

UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE

U.S. DEPT. OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20250  
SEP 13 2010  
10:05 AM  
FILED

In re: ) P & S Docket No. D-11- 0384  
)  
Welch Stockyards, LLC, and )  
Darrel R. Clark )  
)  
Respondents ) Complaint

There is reason to believe that the Respondents named herein have willfully violated the Packers and Stockyards Act, 1921, as amended and supplemented (7 U.S.C. § 181 et seq.) (Act) and the regulations promulgated thereunder by the Secretary of Agriculture (9 C.F.R. § 201.1 et seq.) (Regulations), and, therefore, this complaint is issued alleging the following:

I.

(a) Welch Stockyards, LLC (Respondent Welch), was a limited liability company organized and existing under the laws of the State of Oklahoma.<sup>1</sup> Respondent Welch's limited liability company status became inactive on or about August 1, 2009. Respondent Welch ceased business operations on or about June 12, 2008. Respondent Welch's current mailing address is c/o Darrel Clark, P.O. Box 1199, Seneca, MO 64865.

(b) At all times material herein, Respondent Welch was:

- (1) Engaged in the business of a market agency selling livestock in commerce on a commission basis;

<sup>1</sup> Respondent Welch registered with the State of Oklahoma as "Welch Stockyards Operations, LLC," but registered with the Packers and Stockyards Program as "Welch Stockyards, LLC." Respondent Welch's application for registration lists the same formation date, November 25, 2005, as found on the corporate records and the same operating address; therefore, Complainant alleges that "Welch Stockyards Operations, LLC," and "Welch Stockyards, LLC," refer to the same company.

(2) Registered with the Secretary of Agriculture as a dealer to buy and sell livestock in commerce for its own account; and

(3) Registered with the Secretary of Agriculture as a market agency to sell livestock in commerce on a commission basis.

(c) Darrel R. Clark (Respondent Clark) is an individual whose current mailing address is P.O. Box 1199, Seneca, MO 64865.

(d) At all times material herein, Respondent Clark was:

(1) The sole member of Respondent Welch;

(2) One hundred percent owner of Respondent Welch; and

(3) Responsible for the direction, management, and control of Respondent Welch.

## II.

(a) Respondent Welch, under the direction, management, and control of Respondent Clark, on or about the dates and in the transactions set forth in Appendix A and incorporated herein by reference, misused its custodial account by permitting Respondent Clark to use custodial account funds to pay for outstanding loans.

(b) Respondent Welch, under the direction, management, and control of Respondent Clark, on or about the dates and in the transactions set forth in Appendix B and incorporated herein by reference, misused its custodial account by permitting the withdrawal of bank charges from its custodial account.

### III.

(a) Respondent Welch, under the direction, management, and control of Respondent Clark, in connection with its operations subject to the Act, on or about the dates and in the transactions set forth in Appendix C and incorporated herein by reference, sold livestock on a commission basis and in purported payment of the net proceeds thereof, issued checks to consignors or shippers of such livestock which were returned unpaid by the bank upon which they were drawn because Respondent Welch did not have and maintain sufficient funds on deposit and available in the account upon which such checks were drawn to pay such checks when presented.

(b) Respondent Welch, under the direction, management, and control of Respondent Clark, in connection with its operations subject to the Act, on or about the dates and in the transactions set forth in Appendix C and incorporated herein by reference, and in the additional transactions set forth in Appendix D and incorporated herein by reference, failed to timely remit, within the time periods required by the Act and the Regulations, the net proceeds due to consignors from the sale of livestock on a commission basis. After payout from Respondent Welch's bond, \$35,490.74 remains unpaid.

### IV.

By reason of the facts alleged in paragraph I, Respondent Clark is the alter ego of Respondent Welch.

By reason of the facts alleged in paragraph II, Respondents willfully violated sections 307 and 312(a) of the Act (7 U.S.C. §§ 208, 213(a)), and section 201.42 of the Regulations (9 C.F.R. § 201.42).

By reason of the facts alleged in paragraph III, Respondents willfully violated section

312(a) of the Act (7 U.S.C. § 213(a)), and section 201.43 of the Regulations (9 C.F.R. § 201.43).

WHEREFORE, it is hereby ordered that this complaint shall be served upon Respondents for the purpose of determining whether Respondents have willfully violated the Act and the Regulations. Respondents shall have twenty (20) days after receipt of this complaint in which to file an answer with the Hearing Clerk, Room 1031-South Building, United States Department of Agriculture, 1400 Independence Avenue, SW., Washington, DC 20250-9200, in accordance with the Rules of Practice Governing Formal Adjudicatory Proceedings Instituted by the Secretary Under Various Statutes (7 C.F.R. § 1.130 et seq.) (Rules of Practice). Allegations not answered shall be deemed admitted for the purpose of this proceeding. Failure to file an answer will constitute an admission of all the material allegations of this complaint.

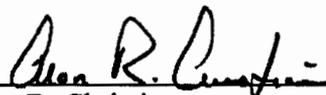
The Packers and Stockyards Program, Grain Inspection, Packers and Stockyards Administration (GIPSA), requests:

1. That unless Respondents fail to file an answer within the time allowed, or file an answer admitting all the material allegations of this complaint, this proceeding be set for oral hearing in accordance with the Rules of Practice; and
2. That such order or orders be issued, including an order requiring Respondents to cease and desist from the violations of the Act and the Regulations found to exist, suspending Respondents as registrants under the Act, and assessing such civil penalties against Respondents,

jointly and severally, as are authorized by the Act and warranted in the circumstances.

Done at Washington, D.C.

this 6 day of September, 2011



\_\_\_\_\_  
Alan R. Christian  
Deputy Administrator  
Packers and Stockyards Program

Leah C. Battaglioli  
Attorney for Complainant  
Office of the General Counsel  
United States Department of Agriculture  
Room 2309, Stop 1413  
1400 Independence Avenue, SW.  
Washington, DC 20250-1413  
(202) 720-5191

**APPENDIX A**

<b>Loan Company</b>	<b>Loan No.</b>	<b>Check Date</b>	<b>Check No.</b>	<b>Check Amount</b>	<b>Date Check Cleared Custodial Account</b>
MAEDS <sup>1</sup>	358	5/22/2008	6295	\$1,500.00	5/27/2008
SMB <sup>1</sup>	904485	5/22/2008	6293	\$4,320.38	5/28/2008

<sup>1</sup> Complainant has been unable to determine the companies associated with the acronyms listed on the checks. However, the checks indicated that the payments were associated with specific loan numbers.

APPENDIX B

Welch Stockyard, LLC  
Welch, Oklahoma

Misuse of Custodial Account # 12302601 Grand Savings Bank

<u>Transaction Date</u>	<u>Bank Fee</u>	<u>Descriptive Debits</u>	<u>Descriptive Credits</u>
6/2/08	(2.00)	Return Deposited Item Fee Charge	
6/2/08	(375.00)	NSF Paid Item Charge	
6/3/08	(275.00)	NSF Paid Item Charge	
6/5/08	(200.00)	NSF Returned Item Charge	
6/6/08	(100.00)	NSF Returned Item Charge	
6/6/08	(2.00)	Return Deposited Item Fee Charge	
6/9/08	(300.00)	NSF Returned Item Charge	
6/10/08	(325.00)	NSF Returned Item Charge	
6/12/08	(2.00)	Return Deposited Item Fee Charge	
6/13/08	(75.00)	NSF Returned Item Charge	
6/13/08	(2.00)	Return Deposited Item Fee Charge	
6/13/08	(25.00)	NSF Paid Item Charge	Net charge after a reversal of NSF fees 06/16/2008
6/16/08	(100.00)	NSF Returned Item Charge	
6/16/08	(4.00)	Return Deposited Item Fee Charge	
6/17/08	(400.00)	NSF Returned Item Charge	
6/17/08	(25.00)	NSF Returned Item Charge	
6/18/08	(225.00)	NSF Returned Item Charge	
6/18/08	(2.00)	Return Deposited Item Fee Charge	
6/19/08	(2.00)	Return Deposited Item Fee Charge	
6/30/08	(25.00)	NSF Paid Item Charge	
6/30/08	(10.00)	Service Fee	
	<u>(2,476.00)</u>	<b>Total Fees June</b>	



APPENDIX C

**US Department of Agriculture**  
 Grain Inspection, Packers and Stockyards Administration  
 Packers and Stockyards Program (P&SP)

On-Site Investigation Date	Entity						DEA					Location				
6/16/2008	Welch Stockyard, LLC.											Oklahoma				
Purchase Date	Seller's Name	Number of Head	Livestock Amount	Net Invoice Adjustments	Net Invoice	Credit Agreement	Due Date	Instrument Date	Payment Instrument	Payment Instrument Number	Payment Amount	Date Instrument Returned	Date Paid	Amount Unpaid	Days Late	Remarks
6/5/2008	Bruce, Joe	9	\$4,904.15	\$164.31	\$4,739.84	No	6/6/2008	6/5/2008	check	11746	\$4,739.84	6/17/2008	7/25/2008		49	
6/12/2008	Johnston, Loren	2	\$1,037.05	\$42.83	\$994.22	No	6/13/2008	6/12/2008	check	11845	\$994.22	6/20/2008	7/2/2008		19	
6/12/2008	Johnston, Lyman "Dale"	2	\$1,222.20	\$49.98	\$1,172.22	No	6/13/2008	6/12/2008	check	11844	\$1,172.22	6/20/2008	7/2/2008		19	
6/12/2008	Arnold, Ronal & Welch State Bank	19	\$8,393.03	\$349.03	\$8,044.00	No	6/13/2008	6/12/2008	check	11825	\$8,044.00	6/18/2008	Check did not clear	\$2,876.05	Not Fully Paid	Received two checks from bond payout. First check of \$5,015.34 cleared on 9/19/08. Second check of \$152.61 cleared on 1/14/09.
6/12/2008	Arwood, Jacqueline S	5	\$2,249.45	\$96.12	\$2,153.33	No	6/13/2008	6/12/2008	check	11861	\$2,153.33	6/23/2008	Check did not clear	\$769.90	Not Fully Paid	Received check from bond payout. Check of \$1,383.43 cleared on 12/16/08.
6/12/2008	Baker, Jamie	1	\$544.00	\$18.25	\$525.75	No	6/13/2008	6/5/2008	check	11766	\$525.75	6/20/2008	Check did not clear	\$187.98	Not Fully Paid	Received two checks from bond payout. First check of \$327.90 cleared on 10/16/08. Second check of \$9.97 cleared on 12/31/08.
6/12/2008	Blaylock, Bill	4	\$2,435.02	\$80.42	\$2,354.60	No	6/13/2008	6/12/2008	check	11851	\$2,354.60	6/23/2008	Check did not clear	\$841.86	Not Fully Paid	Received two checks from bond payout. First check of \$1,468.07 cleared on 9/11/08. Second check of \$44.67 cleared on 1/1/09.
6/12/2008	Couch, Donna	1	\$550.00	\$26.78	\$523.22	No	6/13/2008	6/12/2008	check	11838	\$523.22	6/18/2008	7/22/2008		39	Check cleared upon second presentment.
6/12/2008	Davis, Jerry L.	5	\$3,136.00	\$109.33	\$3,026.77	No	6/13/2008	6/12/2008	check	11837	\$3,026.77	6/27/2008	Check did not clear	\$1,082.19	Not Fully Paid	Received two checks from bond payout. First check of \$1,867.16 cleared on 9/5/08. Second check of \$57.42 cleared on 12/20/08.
6/12/2008	Davis, Stephen W	2	\$1,141.43	\$48.70	\$1,092.73	No	6/13/2008	6/12/2008	check	11843	\$1,092.73	6/18/2008	Check did not clear	\$390.69	Not Fully Paid	Received two checks from bond payout. First check of \$861.30 cleared on 10/3/08. Second check of \$20.74 was processed on 12/16/08. Unknown when second check cleared.
6/5/2008	Giles, John Melvin	2	\$1,055.75	\$48.40	\$1,007.35	No	6/6/2008	6/5/2008	check	11773	\$1,007.35	6/10/2008	Check did not clear	\$360.17	Not Fully Paid	Received two checks from bond payout. First check of \$628.07 cleared on 9/10/08. Second check of \$19.11 cleared on 12/25/08.
6/12/2008	Golden, Morris Dale	2	\$1,369.78	\$37.49	\$1,332.29	No	6/13/2008	6/12/2008	check	11867	\$1,332.29	6/23/2008	Check did not clear	\$476.35	Not Fully Paid	Received two checks from bond payout. First check of \$830.67 cleared on 9/10/08. Second check of \$25.27 cleared on 12/25/08.
6/5/2008	Goodrich Farms/Goodrich, Malcolm C.	20	\$10,388.53	\$363.36	\$5,012.59	No	6/6/2008	6/5/2008	check	11750	\$5,012.59	6/24/2008	Check did not clear	\$1,792.20	Not Fully Paid	Received two checks from bond payout. First check of \$3,125.29 cleared on 9/11/08. Second check of \$95.10 cleared on 2/11/09.



APPENDIX C

**US Department of Agriculture**  
 Grain Inspection, Packers and Stockyards Administration  
 Packers and Stockyards Program (P&SP)

On-Site Investigation Date	Entity						DEA					Location				
6/18/2008	Welch Stockyard, LLC.											Oklahoma				
Purchase Date	Seller's Name	Number of Head	Livestock Amount	Net Invoice Adjustments	Net Invoice	Credit Agreement	Due Date	Instrument Date	Payment Instrument	Payment Instrument Number	Payment Amount	Date Instrument Returned	Date Paid	Amount Unpaid	Days Late	Remarks
5/22/2008	Goodrich, Malcolm	9	\$4,304.66	\$162.22	\$4,142.44	No	5/23/2008	5/22/2008	check	11625	\$4,142.44	6/23/2008	Check did not clear	\$1,481.09	Not Fully Paid	Check was returned twice for insufficient funds on 6/6/08 and 6/23/08. Received two checks from bond payout. First check of \$2,582.77 cleared on 9/11/08. Second check of \$78.58 cleared on 2/11/09.
5/29/2008	Green, Noble	2	\$1,482.15	\$86.32	\$1,405.83	No	5/30/2008	5/29/2008	check	11719	\$1,405.83	6/23/2008	Check did not clear	\$502.84	Not Fully Paid	Received two checks from bond payout. First check of \$876.52 cleared on 9/10/08. Second check of \$26.67 cleared on 12/27/08.
6/5/2008	Hartan, Jim	8	\$3,899.50	\$111.05	\$3,588.45	No	6/6/2008	6/5/2008	check	11760	\$3,588.45	6/19/2008	Check did not clear	\$1,283.01	Not Fully Paid	Received two checks from bond payout. First check of \$2,237.36 cleared on 10/3/08. Second check of \$88.08 cleared on 1/8/09.
6/12/2008	Harper, Bill	6	\$4,231.48	\$122.91	\$4,108.57	No	6/13/2008	6/12/2008	check	11835	\$4,108.57	6/27/2008	Check did not clear	\$1,468.98	Not Fully Paid	Received two checks from bond payout. First check of \$2,561.65 cleared on 9/23/08. Second check of \$77.94 cleared on 1/7/09.
6/12/2008	Hatfield, Billy Leon	6	\$3,895.05	\$105.73	\$3,789.32	No	6/13/2008	6/12/2008	check	11848	\$3,789.32	6/25/2008	Check did not clear	\$1,256.38	Not Fully Paid	Received check from bond payout. Check of \$2,532.94 cleared on 9/11/08.
6/12/2008	Hatfield, Billy Leon #2	1	\$318.25	\$45.05	\$273.20	No	6/13/2008	6/12/2008	check	11874	\$273.20	6/25/2008	Check did not clear	\$196.13	Not Fully Paid	Received check from bond payout. Check of \$77.07 cleared on 2/4/09.
6/5/2008	Hill, Jody & Chetopa State Bank	20	\$10,388.53	\$363.36	\$5,012.58	No	6/6/2008	6/5/2008	check	11751	\$5,012.58	6/17/2008	Check did not clear	\$1,792.20	Not Fully Paid	Check was returned twice for insufficient funds on 6/10/08 and 6/17/08. Received two checks from bond payout. First check of \$3,125.29 cleared on 9/12/08. Second check of \$95.00 cleared on 2/3/09.
5/22/2008	Hoke, Avery / H Bar Ranch	2	\$1,169.35	\$49.79	\$1,119.56	No	5/23/2008	5/22/2008	check	11663	\$1,119.56	6/23/2008	Check did not clear	\$400.29	Not Fully Paid	Received check from bond payout. Check of \$719.27 cleared on 10/23/08.
6/12/2008	Mareth, Adam Robert	2	\$1,257.50	\$54.10	\$1,203.40	No	6/13/2008	6/12/2008	check	11871	\$1,203.40	6/30/2008	Check did not clear	\$430.26	Not Fully Paid	Received two checks from bond payout. First check of \$750.31 cleared on 10/7/08. Second check of \$22.83 cleared on 2/5/09.
6/12/2008	Mareth, Evan Thomas	2	\$1,690.10	\$55.62	\$1,634.48	No	6/13/2008	6/12/2008	check	11855	\$1,634.48	6/30/2008	Check did not clear	\$584.38	Not Fully Paid	Received two checks from bond payout. First check of \$1,018.06 cleared on 10/7/08. Second check of \$31.01 cleared on 2/5/09.
6/12/2008	Mareth, Mark Lewis	2	\$1,771.80	\$55.90	\$1,715.90	No	6/13/2008	6/12/2008	check	11859	\$1,715.90	6/30/2008	Check did not clear	\$613.50	Not Fully Paid	Received two checks from bond payout. First check of \$1,069.84 cleared on 10/7/08. Second check of \$32.56 cleared on 2/5/09.



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**US Department of Agriculture**  
 Grain Inspection, Packers and Stockyards Administration  
 Packers and Stockyards Program (P&SP)

On-Site Investigation Date	Entity						DBA					Location				
6/16/2008	Welch Stockyard, LLC.											Oklahoma				
Purchase Date	Seller's Name	Number of Head	Livestock Amount	Net Invoice Adjustments	Net Invoice	Credit Agreement	Due Date	Instrument Date	Payment Instrument	Payment Instrument Number	Payment Amount	Date Instrument Returned	Date Paid	Amount Unpaid	Days Late	Remarks
6/12/2008	Mareth, Ryan Raymond	2	\$969.00	\$53.09	\$915.91	No	6/13/2008	6/12/2008	check	11870	\$915.91	6/30/2008	Check did not clear	\$327.47	Not Fully Paid	Received two checks from bond payout. First check of \$571.06 cleared on 10/7/08. Second check of \$17.38 cleared on 2/5/09.
6/12/2008	Mareth, Thomas Francis	3	\$2,115.76	\$181.96	\$1,933.80	No	6/13/2008	6/12/2008	check	11872	\$1,933.80	6/30/2008	Check did not clear	\$691.41	Not Fully Paid	Received two checks from bond payout. First check of \$1,205.70 cleared on 10/7/08. Second check of \$38.69 cleared on 2/5/09.
6/12/2008	Oakley, Mark Allen	3	\$1,241.90	\$53.40	\$1,188.50	No	6/13/2008	6/12/2008	check	11819	\$1,188.50	6/16/2008	Check did not clear	\$424.94	Not Fully Paid	Received two checks from bond payout. First check of \$741.02 cleared on 10/16/08. Second check of \$22.54 cleared on 2/12/09.
6/12/2008	Raus, Donna & Chetopa State Bank & Trust Co.	1	\$829.13	\$19.25	\$809.88	No	6/13/2008	6/12/2008	check	11829	\$809.88	6/19/2008	Check did not clear	\$289.56	Not Fully Paid	Received two checks from bond payout. First check of \$504.95 cleared on 9/4/08. Second check of \$15.37 cleared on 2/11/09.
5/29/2008	Rozzell, John Wayne	1	\$779.63	\$31.08	\$374.28	No	5/30/2008	5/29/2008	check	11712	\$374.28	6/6/2008	Check did not clear	\$267.64	Not Fully Paid	Considered one single transaction, but original payment was split between two individuals. Received two checks from bond payout. First check of \$466.71 cleared on 10/15/08. Second check of \$14.20 cleared on 2/24/09.
	Rozzell, Robert W.				5/29/2008			check	11713	\$374.27	6/6/2008	Check did not clear				
6/12/2008	Shobe, Jack (check states Jack Shave)	2	\$1,076.80	\$49.47	\$1,027.33	No	6/13/2008	6/12/2008	check	11863	\$1,027.33	6/18/2008	Check did not clear	\$367.31	Not Fully Paid	Received two checks from bond payout. First check of \$640.53 cleared on 10/4/08. Second check of \$19.49 cleared on 2/25/09.
6/12/2008	Stoner, Bill W. & National Livestock Credit Corp.	6	\$3,168.28	\$109.19	\$3,059.09	No	6/13/2008	6/12/2008	check	11854	\$3,059.09	6/27/2008	Check did not clear	\$579.78	Not Fully Paid	Received two checks from bond payout. Amount received from bond was based on a total bond claim of \$3,859.09. First check of \$2,406.10 cleared on 11/19/08. Second check of \$73.21 was processed on 2/17/09. Unknown when second check cleared.
6/12/2008	Straw, Rhonda Gail	3	\$1,241.60	\$53.40	\$1,188.20	No	6/13/2008	6/12/2008	check	11852	\$1,188.20	6/23/2008	Check did not clear	\$424.83	Not Fully Paid	Received two checks from bond payout. First check of \$740.83 cleared on 9/18/08. Second check of \$22.54 was processed on 2/17/09. Unknown when second check cleared.
6/5/2008	Summers, Walter Glen	1	\$305.50	\$23.92	\$281.58	No	6/6/2008	6/5/2008	check	11775	\$281.58	6/20/2008	Check did not clear	\$100.68	Not Fully Paid	Received two checks from bond payout. First check of \$175.56 cleared on 10/8/08. Second check of \$5.34 was processed on 2/17/09. Unknown when second check cleared.



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On-Site Investigation Date	Entity						Entity Information					Location				
6/16/2008	Welch Stockyard, LLC.											Oklahoma				
Purchase Date	Seller's Name	Number of Head	Livestock Amount	Net Invoice Adjustments	Net Invoice	Credit Agreement	Due Date	Instrument Date	Payment Instrument	Payment Instrument Number	Payment Amount	Date Instrument Returned	Date Paid	Amount Unpaid	Days Late	Remarks
6/12/2008	Swain, Bruce	1	\$774.80	\$25.56	\$749.24	No	6/13/2008	6/12/2008	check	11865	\$749.24	6/25/2008	Check did not clear	\$267.88	Not Fully Paid	Received two checks from bond payout. First check of \$407.14 cleared on 10/10/08. Second check of \$14.22 was processed on 2/17/09. Unknown when second check cleared.
6/12/2008	Wallace, Dewayne/Wallace Farms	10	\$4,964.80	\$200.38	\$4,764.42	No	6/13/2008	6/12/2008	check	11847	\$4,764.42	8/29/2008	Check did not clear	\$1,703.50	Not Fully Paid	Received two checks from bond payout. First check of \$2,970.58 cleared on 9/25/08. Second check of \$80.38 was processed on 2/17/09. Unknown when second check cleared.
6/12/2008	Waters, James Aaron/ZW	10	\$5,763.83	\$183.67	\$5,580.16	No	6/13/2008	6/12/2008	check	11878	\$5,580.16	8/24/2008	Check did not clear	\$1,995.13	Not Fully Paid	Received two checks from bond payout. First check of \$3,479.17 cleared on 10/4/08. Second check of \$105.88 was processed on 2/17/09. Unknown when second check cleared.
6/5/2008	Welch, Steven Scott	2	\$1,311.50	\$37.29	\$1,274.21	No	6/6/2008	6/12/2008	check	11809	\$1,284.21	6/19/2008	Check did not clear	\$455.58	Not Fully Paid	Unknown why check was written for an extra \$10.00. Received two checks from bond payout. The extra \$10.00 was deemed to be an invalid bond claim. First check of \$794.46 cleared on 9/17/08. Second check of \$24.17 was processed on 2/17/09. Unknown when second check cleared.
6/12/2008	Whitley, Willie	3	\$873.35	\$61.14	\$812.21	No	6/13/2008	6/12/2008	check	11836	\$812.21	6/18/2008	Check did not clear	\$290.40	Not Fully Paid	Received two checks from bond payout. First check of \$506.40 cleared on 9/13/08. Second check of \$15.41 was processed on 2/17/09. Unknown when second check cleared.
6/5/2008	Williams, Gustin Robert	2	\$610.30	\$41.34	\$568.96	No	6/6/2008	6/5/2008	check	11790	\$568.96	6/20/2008	Check did not clear	\$203.43	Not Fully Paid	Received one check from bond payout. Check of \$365.53 was processed on 2/17/09. Unknown when check cleared.
			\$98,640.84	\$3,741.19	\$94,874.68						\$84,884.88			\$27,175.80		



APPENDIX D

**US Department of Agriculture**  
 Grain Inspection, Packers and Stockyards Administration  
 Packers and Stockyards Program (P&SP)

On-site Investigation Date	Entity						DBA					Location			
6/16/2008	Welch Stockyards, LLC											Welch, Oklahoma			
Sale Date	Seller's Name	Number of Head	Livestock Amount	Net Invoice Adjustments	Net Invoice	Credit Agreement	Due Date	Instrument Date	Payment Instrument	Payment Instrument Number	Payment Amount	Date Paid	Amount Unpaid	Days Late	Remarks
6/12/2008	Davis, Joey	2	\$542.98	\$41.10	\$501.88	No	6/13/2008	6/12/2008	check	11854	\$501.88	Check did not clear	\$179.44	Not Fully Paid	Received one check from bond payout. Check of \$322.44 cleared on 10/21/08.
6/12/2008	Davis, Larry E./Twin Rivers Ranch	2	\$816.75	\$48.56	\$768.19	No	6/13/2008	6/12/2008	check	11857	\$768.19	Check did not clear	\$274.56	Not Fully Paid	Received two checks from bond payout. First check of \$478.96 cleared on 10/10/08. Second check of \$14.57 cleared on 10/28/08.
6/5/2008	Douthit, Darry Lee	11	\$4,812.08	\$90.31	\$4,721.77	No	6/6/2008	6/5/2008	check	11790	\$4,721.77	Check did not clear	\$1,688.22	Not Fully Paid	Received two checks from bond payout. First check of \$2,943.97 cleared on 9/24/08. Second check of \$89.58 cleared on 12/25/08.
6/5/2008	J-7 Texas/Terry Hollan	2	\$1,585.55	\$51.25	\$1,534.30	No	6/6/2008	6/5/2008	check	11784	\$1,534.30	Check did not clear	\$841.28	Not Fully Paid	The two transactions were treated as one single bond claim. Received two checks from bond payout. First check of \$1,467.04 cleared on 10/22/08. Second check of \$44.84 was processed on 1/22/09. Unknown when second check cleared.
6/5/2008	J-Bar-7 Ranch/Terry Hollan	1	\$847.98	\$29.32	\$818.66	No	6/6/2008	6/5/2008	check	11768	\$818.66	Check did not clear		Not Fully Paid	
6/12/2008	Jackson, William D.	2	\$1,242.15	\$50.05	\$1,192.10	No	6/13/2008	6/12/2008	check	11840	\$1,192.10	7/22/2008		39	
6/12/2008	Langley, Trenton L. & Welch State Bank	5	\$3,126.95	\$97.69	\$3,029.26	No	6/13/2008	6/12/2008	check	11827	\$3,029.26	Check did not clear	\$1,083.08	Not Fully Paid	Received two checks from bond payout. First check of \$1,888.71 cleared on 9/20/08. Second check of \$57.47 cleared on 2/10/09.
6/12/2008	McCormick, Seth Robert & First National Bank & Trust Co.	5	\$2,180.24	\$139.31	\$2,020.93	No	6/13/2008	6/12/2008	check	11846	\$2,020.93	Check did not clear	\$722.59	Not Fully Paid	Received two checks from bond payout. First check of \$1,260.03 cleared on 10/3/08. Second check of \$38.31 cleared on 2/12/09.
6/12/2008	Mendell, Paul	2	\$889.20	\$35.81	\$853.39	No	6/13/2008	6/12/2008	check	11849	\$853.39	Check did not clear	\$305.12	Not Fully Paid	Received two checks from bond payout. First check of \$532.08 cleared on 10/3/08. Second check of \$16.19 was processed on 1/30/09. Unknown when second check cleared.
6/12/2008	Musgrove, Vernon Walker & First National Bank	10	\$5,605.60	\$193.12	\$5,412.48	No	6/13/2008	6/12/2008	check	11824	\$5,412.48	Check did not clear	\$1,935.18	Not Fully Paid	Received two checks from bond payout. First check of \$3,374.62 cleared on 9/24/08. Second check of \$102.68 cleared on 2/25/09.



APPENDIX D

**US Department of Agriculture**  
 Grain Inspection, Packers and Stockyards Administration  
 Packers and Stockyards Program (P&SP)

On-Site Investigation Date	Entity						DBA					Location			
6/18/2008	Welch Stockyards, LLC											Welch, Oklahoma			
Sale Date	Seller's Name	Number of Head	Livestock Amount	Net Invoice Adjustments	Net Invoice	Credit Agreement	Due Date	Instrument Date	Payment Instrument	Payment Instrument Number	Payment Amount	Date Paid	Amount Unpaid	Days Late	Remarks
6/12/2008	Oult, Robert L.	2	\$847.10	\$42.16	\$804.94	No	6/13/2008	6/12/2008	check	11841	\$804.94	Check did not clear	\$287.80	Not Fully Paid	Received one check from bond payout. Check of \$517.14 cleared on 11/8/08.
6/5/2008	Slusher, James B. & Farm Services	4	\$1,908.85	\$72.08	\$1,836.77	No	6/6/2008	6/5/2008	check	11755	\$1,836.77	8/1/2008		58	
6/5/2008	Jurgensmeyer, Terry/Spring River Ranch	1	\$150.00	\$23.37	\$126.63	No	6/6/2008	6/5/2008	check	11782	\$126.63	Check did not clear	\$45.28	Not Fully Paid	Received two checks from bond payout. First check of \$78.95 cleared on 10/10/08. Second check of \$2.40 was processed on 1/22/09. Unknown when second check cleared.
5/22/2008	Waggoner, Barry Eugene	2	\$2,730.00	\$86.26	\$2,643.74	No	5/23/2008	5/22/2008	check	11662	\$2,643.74	Check did not clear	\$952.39	Not Fully Paid	Received payout from bond claim. This transaction was combined with another transaction that is not being considered. A check in the amount \$1,814.47 cleared on 10/16/08. Of this check, \$1,711.35 is the prorated share applicable to this transaction.
			\$27,285.43	\$880.39	\$26,285.04						\$26,285.04			\$8,314.94	