DFA pays $140 million to settle lawsuit, says it did no wrong

From Staff and Wire Reports
KANSAS CITY, Mo. — A major milk cooperative avoided going into court over a civil lawsuit filed by its own members by reaching a settlement, saying the co-op did no wrong while agreeing to pay millions to the plaintiffs.

Dairy Farmers of America’s board of directors and management announced Jan. 22 the cooperative had reached the settlement agreement in the class action lawsuit against DFA in the southeastern United States.

Under the terms of the settlement, filed Jan. 21 with the U.S. District Court for the Eastern District of Tennessee, DFA will pay $140 million to the plaintiff class. An additional, refundable $9.3 million per year for two years will be placed in a fund to incentivize stronger Class I utilization rates in Federal Orders 5 and 7.

“DFA made no admission of wrongdoing in the settlement,” according to a press release issued by the cooperative.

Also included in the agreement are remedial elements regarding reporting, accounting and communication of certain business information and functions. Many of these components are consistent with new policies and procedures DFA management voluntarily developed and implemented previously “to emphasize a culture of openness and transparency within the Cooperative.”

Syndicated agriculture columnist Alan Guebert outlined the details of the case in an article published Nov. 8 in Country World.

Dairy farmers in the Northeast and Southeast United States had filed two separate antitrust suits by dairy farmers against their own coop, DFA, and its biggest milk customer, Dean Foods, alleging “a decade of cronyism and insider dealing that left the bosses in buttermilk and the dairymen-coop owners in dust.”

The saga began when four regional milk marketing cooperatives, representing about 30 percent of all fluid milk in America, merged to form DFA in 1998.

Despite drought, recession and farm bill uncertainty, land values continue to rise

By CLAY COPPEDGE
Country World Staff Writer

The thing about land, the saying goes, is that they’re not making any more of it. For people who want to make a living off the land, it’s not getting any cheaper, either.

Even in the wake of the current drought, a recent recession and uncertainty about the future of the farm bill, rural land is still going for a pretty penny, according to a report from Farmers National Company.

The study found that farm-land owners rushed to sell land during the last three months of 2012 partly to minimize the risk of impending tax changes, and that high level of activity could lead to a shorter supply of available land this year.

Derrick Volchoff, vice-president of real estate operations at Farmers National Company, said many landowners who were planning to sell land in 2012 and that high level of activity could lead to a shorter supply of available land this year.

A study by Farmers National Company found farmland owners rushed to sell land during the last three months of 2012 and that high level of activity could lead to a shorter supply of available land this year.

Please see LAND, 3A
Wagyu

From Page 1A

Texas, and decided: “This is it.”

“Tasty and tender. That’s what you’re looking for, right?” he says.

Wagyu translates literally as “Japanese cow.” First imported to America in 1975, several U.S. herds were developed in the 1990s, with most of the beef imported back to Japan. The Japanese have since become more protective of the Wagyu genetics, but Wagyu raisers have found a small but growing market for their beef.

Generally considered the best beef money can buy, Wagyu production has soared because of recent studies that found dramatic health differences between the beef from Wagyu and that of other breeds. The marbling of Wagyu beef is flaked and interspersed throughout the meat rather than being concentrated in one area. The unique marbling characteristics account for the heightened flavor and its high levels of oleaginous unsaturated fat, omega-3 and omega-6 fatty acids account for the added health benefits.

Because Kobe beef is so expensive and specific to a certain region, the U.S. Department of Agriculture doesn’t allow American producers to use “Kobe” alone to describe the American-grown beef. It’s usually labeled as American Style Kobe Beef, and it still commands a premium price.

The Chisholms raise their beef for the local market but much of the business is dedicated to producing seed stock for other ranchers. Some of their customers want to raise full-blooded Wagyu and others want a bull to put on their Angus cattle. The Wagyu have tapped into that market by selling bulls, heifers and semen.

“We have about 60 mama cows we’re working with,” Jim said. “We produce about 10 or 15 bulls a year. We can never produce enough. There’s a tremendous market.”

At an auction in Idaho in December, full-blooded, horned black Wagyu heifers sold for an average of $15,429. The Red Wagyu, which the Chisholms also raise, are rarer than the blacks and command even higher prices. A Red Wagyu heifer sold for $44,000 at a Texas sale in April. That kind of money tends to excite producers, but even if they were aware of all the fuss, Chisholm said the Wagyu would take everything in stride.

Jim and Joan Chisholm are members of a small circle of Texas ranchers who raise Wagyu cattle, both for sale as beef and for breeding purposes.

Jim Chisholm shows one of his Red Wagyu at a livestock show. The Red Wagyu are rarer than the blacks and command even higher prices. A Red Wagyu heifer sold for $44,000 at a Texas sale in April.

“One of the added benefits is that they are very calm animals. They’re nothing like an Angus or Brahman, and I can’t explain why, but I’ve never run into a Wagyu that will lower its head, paw the ground and snort,” he said.

“They’re very gentle. They’re raised in Japan where it’s hot and humid, and they do well in Texas, even in South Texas. I have friends who raise them in Idaho and Montana, and they stand up to the winters up there, too. I also have friends in Florida, where they have more rain and it’s more humid. They’re extremely adaptable.”

Wagyu continue to mature and marble — longer than Angus, Jim said. Angus stop maturing at 18 to 20 months, but Wagyu can continue maturing until they are 3 or 4 years old, becoming tastier with age.

Three years ago, Jim came across a red heifer at a friend’s place in Texas and assumed it was a Red Angus, but no, it was a Red Wagyu. So he started raising Red Wagyu along with the blacks and has found them even better suited to the heat than the Black Wagyu or Angus, though both the red and the black show a welcome tolerance for heat, he said.

“You’ll see them out in the pasture when other cows are standing in the stock tank or sitting under a tree, and the Wagyu will still be out there grazing,” he said. “The red Wagyu have a few different qualities than the blacks. They’re a little wider in the rear end and they are more maternal — they produce more milk. The marbling qualities are just as good.”

The Chisholms still process a couple of steers a month for sale to customers. They sell quality beef, and they are working with the Wagyu and Angus. A quarter share of the Wagyu costs about $1,000, including processing fees. A one-eighth share averages a little more than $500. An Angus quarter generally costs between $550 and $600. Demand is good, but Jim said he and Joan continue to operate much beyond its current size.

“We choose not to get real big,” he said. “We still like to sell to people who we can ask how the kids are doing. By doing things the way we do it, we’re able to keep the prices down. And we continue to get people who are interested in starting their own herds.”

“Wagyu make up about one half of 1 percent of all the cattle sales in the country, but the market is expanding. We’re willing to help anybody who wants to get started in this business. There is room for anybody who is serious about it.”

For more information on the Chisholms and their Wagyu cattle, visit their website at chisholmcattle.com.

501 Bastrop Highway • Austin, Texas 78741
(512) 385-3452 • FAX (512) 385-0932
Austin’s REAL General Store
From Hardware to Westernwear to Feed from Seed to Seed

Jim and Joan Chisholm