets. We're working closely with the board and the management. The first stage is to protect farmers that have sold product to make sure they're paid. The second stage is for Prairie Pride to work with new financial partners to get back on sound financial footing."

According to court documents, Prairie Pride owes more than \$2.4 million in grain payables, and company officials contacted the state department on Feb. 19 and said they were unable to meet those obligations. Prairie Pride's grain dealer bond on file with the state totaled \$300,000. The takeover allows the Missouri Department of Agriculture to liquidate the company's grain-related assets. Suspension of Prairie Pride's grain dealer license prohibits the company from engaging in any grain-related business transactions. The company's bank accounts pertaining to grain dealing also are under the control of the Agriculture Department. [*Source: Joplin Globe*]

The Future of Premium Standard Farms

While Attorney General Chris Koster appeared sympathetic toward the issues facing Premium Standard Farms (PSF), he told a crowd of over 1,200 persons that his office has the obligation to balance the economic concerns of the community with those of property rights in coming to any conclusions about the consent decree deadline facing the company. PSF has told an expert panel set up by the consent decree that while it has come up with a technology it believes could meet the "next generation" standards set by the decree, officials cannot be sure if they can have the technology in place by the deadline. As a result, PSF is seeking an extension.

Koster noted that the consent decree was agreed to in 1999 to settle a lawsuit filed by then-Attorney General Jay Nixon. The decree originally called for the issues addressed in the lawsuit to be met in a five-year period, however, PSF was given an extension to work on the barn odor issue after a second lawsuit indicated not enough progress had been made in that area. Koster said the company has made substantial progress on the other two issues in addressing surface water runoff and land application and has thus met the requirements under the decree. The barn odor still remains a concern, he said.

The state of Missouri has no desire for PSF to leave the state or do anything to undermine the economics of this area," he said. "But the state also has an obligation to weigh all sides, including the contract

that PSF has in meeting these standards." Koster said he is not in a position to "tear up the contract." "I have not been given that right," he said. "I have to balance the interests of both sides and I believe that a workable solution can be reached." Third District State Rep. Casey Guernsey of Bethany and 12th District State Sen. Brad Lager of Savannah also spoke, noting that they would do everything within their legislative power to see that what needs to be done to resolve this issue is addressed. Guernsey stated concerns with the law that allows businesses such as PSF to be sued every five years by the same individuals over the same issues, which he stated "should not be occurring." "We need reform," he said. "I am committed to do what it takes to see that is done and I will be a strong advocate of that process." Lager noted that while government "can't create jobs, poor government can end them."

Koster also took a swipe at the Department of Natural Resources, whose "less than favorable" actions against PSF in the past were voiced by several citizens, many of whom were concerned about the regulatory impact on smaller livestock farmers if the PSF situation is not resolved.

"It is a fact that DNR has angered more people in rural Missouri than any other governmental department," Koster said. "It's mission has not been served and they have created a lot of problems around the state for CAFO's and we are trying to address that issue." [Source: *Trenton Republican Times*]

MO Meetings for New CAFO Rule

Federal changes to rules for Confined Animal Feeding Operations (CAFOs) proposed by the Environmental Protection Agency (EPA) have prompted states to come up with regulations that are compatible. The changes will apply to 2011 CAFO permits. In Missouri, the Department of Natural Resources and University of Missouri Extension's commercial ag program have joined together to offer educational sessions through next Monday about the proposed changes.

Missouri DNR agriculture unit chief Darrick Steen says the new regulations have been worked into Missouri's own standard and most have to do with nutrient management plans, "It essentially dictates how a producer will land-apply manure on a farm field. How they're to meet agronomic rates. How they're to do manure testing and soil testing." In addition, EPA has enacted more requirements on inspections of waterlines and other things, as well as for recordkeeping. "Our goal at the department level is to provide forms that the producer can use to document those inspections, so we're going to try and make it as user friendly as possible, but ultimately, it'll be up to the producer to make sure that their records are accurate and complete," Steen stated.

Steen says the meetings are designed to answer questions and help

producers get ready for the changes that are coming, "You have a whole range of producers. Some of them stay up to speed on this stuff and some of them may not have the same avenues of outreach as others and we want to be able to hit everybody, so we encourage anyone who has a CAFO permit to attend these meetings." Upcoming meetings are today in Trenton and next Monday in both Sedalia and Eldon. [Source: *Brownfield*]

JOB OPENING

The Missouri Department of Agriculture's Grain Inspection and Warehousing Division has an opening for an Agriculture Manager. This is administrative and management work in the direction, planning, analysis and coordination of the Grain Inspection Service of the Missouri Department of Agriculture. This is a broad-banded management position responsible for directing or assisting in the overall planning, direction and coordination of the Grain Inspection Service. Salary is commensurate with experience. For a copy of the entire job announcement, [click here](#).

UPCOMING EVENTS

MARCH, 2010

11 FAPRI MO Agriculture Outlook Conference;
Jefferson City, MO

JULY, 2010

21-23 **MO-AG Summer Meeting; Country Club Hotel;**
Lake Ozark, MO

Note: Items in **red** are new postings since the last Wrap-Up issue.

Letters to the Editor

Do you have a response to the Missouri Agribusiness Wrap Up? Let us know! The Missouri Agribusiness Wrap Up is a bi-weekly publication of the Missouri Agribusiness Association (MO-AG). MO-AG is a member-owned association based in Jefferson City, Mo. which protects members' interests in state legislation and provides educational opportunities.

Missouri Agribusiness Association
PO Box 1728, 410 Madison Street
Jefferson City, MO 65102
(573) 636-6130
Fax: (573) 636-3299
[MO-AG Website](#)

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