



Preston L. Kennedy, *Chairman*
Noah W. Wilcox, *Chairman-Elect*
Robert M. Fisher, *Vice Chairman*
Kathryn G. Underwood, *Treasurer*
Alice P. Frazier, *Secretary*
Timothy K. Zimmerman, *Immediate Past Chairman*
Rebeca Romero Rainey, *President and CEO*

Submitted electronically to: [http:// www.regulations.gov](http://www.regulations.gov)

June 24, 2019

Mr. S. Brett Offutt
Chief Legal Officer/Policy Advisor
Packers and Stockyards Division
Fair Trade Practices Program
Agricultural Marketing Service
U.S. Department of Agriculture
Washington, DC 20250

Re: Notice – Request for Information, Feasibility Study on Livestock Dealer Statutory Trust,
Federal Register, pg 17374, Vol. 84, No. 80, Thursday, April 25, 2019

Dear Mr. Offutt:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to respond to USDA's Agriculture Marketing Service's (AMS) request for information and comment on the feasibility of establishing a Livestock Dealer Statutory Trust (LDST). USDA has published this notice in response to Section 12103 of the Agriculture Improvement Act of 2018 (Pub. L. 115– 334), the 2018 Farm Bill, which requires the Secretary to study the feasibility of establishing an LDST. The AMS's notice lists eight questions which mimic the questions posed in section 12103 of the farm bill. The AMS states the agency will use responses to these questions to assist the AMS in their study of the feasibility of establishing a LDST.

ICBA General Comments

We appreciate the AMS's notice seeking information. However, we are concerned the notice does not provide any substantive commentary or background information from the AMS for the questions being asked. More so than any industry participant, the AMS has access to an enormous amount of data that could shed greater light on the issues these questions raise.

In addition, the notice could have also explained to what extent the AMS was exploring alternative options to establishing a LDST since the farm bill's language requiring the study does not preclude the AMS exploring other options that could achieve the same goals as an LDST.

¹ The Independent Community Bankers of America® creates and promotes an environment where community banks flourish. With more than 52,000 locations nationwide, community banks constitute 99 percent of all banks, employ more than 760,000 Americans and are the only physical banking presence in one in five U.S. counties. For more information, visit ICBA's website at www.icba.org.

The notice does not raise other questions that may need to be explored to determine if an LDST would achieve its stated goals without disrupting livestock markets. ICBA believes many additional questions should be explored. We have included several questions in this comment letter and ask for the AMS study to reflect consideration of other alternatives to ensure that livestock markets continue to operate efficiently without interrupting existing access to available credit sources and without lowering producers' incomes.

We urge the AMS to submit its study for public comment once all appropriate questions have been explored and answered. This approach would allow the public to have a more informed and substantive basis upon which to respond to the questions the AMS is asking.

ICBA has discussed this issue with dozens of bankers and have found a mix of viewpoints. While some bankers believe a LDST would protect farmers who sell to livestock dealers, many of whom may be their customers and also protect auction barns, many of whom may also be their customers, many other banks have raised a number of objections which are discussed below.

Generally, as a matter of principle and sound policy, ICBA does not believe the legitimately obtained first lien position of banks should be usurped, particularly as a way to shift credit risk in favor of one industry sector at the expense of another. Where credit related issues exist, we tend to believe an array of options should be considered in an effort to mitigate unintended consequences and ensure the availability of credit to all market participants.

What Proponents of an LDST Claim – Advocates state there are ongoing problems when livestock dealers fail to pay sellers, potentially leaving sellers financially devastated. They state there have been dozens of defaults over the past decade, ranging from very small to very large, such as the Eastern Livestock failure nine years ago. Proponents state that although USDA requires each dealer to have a bond, bond payments are not an adequate solution as the bonds typically pay about 15 cents on each dollar of loss. Bond requirements are established by USDA.

Proponents also note the Packers & Stockyards (P&S) Act requires auction markets to maintain a custodial or trust account to promptly pay producers for purchased livestock. However, livestock dealers are not required to immediately pay the auction market but can pay the next day via mail delivery. It may be several days before the auction market realizes a check may not be forthcoming. Furthermore, when producers sell to dealers directly, they bear the risk of not getting paid if the livestock dealer defaults.

Proponents contend that a LDST would easily solve these issues by giving unpaid sellers a first priority to reclaim livestock or claim the proceeds and receivables from livestock that have already been resold. Proponents assert a dealer trust would not affect any of the dealer's other assets, besides livestock and accounts receivable. Therefore, proponents declare a LDST would be "simple" and "efficient" because it would not require a separate account or changes to current business practices.

Lender Concerns Regarding an LDST – Lenders involved in financing livestock dealers are concerned about having their legitimately obtained first lien positions usurped – made worthless – and in effect given to other market participants such as auction barns. These lenders claim they would immediately discontinue their financing of livestock dealers if an LDST were established, thus greatly diminishing credit availability to livestock dealers and also diminishing many transactions between all market participants.

Contrary to the assertion that a dealer trust would not affect any of the dealer's other assets, besides livestock and accounts receivable, these lenders indicate that dealers would only be financed if they had other sources of income or other collateral detached from collateral in the LDST. Eventually, an LDST would lead to fewer dealers and order buyers and thus less competition to buy producers' livestock resulting in lower prices offered to producers. There would likely be tremendous consolidation of livestock dealers, driving many potential buyers of producers' livestock out of the marketplace. Although proponents of a LDST suggest it would only come into play when a dealer defaults, no one knows which dealer will default or when they will default, meaning the risk of default must be considered for all dealers. Due to the potential major disruptions an LDST would likely cause, including lower income to producers, these lenders do not believe an LDST would be "simple" and "efficient." Actual comments from lenders are reflected in the responses to USDA's questions below.

Consideration of Other Alternatives – The AMS notice seeking information on the feasibility of establishing an LDST does not ask for any comments related to alternative approaches. The study required in the farm bill does not prohibit consideration of other workable alternatives. Therefore, we ask the AMS to include consideration of the following alternatives as part of their study and discuss why such alternatives would not be preferable to establishing a LDST. Several of these alternatives could be considered jointly to ensure that producers, auction barns, livestock dealers and lenders are all treated equitably while minimizing potential marketplace disruptions and maintaining producer income.

Utilizing Existing Insurance Products – We note the industry currently has "Livestock Market Payment Insurance" available (see attached flyer). Promotions for this insurance states:

"Faced with the increasing risk of buyer defaults, there is an alternative solution to government programs or the status quo. Purchasing a guaranteed payment insurance policy for your auction provides you protection without disrupting the markets."

Advantages touted in the promotion of this insurance product include:

- No unnecessary restrictions of credit on dealers or reduction of their buying power.
- Secured creditors remain first priority on cattle and proceeds in the event of a default.

- Timely payments in the event of a default. No waiting for a trustee or pool to try and secure funds that may or may not be there.
- No worrying about sharing limits with other auction markets.
- A policy with **no deductibles** and **provides 80% coverage** (emphasis added) on a buyer default loss.
- Each policy includes access recovery professionals before and after claims are paid.

The testimonial for this product states: “It (*insurance*) saves us from a potential loss of income, provides legal representation if needed and has a professional claims service. We highly value this product and would recommend (it to) auction owners” (emphasis added).

Similarly, the Livestock Market Insurance Agency promotes insurance (attached) stating:

*“Livestock Market Protection Insurance protects you against **bad checks** and other **payment defaults** from dealers, order buyers, packers, farmers, ranchers and feedlots. Includes protection for **preferential transfer** and covers regular sales, online and video auctions with **no buyer approval process.**”*

The mention of currently available insurance products seems to be missing from the policy debate over whether to establish a LDST. Questions that USDA’s study should explore include:

- “If insurance is already available, why should Congress establish a LDST for the protection of auction barns?”
- Would an LDST undermine established insurance products that currently protect several billion dollars of livestock value? If so, why should Congress create a government program that crowds out effective private sector business activities?
- Given insurance presently exists, would an LDST be appropriate only for those who have purchased an insurance product and only applicable after banks’ first liens are satisfied?
- Would a LDST, if it had existed in 2010 have made producers whole or nearly whole following the Eastern Livestock default? Specifically, how much more money would have been recovered? If not, why is a LDST being promoted to solve the issue of dealer defaults?
- Would having higher bonding requirements or an industry insurance product have achieved the same results as an LDST in the case of Eastern and other defaults in terms of recapturing assets?

Obviously, consumers of insurance products do not typically express thankfulness when paying premiums for insurance (unless losses have occurred). Some existing auction barns purchase this insurance and pass the premiums on to their customers and are basically insured for free against the potential defaults that are motivating the creation of an LDST.

Lenders who object conclude an LDST is an effort to usurp lenders first liens on dealers' collateral and thus get an "insurance" product (LDST) for free. They assert that many of the benefits of an LDST can already be achieved without assuming lenders' first priority and without causing the potential for disruption within the livestock marketplace and lowering producer income. The AMS's study should consider whether this insurance product should be mandatory for all auction barns, which again, can pass along the costs to their customers.

Increasing Bonding Requirements/Insurance Pool – Some lenders suggest the main problem is one of insufficient bonding. The detrimental impact for livestock dealers in increasing bonding requirements is it would increase capital requirements and potentially drive some undercapitalized dealers out of business, having a similar effect as creating a LDST.

The combination of the above-mentioned insurance product (providing 80 percent coverage) and the current bonding requirements (providing an estimated 15 percent coverage) could provide 95 percent coverage against losses for auction barns if bond amounts were added to the insurance payments. This level of coverage, already available, would appear to provide as much protection, if not more than, a LDST for auction barns.

Increasing bonding requirements above current levels would also protect producers who sell to livestock dealers directly. However, an alternative would be to slightly increase dealers' bond requirements and place the additional funds into an "insurance pool" to protect producers against periodic defaults. The combination of utilizing existing insurance products and slightly increasing bonding requirements with the additional funds being pooled to repay producer losses would protect both producers and auction barns against dealer defaults without disrupting first lien positions.

Since USDA sets the bond requirements and since many market participants feel the bonding requirements are too lenient, the AMS's study should explain why bonds are set at the level they are and whether they should be raised and whether the options mentioned above would be effective alternatives to a LDST that does not eventually lower producers' incomes.

Guaranteed Loan Program – The USDA operates multiple guaranteed loan programs to insure against risks in the agricultural sector. Lenders actively utilize these programs to assist customers who cannot otherwise qualify for commercial credit for a variety of reasons. Guaranteed loan programs exist to finance housing programs, rural businesses, farm real estate and operating needs, rural energy programs, conservation practices, etc.

Given the assertion there are periodic dealer defaults within the livestock industry, an obvious question is why there should not be a separate guaranteed loan program at least for dealers, if not also for auction barns. Loan fees typical of the other USDA lending programs could be used to largely or completely offset any costs for this program, particularly since dealer defaults are only sporadic. This guaranteed loan program could be under the auspices of the AMS but administered in conjunction with other USDA agencies familiar with guaranteed lending.

A guaranteed loan program for dealers used in conjunction with currently available insurance products for auction barns overlaying current dealer bond requirements would provide multiple layers of protection for producers, dealers, auction barns and lenders without disrupting first liens and market financing and without lowering producer income. An option would be to allow auction barns to also utilize this guaranteed loan program either in lieu of or in addition to industry insurance products so long as such loans do not crowd out private sector insurance products. The AMS's study should explore these options as well in an effort to minimize market disruption and maintain producer income.

Electronic Funds Transfer – Some lenders believe much of the problem with dealer defaults could be largely addressed by an expeditious electronic funds transfer system which they believe could largely cure the nonsufficient funds problem without causing market disruption. Producers and auction barns should be instructed or even required to obtain a bank-to-bank wire transfer before releasing their cattle for shipment. Payments would be more certain because banks only wire money out if the sender has the funds available. Once the money arrives, it is typically available within one business day. Further, the AMS's study should expand on the role that electronic funds transfer could and should play in the industry (question 5).

The AMS should also conduct a survey of auction barns to determine what software capabilities the auction barns have and when they last updated their software systems. Having outdated accounting and tracking processes can enable fraud or dealer defaults. Auction barns should have updated software systems to handle EFT, track payments and allow close monitoring of transactions.

Conclusion

ICBA appreciates the opportunity to provide comments in response to the AMS's notice. Bankers have a mix of opinions. Views can vary depending on who they finance although lenders realize that an LDST would raise capital requirements for dealers, likely forcing many out of business, resulting in consolidation among dealers and thus fewer bidders for livestock resulting in lower incomes to producers. Lenders objecting to the proposal raise a significant number of questions that AMS should explore in their study.

There appears to be several alternatives to an LDST that either individually or jointly could achieve the same objectives with much less disruption to livestock markets while ensuring producers' incomes are not diminished as a result of fewer buyers and less competition for their

livestock. We request the AMS study on this topic carefully evaluate the alternative solutions or options presented in this letter, in addition to any other viable options raised by other commenters. We request that none of the study's recommendations lead to the displacement or circumventing of first liens. The AMS's study should be published in the *Federal Register* for public comment on AMS's findings.

The options suggested above keep the current UCC filing system intact and ensure a healthy and vibrant livestock market with adequate protections for all industry participants. If you have any questions or wish to speak to an ICBA representative, please email me at: mark.scanlan@icba.org. Thank you for consideration of our views.

Sincerely,

/ Signed /

Mark Scanlan
Sr. V.P., Agriculture and Rural Policy

Attachments

Sample Banker Responses to USDA Questions on Livestock Trust

(1) How would the establishment of a livestock dealer statutory trust affect buyer and seller behavior in markets for livestock?

Banker Comment: I can guaranty you that our board would demand additional collateral if we are not in a first lien position on the livestock inventory. This would slow or eliminate the likelihood of our bank funding such loans.

Banker Comment: I understand the frustration of the producers that have been burned by livestock dealers, but I don't think this proposal is the answer. If bankers can't be assured that the livestock we are financing for a customer are free of liens when we pay for them, I don't believe bankers will continue to finance livestock. This will in turn lower the available credit for livestock producers at all levels of production and marketing. They make it seem easy to solve this issue, but in reality, a broke livestock dealer may be able to operate for weeks or months without financial backing and when banks begin bouncing checks, the bank could have livestock taken away that the bank has financed for days or weeks.

Banker Comment: Supposedly, the producer would benefit from stepping in front of the UCC filed on the dealer. The long-term affect will be less competition to buy the producer's cattle and lower prices offered in the country. The producer will pay a hefty price for this protection. I believe within a few years the faster payments will take care of the problem. Cattle will be paid for in real time.

Banker Comment: Our bank has credit relationships with "Livestock Auction Barns" and "Livestock Producers". On occasion there have been fraudulent transactions initiated by the "Dealer" whereby they have not paid and this has resulted in a financial loss for my customers. Discussions with owners of livestock auction barns indicate that if the "dealer/order buyer" were required to be adequately bonded and backed by an insurance policy then the "livestock barn" could obtain a copy of the insurance policy for their records. The bond and insurance policy approach would be similar to what is currently being used with buyers of grain.

Banker Comment: Will final buyers of livestock (ranchers, feeders) from dealers (order buyers) still receive clear title, or will they not know they have clear title at the time of purchase without knowing that the original sellers have been compensated? It would make financing cattle purchases by local farmers more difficult if they are not exempt.

Banker Comment: It would reduce the likelihood of the producer and buyer doing a transaction due to the lack of funding on the buyer's end, resulting from the first priority position going to the seller.

Banker Comment: Most of our customers would represent the “sellers” of the livestock. I don’t believe that the passage of LDT would affect their present behavior.

Banker Comment: A key issue is identifying a livestock dealer versus a producer versus an order buyer because an individual or entity can wear all those hats at any one time. They define a dealer, but it is not clear on how to identify a dealer in every specific transaction.

Banker Comment: Probably more certainty in the sale process for sellers and the banks that finance them, but much less certainty for buyers and more concern about purchasing livestock free and clear of liens.

Banker Comment: If something is going to be enacted, insurance or bonding requirements are probably easier to implement and provide more certainty in lien status for banks. This will increase the costs of transactions, but so will the inevitable involvement in trusts. As with a trust, more than a few buyers will not be able to get the bonding (capital) required and go out of the business causing more concentration.

Banker Comment: In my specific case, I would be much more hesitant to extend credit given my lien position may be in jeopardy.

Banker Comment: It would create many problems between the livestock industry and lenders. There would be a lot of distrust among the buyers and sellers. Buyers could become more reckless and create many more problems than we have now.

Banker Comment: USDA makes it way too easy to become and stay an order buyer. By simply increasing the bond (50% is a better number) or requiring “some” type of financial capacity/backing, it would weed out the pretenders. There are people who have absolutely zero financial capacity that work as an order buyer. USDA could also consider having a “Limited Use” or “Associate” license (i.e. officers of an auction barn or feedlot company) pay \$8,000-\$10,000 per year to work in that capacity or for those who work as order buyers in a limited capacity who are asked to occasionally buy cattle for their company. The companies that utilize order buyers could register for a license similar to the system used for mortgage loan officers (MLOs) to allow their officers to work as order buyers.

(2) How would the establishment of a livestock dealer statutory trust affect seller recovery in the event of a livestock dealer payment default?

Banker Comment: Theoretically it sounds like it is designed to help the seller, but until it is put to the test it is hard to know.

Banker Comment: As is the case with most other industries, it is probably best to rely on the efforts of the private insurance market when it comes to recovery issues.

Banker Comment: It appears to me that it could hurt seller recovery. If the lender isn't protected, it could dry up lending to the livestock producer and squeeze the little guy out.

Banker Comment: I suppose the intent here would be that "title" to the livestock would not pass unless the seller receives payment in full. All money from buyer must pass to seller and not be subject to interdiction by dealer's lienholders. Either the seller gets the livestock back or the seller gets their payment.

(3) What potential effects would a livestock dealer statutory trust have on credit availability, including impacts on lenders and lending behavior and other industry participants?

Banker Comment: If this goes through, our bank will treat loans to cattle buyers as "undesirable." Such loans would be made only if the borrower had a secondary source of repayment. The buyer would also have to have significant liquidity as the cash flow from the sales would not be acceptable or available. The bottom line is a significant reduction in credit availability.

Banker Comment: We would stop lending to livestock dealers, immediately. It would be a disaster for both sides.

Banker Comment: This LDT would have a derogatory impact on credit availability. If the collateral is going to be tied up without actually funding the initial purchase of the inventory, why would a lender get involved with funding the inventory purchase?

Banker Comment: More certainty for sellers and less certainty for dealers and buyers. It would increase capital and collateral requirements on dealers. Perhaps shift the industry to paying a fee to the "dealer" and create a direct transaction between sellers and ultimate purchasers of livestock. Banks would have to be certain the sellers have received payment before advancing money for the purchase of livestock.

Banker Comment: It could be devastating to the communities we serve and dry up all funds for livestock.

Banker Comment: Lenders would require a secondary source of income for the dealer and greater liquidity. Banks would either discontinue making these loans or raise interest rates and require additional collateral and equity.

Banker Comment: A bank wouldn't have to be extending credit to a "dealer." A producer could be buying cattle with a checking account. The producer's checking accounts would be

subject to the trust if they were also deemed a “dealer.” The bank would quickly close the customer’s checking account for fear the funds would be subjected to a trust.

(4) How would the unique circumstances common to livestock dealers impact the functionality of a livestock dealer statutory trust?

Banker Comment: In my state the dealers must be bonded and in my 42-year career, I’ve seen that process work very well several times. It protected the lender and the producer selling their livestock. Bond requirements are preferable to a trust.

Banker Comment: If a livestock trust is established, it should only kick in after a bank’s first lien is honored.

Banker Comment: This could be disastrous. Many auction barns and dealers are not checking which cattle a lien is attached to or who has the lien.

Banker Comment: If a livestock dealer is operating with little working capital or equity there will be increased scrutiny and they will need to be better capitalized and have greater true working capital. Some of the dealers will exit the industry. Increasing the bond requirements is a better alternative.

Banker Comment: It would be best if the dealer were required, prior to payment from the trust, to ensure any lienholders were notified and paid with the proceeds. However, it would be very bad if the trust circumvents the UCC and lets the money flow so quickly that banks would be out of the loop on the payments.

(5) Is industry-wide adoption of electronic funds transfer or another expeditious method of payment feasible, and would such adoption provide sellers of livestock with protection from nonsufficient funds payments?

Banker Comment: We have had two out of state buyers in 20 years (two separate incidents involving buyers from TX and CA) that did not provide collected funds for cattle purchases. We routinely bring those examples to the attention of our ranchers as examples of the need to get wired funds for cattle before releasing any cattle for shipment. Some follow this advice, some don’t. If customers do not do this they run the risk of eating the amount of the sale.

Banker Comment: A very good idea. There are no reasons why payments can’t be made in timely manner. We are striving for almost immediate payment availability in the market.

Banker Comment: Use of EFT does speed-up the collection of funds. However, it cannot fully protect the sellers of livestock. Collection risk still remains.

Banker Comment: Ultimately you have to have the money. With electronic funds transfers you may find out faster the dealer doesn't have money in which case there is still a problem.

Banker Comment: The industry could move in that direction, but absent legal requirements to do so it would not likely happen. Dealers without sufficient capital will still be waiting to get paid by buyers before forwarding payment to sellers. It would narrow the time gap, but a gap would still exist where a creditor of the dealer could interrupt the money flow.

Banker Comment: By its design, such action would cure the NSF problem.

Banker Comment: Require electronic payment by livestock buyers/dealers to ensure timely notification to lenders before a LDT kicks in

Banker Comment: This may not work completely but would narrow the timeframes.

(6) How effective are statutory trusts in other segments of agriculture? Could similar effects be experienced under a livestock dealer statutory trust? Would seller recovery improve if the Secretary was authorized to appoint an independent trustee under the livestock dealer statutory trust?

Banker Comment: They are focusing on a solution (livestock trust) that as a practical matter would not have mattered in the case of Eastern, or likely in any future cases. If truly limited to an "order buyer" the cash and cattle move so fast through an order buyer that no trust could ever keep up.

Banker Comment: By the time the Secretary could appoint an independent trustee, transactions would be too late to be unwound. These events happen quickly and usually when fraud is discovered, the money is already gone.

Banker Comment: The problem across the board is one of insufficient bonding. Increasing bonding requirements would increase capital requirement and drive small dealers out of the business, but so will increased scrutiny caused by the trust.

Banker Comment: I wonder if they have thought through how it would work in a day-to-day manner. How much time does it take for everyone to set up a trust? Can the trust really keep up with the movement of all the transactions? Why put a regulatory blanket on all buyers instead of just punishing the buyers who don't pay?

Banker Comment: There is already a clear legal playbook on how sellers can protect themselves if they do their homework.

Banker Comment: The more things interfere with the normal lien protection process the worse things can be.

Banker Comment: We loan to our farmers and take a UCC-1 on their growing crop. We would need this type of protection for financing livestock.

Banker Comment: Is there a problem that state laws are not solving? I know of no problems in my state that this would solve.

- (7) **Should dealers with average annual purchases under a de minimis threshold be exempt from being subject to the livestock dealer statutory trust (i.e. 500,000)? What purchase level should be considered for exemption? What effect would such an exemption have on the effectiveness of a livestock dealer statutory trust?**

Banker Comment: I've seen trouble with more small buyers than large ones, but neither class is immune from experiencing trouble. The exemption would seem inequitable.

Banker Comment: I would be in favor of establishing minimum buying thresholds. However, how would this be monitored & enforced?

Banker Comment: If a trust is implemented, there should be an opt-out clause.

- (8) **How would the establishment of a livestock dealer statutory trust affect the treatment of sellers of livestock as related to preferential transfers in bankruptcy?**

Banker Comment: I don't like to see this process interfere with normal lien holders. This appears to allow people to collude and defraud the courts and the normal lending process.

Banker Comment: Would prevent the trustee, for a while, from going after the funds. Trustees want to move quickly in a bankruptcy to ensure existing collateral is protected. If the trust prevents this from occurring for 90 days a lot of things can happen within that timeframe and the collateral or assets could disappear.



LIVESTOCK MARKET PAYMENT INSURANCE

Every year, good stockyards fall victim to their own customers.

Faced with the increasing risk of buyer defaults, there is an alternative solution to government programs or the status quo. Purchasing a guaranteed payment insurance policy for your auction provides you protection without disrupting the markets.

WHAT CAN GUARANTEED PAYMENT INSURANCE DO FOR YOU?

- Allows the free market system to stay in place and ensures all dealers and buyers remain on the same level playing field.
- Does not create any unnecessary restrictions of credit on dealers or reduce their buying power.
- Secured creditors remain first priority on the cattle and proceeds in the event of a default.
- Timely payments in the event of a default. No waiting for a trustee or pool to try and secure funds that may or may not be there.
- Your policy, your coverage. No worrying about sharing limits with other auction markets.
- A policy with no deductibles and provides 80% coverage on a buyer default loss (some exclusions may apply).
- Each policy includes access to a team of recovery professionals that work on the stockyard's behalf before and after claims are paid.

To date our program insures over \$3 billion in livestock sales.

Majority of losses paid under the program involved long time buyers and transactions over \$50,000.

This program is offered exclusively through Cline Wood, a Marsh & McLennan Agency and Auction Insurance Agency (AIA).

With over 30 years of industry specific experience, we understand your business. Our goal is to go beyond simply providing you with affordable insurance coverage. We help you manage your risk, which directly contributes to your bottom line.

CUSTOMER TESTIMONIAL

"It's a Quality Livestock Market Payment Program that provides Joplin Regional Stockyards with peace of mind. It saves us from a potential loss of income, provides legal representation if needed and has a professional claims service. We highly value this product and would recommend auction owners to contact Cline Wood for more information."

- Jackie, Skyler & Bailey Moore,
Joplin Regional Stockyards, Joplin, Missouri

CONTACT US TODAY

Matt Koster | mattk@clinewood.com
Mobile: 913-433-3739

Jeff Howard | jeffh@clinewood.com
Mobile: 816-560-9132

CLINE WOOD
a Marsh & McLennan Agency LLC company
CUSTOMIZED
INSURANCE
PROTECTION



AS SMALL AS YOU WANT, AS BIG AS YOU NEED.

RELATIONSHIP OR RESOURCES? WITH MMA, YOU CAN HAVE BOTH.

Marsh & McLennan Agency [MMA] and its local offices and partner agencies are dedicated to addressing the needs of businesses across the United States. Our clients trust us to help them manage risk, provide comprehensive insurance and guide them through heavily regulated issues with industry specific expertise because we provide insightful, targeted counsel to find the right solution in even the most unique situation and diverse industry.

- **We Inspire Confidence.** Marsh & McLennan Agency LLC (MMA) is a wholly owned subsidiary of Marsh, the world's largest insurance broker.

- **Our Presence is Local.** Offices across the United States and in Canada offer local and dedicated service teams with access to world class services, resources and products.

- **Our Reach is Global.** Because MMA is part of Marsh & McLennan Companies, you get access to resources in over 130 countries, and 60,000 employees worldwide.

- **Our Experience is Middle Market.** We excel at helping mid-size companies manage domestic and international risk; provide value-driven employee benefits; and protect key employees and stakeholders.

- **Our Expertise is Highly Specialized.** Our deep level of expertise in understanding, analyzing and dealing with every aspect of risk – no matter how challenging or unusual it is – can provide you with the peace of mind to focus on those things more important to your operation.

- **Our Relationships are Personal.** Our professional insurance staff is extremely responsive and will work regularly with you to ensure that your needs are met and expectations are surpassed.

- **Our Clients Come First.** Our simple but powerful process that tracks progress and keeps our teams connected helps ensure we deliver on your needs and your expectations.

MMA WORKING FOR YOU.

Our management structure encourages a high level of cooperation among the offices to meet your unique service needs at the local level.

In addition, our affiliation with Marsh and the other Marsh & McLennan Companies allows us to seamlessly deliver far more valuable services including market research, benchmarking reports, technology, exclusive products and pricing, as well as unparalleled leverage with insurance carriers and vendors.

One of the **LARGEST** US Agencies



RISK MANAGEMENT

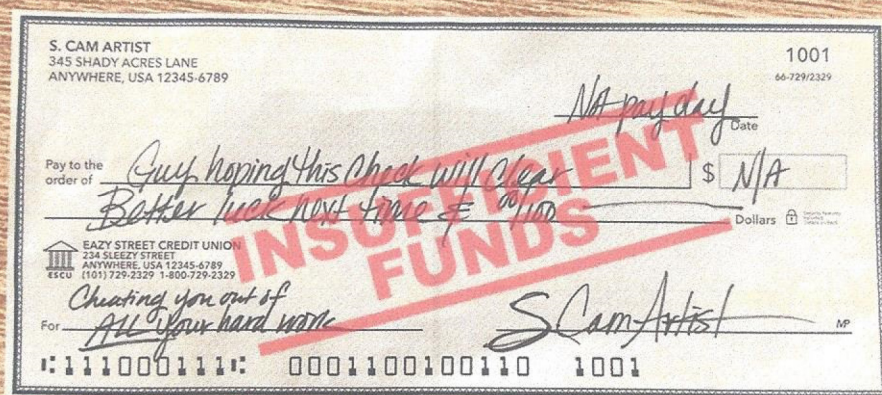
EMPLOYEE BENEFITS

SURETY BONDING

Cline Wood, a Marsh & McLennan Agency LLC company | www.clinewood.com | (888) 451-3900

PROTECTING YOUR FUTURE.

We know your risk.



Livestock Market Payment Insurance protects you against **bad checks** and other **payment defaults** from dealers, order buyers, packers, farmers, ranchers and feedlots. Includes protection for **preferential transfer** and covers regular sales, online and video auctions with **no buyer approval process.**



Contact your Region Executive Officer for questions and a quote.