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*"Rummaging in the government's attic"*

Description of document: Materials from Seven (7) Government Accountability Office (GAO) Inspector General (OIG) investigations, 2011-2013

Requested date: 27-June-2014

Released date: 14-November-2014

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Source of document: Records Access Request  
U.S. Government Accountability Office  
Chief Quality Officer  
Room 5K21  
441 G Street NW  
Washington, DC 20548  
Fax: 202-512-5806  
Email: [RecordsRequest@gao.gov](mailto:RecordsRequest@gao.gov)

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O I G

Office of the Inspector General

United States Government Accountability Office

November 14 2014

This letter is in response to your June 27, 2014 access request for materials from 7 Government Accountability Office (GAO), Office of Inspector General investigative files. We received your request on July 7, 2014. On July 22, 2014, I notified you that the duplication and review fees for the estimated 73 pages of responsive materials would be \$94.60.<sup>1</sup> In your July 25, 2014 response letter, you enclosed payment for one-half of the estimated cost.

Following my review of the responsive materials, I learned that my initial estimate of 73 pages of responsive documents underestimated the total number of responsive pages. The total number of responsive pages is 122.<sup>2</sup> Accordingly, the total fee (attorney review and photocopying charges) for processing your access request is \$104.40. This amount reflects two hours of attorney review (\$45/hour) plus 72 photocopies (\$0.20/page). You have paid \$47.30 in advance. The remaining balance due for processing your access request is \$57.10. Please remit payment to me by December 15, 2014. The payment should be made payable to "Government Accountability Office." My mailing address is: GAO OIG, Room 1808, 441 G Street, N.W., Washington, DC 20548.

We have processed your request under the procedures set forth in 4 C.F.R. Part 81, Public Availability of Government Accountability Office Records. This GAO regulation governs the processing of all requests for GAO documents.

The documents specified in your June 27, 2014 access request are enclosed. Some material is exempt from disclosure under 4 C.F.R. 81.6(c) and (f). Accordingly, you will see redactions of material exempt from disclosure pursuant to GAO's access regulation. In addition, one investigative file, G-13-0395-HL-MN, contained no responsive material. The management referral memoranda and closing memorandum in case file G-13-0310-HL-MR

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<sup>1</sup> This included two hours of attorney review time (\$45/hour) plus 23 pages of photocopied documents at \$0.20 per page. The first 50 pages are provided to each requester at no charge under our access regulation. 4 C.F.R. Part 81.7(a)(1). The duplication charges specified in this letter exclude the first 50 "free" pages of photocopies.

<sup>2</sup> The total number of responsive pages is 122. The portion for which you are responsible for photocopying costs is 72 pages ( $\$0.20 \times 72 = \$14.40$ ).

November 14, 2014

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also relate to the allegations in case file G-13-0395-HL-MN. Although the responsive documents contained in case file G-13-0310-HL-MR make no explicit reference to the second case file, the two case files involve the same allegations submitted by different individuals.

Further consideration of your request may be obtained by an appeal letter to the Inspector General, Adam R. Trzeciak, setting forth the basis for your appeal.

Sincerely,

A handwritten signature in black ink, appearing to read "Cynthia A. Hogue", with a long, sweeping horizontal line extending to the right.

Cynthia A. Hogue  
Counsel to Inspector General

Enclosures



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Office of the Inspector General

United States Government Accountability Office

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July 22, 2014

This letter responds to your June 27, 2014 request for investigative materials from specified Office of Inspector General investigative case files. Our office received your request on July 7, 2014.

Your pending request seeks materials from seven investigative files. I have identified 73 pages of responsive materials. I must still review the responsive materials in order to determine whether any portions of the materials must be redacted consistent with GAO access regulation 4 C.F.R. Part 81, Public Availability of Government Accountability Office Records. Pursuant to that regulation, I am informing you that I estimate that your pending request will take two hours to process.

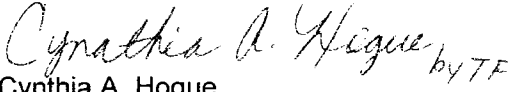
I estimate that the cost to you will be \$94.60 for our office to process your June 27<sup>th</sup> access request. This amount includes photocopy charges at \$0.20 per page (23 pages x \$0.20). In addition, this amount reflects attorney review of the responsive materials at \$45 per hour. The foregoing GAO access regulation specifies fees and charges at 4 C.F.R. 81.7. Your dissemination of GAO records on the website that you maintain ([www.governmentattick.org](http://www.governmentattick.org)) satisfies the statutory definition of "representatives of the news media" under the Freedom of Information Act, upon which the GAO access regulation is predicated. 5 U.S.C. § 552(a)(4)(A)(ii); *see also* 4 C.F.R. 81.7(b)(5). Pursuant to 4 C.F.R. 81.7(c), we are requiring that you make an advance payment of one half of this amount prior to our processing this request. In the event my review takes longer than the estimated two hours, I will inform you in advance in order to obtain your authorization to proceed. Please remit payment to me, with the U.S. Government Accountability Office specified as Payee. Although our office has previously processed your access requests at no charge, we are unable to extend that courtesy with respect to your pending request.<sup>1</sup>

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<sup>1</sup> The GAO OIG is a small office that is an independent component of GAO. We apply the GAO access regulation to all access requests received by our office.

Your request is currently "on hold" and will not be processed until we receive payment, as provided for in the specified access regulation. In the event that we do not receive a response within 30 days from the date of this letter, we will presume that you have withdrawn your pending request and we will close the file with no further OIG action.

Sincerely,

  
Cynthia A. Hogue  
Counsel to Inspector General

cc: Adam R. Trzeciak, GAO Inspector General

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all redactions are exempt from release under 4 CFR 81.6(f)

United States Government Accountability Office

## Memorandum

Date: March 12, 2013

To: Inspector General Adam Trzeciak

Thru: Assistant Inspector General for Investigations Marie Y. Ingol

From: [REDACTED] Investigator

Subject: Closing memorandum for Case Number: 13-0002-P

On November 7, 2011, (former) Inspector General Frances Garcia received an anonymous allegation concerning GAO employee [REDACTED] [REDACTED], now retired from GAO, was the approving official on a contract with UNICCO Government Services, Inc. (UNICCO), to provide facilities management services to GAO Headquarters located at 441 G Street, NW, Washington, DC. The allegations against [REDACTED] were that 1) UNICCO contractors had done work (not further specified) on [REDACTED] private residence, 2) [REDACTED] had played golf with UNICCO personnel, 3) UNICCO contractors were using the steam room in the GAO basement to wash cars including [REDACTED] personally owned vehicle, and 4) [REDACTED] son worked for UNICCO at GAO.

After reviewing the allegations, the Office of Investigations determined to pursue the matter of UNICCO employing [REDACTED] to determine if 1) a quid pro quo arrangement between UNICCO and [REDACTED] existed, or 2) [REDACTED] had influenced UNICCO to hire his son, as [REDACTED] was the approving official for the GAO contract with UNICCO.

On November 14, 2012, a letter signed by (former) Inspector General Frances Garcia, was sent to UGL, the parent company of UNICCO, requesting the following documentation:

1. [REDACTED] employment application form and resume', electronic or hard copy.
2. [REDACTED] address of record at the time he was placed for employment at GAO and his current address.
3. A list of references, if any, provided by [REDACTED]
4. Letters of recommendation on behalf of [REDACTED]
5. The vacancy or position announcement or help wanted notice to which [REDACTED] applied.
6. The description of the position for which [REDACTED] was hired.

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7. The identification of person(s) sponsoring [REDACTED] for employment.
8. The identification of the UGL-UNICCO hiring/selection official(s)
9. Information related to assignment to GAO contract, specifically, identification of who assigned [REDACTED] to the GAO Headquarters, and what was the justification for the assignment.
10. Any notes to the file, hand-written, electronic, and/or email related to the hiring of [REDACTED]

On November 30, 2012, December 21, 2012, and February 4, 2013, UGL provided responses to the OIG's request for documents. UGL was able to provide a copy of [REDACTED] Application for Employment with UNICCO (item 1), dated September 2, 2003. [REDACTED] was initially hired by UNICCO to temporary position (summer position?) on or about 2003, and again in 2004, 2005, and 2006. In 2007 [REDACTED] was hired full time by UNICCO as a [REDACTED] and assigned to the GAO Headquarters building. UGL confirmed [REDACTED] address of records to be the same as that of [REDACTED]. UGL was unable to provide any information with regard to items 3 through 7, 9 & 10, and identified a [REDACTED] a former UNICCO employee (no further information), as the person who hired [REDACTED].

A review of the records provided by UGL did not produce any information that corroborated the allegations reported by the anonymous complainant. Given that [REDACTED] is retired, the lack of documented support for the allegations received, and that no additional allegations were forthcoming from the anonymous complainant, this matter is being closed with no further action.

cc: Deputy Inspector General Cathy L. Helm

Counsel to the Inspector General Michael Volpe



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# Memorandum

all redactions are based on 4 CFR 81.6(f)  
unless otherwise indicated

Date: May 3, 2013

To: Inspector General Adam Trzeciak

From: Assistant Inspector General for Investigations [REDACTED] 4 CFR 81.6(f)

Subject: Closing memorandum- Possible Government Accountability Employee (GAO) Employee Misconduct – Comptroller General's office

Case Number: G-12-0004-P

This memorandum presents the findings of my investigation. No further actions or referrals are necessary to close this matter.

On November 18, 2011, this case was initiated based on an email that was forwarded to our office from GAO's FraudNet. The email stated, in part, [REDACTED] 4 CFR 81.6(f)

[REDACTED] had until recently paid to have secretly arranged gay sex with two boys under the age of 16. Reportedly the boys formerly resided in Washington, DC and relocated to New Jersey. The author of the email claimed to be Emanuel S. Fish, and stated in the email that if GAO paid him \$200,000, he would destroy letters that were written by [REDACTED] 4 CFR 81.6(f)

[REDACTED] and sex video evidence that he had in his possession.

On November 18, 2011, Frances Garcia, (Former) GAO Inspector General, Cathy Helm (Helm), Deputy Inspector General (DIG) and, Thomas Predmore (Predmore), (Former) Director of Security, met with [REDACTED] 4 CFR 81.6(f)

[REDACTED] Assistant United States Attorney (AUSA) and [REDACTED] 4 CFR 81.6(f)

AUSA, U.S. Attorney's Office for the District of Columbia, to report the matter. AUSA [REDACTED] facilitated contact between GAO 4 CFR 81.6(f)

OIG and the FBI Washington Field Office for further investigation of the matter. During the meeting [REDACTED] provided data to the FBI regarding [REDACTED] 4 CFR 81.6(f)

[REDACTED]

Subsequently, [REDACTED] 4 CFR 81.6(c)

Special Agent, FBI Washington Field Office, was assigned to jointly work the case with GAO 4 CFR 81.6(f)

OIG.

On December 14, 2011, [REDACTED] 4 CFR 81.6(c)

sent DIG Helm an email informing her that he received [REDACTED] 4 CFR 81.6(f)

[REDACTED] informed DIG Helm that he may also send a lead and request to the FBI Newark Division to interview Emanuel Fish. However, it looked like a possible Nigerian scam. 4 CFR 81.6(f)



On January 25, 2012, SA [REDACTED] contacted DIG Helm to provide an update on the case. He confirmed that it was an email scam and it was more widespread than he initially believed. In addition to [REDACTED], several Newark, New Jersey politicians and the CEO of [REDACTED] had received similar emails, which are aimed at causing embarrassment.

SA [REDACTED] spoke to a prosecutor, who agreed to open a Grand Jury investigation, which was needed to gather additional information/intelligence from Canada. The emails originated in Canada and Canadian officials had provided the FBI with names of two individuals in Canada: one has an African (possibly Nigerian) name and another individual who had returned to India.

On February 6, 2012, [REDACTED]  
[REDACTED], GAO OIG, was assigned as the case agent for GAO OIG.

On February 24, 2012, SA [REDACTED] informed [REDACTED] that he had to transfer the case from the FBI Washington field office to the FBI New Jersey field office. The new FBI Case Agent was Special Agent, [REDACTED]. SA [REDACTED] had an ongoing investigation into a similar matter and would be able to assist our office in investigating this matter further.

On February 27, 2012, [REDACTED] contacted SA [REDACTED] via telephone. SA [REDACTED] relayed that she was working with an AUSA in the District of New Jersey, pursuing possible violations of threat by wire, hate crimes and use of a computer in furtherance of a crime. She stated she had not identified the subject but due to the information she had gathered she believed the subject might be located in Canada. SA [REDACTED] did not believe any other Federal Agencies were involved. [REDACTED] informed SA [REDACTED] that she could assist in any way necessary to include conducting interviews and performing document reviews. 4 CFR 81.6(c)

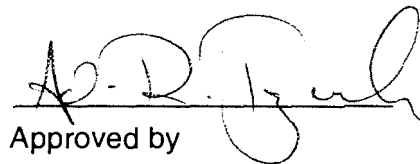
On April 16, 2012, [REDACTED] spoke with SA [REDACTED] who relayed that the individual recently sent another email of the same nature to a person who already received one email. She stated that [REDACTED] that she had identified for her subject. SA [REDACTED] relayed that the IP address was registered in Canada and that she was aware the subject had one other alias. SA [REDACTED] stated that she did not know the true identity of the responsible individual.

On November 15, 2012, [REDACTED] contacted SA [REDACTED] who relayed that she believed the suspect is Olakunle Olanrewaju, who currently resides in Canada. SA [REDACTED] stated that she had been in discussions with the attorney assigned to the matter to have a mutual legal assistance treaty (MLAT) established to request extradition of Olanrewaju for charges of threat by wire and intimidation by wire. SA [REDACTED] stated the process could take up to 6 months for her to learn if DOJ would decide to send the MLAT.

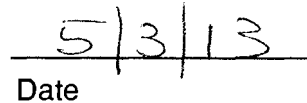
If the attorney assigned to the matter declined to send the MLAT, SA [REDACTED] stated her case would be closed because she would have no recourse to arrest or extradite Olanrewaju. SA [REDACTED] also relayed that Olanrewaju previously resided in the United States for ten years prior to being deported to Lagos, Nigeria, for committing similar crimes against a federal and state judge.

On April 8, 2013, SA [REDACTED] telephonically informed [REDACTED] that based on the content of the email message that was sent to GAO; it is believed to have been authored by Olanrewaju. As such [REDACTED] is not considered to be a subject of her investigation. SA [REDACTED] also provided a brief summary of her investigative findings for our file.

As a result of the findings discussed in this memorandum, this case has been closed. This matter does not require any further investigation or action.

  
Approved by

Adam Trzeciak

  
Date



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unless otherwise indicated

United States Government Accountability Office

## Memorandum

Date: June 7, 2013

To: Inspector General - Adam Trzeciak *AT* 6/8/13

Thru: Deputy Inspector General – Cathy Helm/signed

From: Investigator - [REDACTED]/signed

Subject: Closing Memorandum for Case Number 13-0041-P (Unauthorized Release of a GAO Message Agreement Document)

On November 30, 2012, [REDACTED] notified the Office of Inspector General (OIG) that GAO had experienced the unauthorized release of an internal document. The document was referenced on November 29, 2012, in an online AOL News, Defense Section article, entitled "Okinawa Move, Key to Pacific Pivot, Will Cost More Than \$10.6B: GAO." (**Attachment 1**) Based on the language in the article, [REDACTED] believed that AOL had likely received an internal copy of a draft "Message Agreement" produced by the Defense Capabilities and Management (DCM) team.

On November 30, 2012, the Reporting Investigator (RI) met with [REDACTED] who managed the DCM team assigned to the engagement concerning the "Pacific Pivot" (code 351659). [REDACTED] provided background information concerning the engagement and gave the RI access to the engagement team's message agreement document (DM#191529, Norfolk library) contained in GAO's Document Management (DM) system. The RI noted that the AOL article did not provide a link to a GAO document. The RI asked [REDACTED] if he would study the article and try to pinpoint which document AOL was quoting in the article.

On December 4, 2012, [REDACTED] contacted the RI and advised that he had concerns about DCM employee [REDACTED]. [REDACTED] stated that he had been contacted by a manager in the Homeland Security and Justice (HSJ) Team and informed that [REDACTED] had been conducting "questionable" searches in DM for sensitive HSJ documents. When confronted by an HSJ manager, [REDACTED] had reportedly given the manager a less-than-satisfactory explanation for his access attempts in DM. [REDACTED] suggested that perhaps [REDACTED] was involved in the leak of the Pacific Pivot document. Based on the information supplied by [REDACTED], the RI contacted [REDACTED]. [REDACTED] revealed no tangible relationship between [REDACTED] and the Pacific Pivot document.

On December 10, 2012, the RI spoke again to [REDACTED], who advised that he believed that version 7 of the message agreement document (DM#191529, v. 7, Norfolk library, hereafter referred to as message agreement document) had been leaked. [REDACTED] based his conclusion on his independent review of specific statements within the AOL article that

4 CFR 81.6(c)

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would only have come from version 7 of the message agreement document. (**Attachments 3 & 4**) [REDACTED] also suggested that the RI consider a former GAO employee, [REDACTED], as a possible recipient of the message agreement document. [REDACTED] advised that in the past [REDACTED] had apparently obtained internal GAO documents and had then published news articles based on that information.

On December 10, 2012, the RI contacted [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

4 CFR 81.6(c)

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] The review of [REDACTED] produced no significant leads.

On December 12, 2012, [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

The RI conducted a review and "key word" search of [REDACTED]. The one significant event identified by the RI was the verification that on Monday, November 19, 2012 at 2:16 PM, [REDACTED] the message agreement document as an attachment in an email to DCM employee [REDACTED]. Approximately 7 minutes later [REDACTED] replied to [REDACTED] indicating that [REDACTED] had provided a hard copy of the message agreement document to [REDACTED]. (**Attachment 8**) On January 22, 2013, [REDACTED] manager, advised the RI that [REDACTED] was another DCM employee, but that he was not assigned to the same engagement (Pacific Pivot) as [REDACTED]. [REDACTED] did not know why [REDACTED] provided a hard copy to [REDACTED], as she was administrative support. [REDACTED] suggested that the RI contact [REDACTED], the Auditor in Charge (AIC) for the DCM engagement in question. [REDACTED] advised the RI that he did not know [REDACTED], and could not articulate any work-related reason for why [REDACTED] sent [REDACTED] the message agreement document. (**Attachment 9**)

On January 14, 2013, the RI contacted [REDACTED] and requested [REDACTED]  
[REDACTED]. On January 23, 2013, the RI contacted [REDACTED] and requested [REDACTED]  
[REDACTED]. The RI identified the [REDACTED]  
[REDACTED], but there were no other documents that suggested [REDACTED] had electronically forwarded the message agreement

document to a third party. The RI reviewed [REDACTED] associated with message agreement document.

On February 12, 2013, the RI and [REDACTED] Assistant Inspector General for Investigations (AIGI), interviewed [REDACTED]. The RI provided [REDACTED] with a copy of the email that showed on November 19, 2012, [REDACTED] had sent a copy of the message agreement document to [REDACTED]. The RI asked [REDACTED] to explain why he had done so. [REDACTED] reviewed the email and stated that he recalled being at home that day, either on sick leave or teleworking, and that he had called [REDACTED] and asked him to take a copy of the message agreement document to [REDACTED] of DCM, so that she could review the report. The RI asked [REDACTED] why another team member had not taken a copy to [REDACTED] advised that as best he could recall, [REDACTED] was not in GAO HQ that day, so he called his friend [REDACTED] and asked him to drop off a hard copy of the report to [REDACTED].

On February 12, 2013, the RI and [REDACTED] interviewed [REDACTED]. [REDACTED] recalled [REDACTED] calling him and asking if he would take a hard copy of the message agreement document to DCM's [REDACTED]. [REDACTED] stated that [REDACTED] sent him an email with the document attached, which he printed out and then hand-carried to [REDACTED] office. [REDACTED] was asked to whom he gave the report. [REDACTED] stated that he could not recall, but opined that it was likely [REDACTED], the [REDACTED]. The RI showed [REDACTED] a copy of an email that [REDACTED] had sent to [REDACTED] on November 19, 2012, in which [REDACTED] advised [REDACTED] that he had given a copy of the report to [REDACTED]. [REDACTED] recalled that [REDACTED] was out and that he had handed the message agreement document to [REDACTED], asking her to pass it to [REDACTED] from [REDACTED]. [REDACTED] stated that he did not know if [REDACTED] had delivered the report to [REDACTED]. (Attachment 10)

On February 12, 2013, the RI and [REDACTED] interviewed [REDACTED]. The RI asked [REDACTED] if she knew who [REDACTED] was, and she replied that she knew the name but could not picture a face. [REDACTED] confirmed that [REDACTED] was a DCM employee. The RI asked [REDACTED] if she recalled [REDACTED] delivering a report to her on behalf of [REDACTED]. [REDACTED] stated that it is routine for DCM staff to approach her and drop off reports for [REDACTED] DCM, to review. [REDACTED] advised that it happens with such frequency that she would not remember a singular instance of a DCM employee handing her a report. [REDACTED] stated that she usually places the report inside an envelope and delivers it to [REDACTED], or slides it under [REDACTED] office door, if she is not available. (Attachment 11)

On February 12, 2013, the RI contacted AIC [REDACTED]. The RI reminded [REDACTED] of an earlier telephone conversation he had with [REDACTED] on January 22, 2013, wherein the RI had asked [REDACTED] if he knew why [REDACTED] had sent a copy of the message agreement document to [REDACTED]. At that time [REDACTED] had told the RI that he did not know [REDACTED], and he had not requested that [REDACTED] send a copy to [REDACTED]. [REDACTED] replied that he recalled the earlier conversation with the RI.

The RI asked [REDACTED] if it was possible that: 1) on or about November 19, 2012, he had a telephone conversation with [REDACTED] and had asked him to deliver a hard copy of the message agreement document to [REDACTED] DCM, and 2) if it was possible that [REDACTED] had been teleworking and was away from GAO HQ that day, and he had arranged for someone else to deliver the report to [REDACTED]. [REDACTED] stated that he did recall the situation the RI described and advised that he had an email dated November 19, 2012, wherein [REDACTED] had advised him that his "friend left it with [REDACTED]"

since [REDACTED] is out for the day." [REDACTED] forwarded a copy of the email to the RI.  
**(Attachment 12)**

When interviewed, [REDACTED] stated that he never sent the message agreement document to anyone outside of GAO, never sent the document to his personal email account or to anyone else's personal email account, and had no idea who had released the document to AOL. **(Attachment 13)** Similarly, [REDACTED] stated that he never sent the message agreement document to anyone outside of GAO, never sent the document to his personal gmail account or to anyone else's email account.

Based on the findings described above and the lack of any other tangible leads, this matter is closed.

# Attachment 1

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## Aol Defense.

November 29, 2012

Strategy &amp; Policy

### Okinawa Move, Key To Pacific Pivot, Will Cost More Than \$10.6B: GAO



By Sydney J. Freedberg Jr.



**W**ASHINGTON: Sloppy number-crunching at the Department of Defense means that the official price tag to move 9,000 Marines off Okinawa to Guam, Hawaii, and Australia – already estimated at a whopping \$10.6 billion – is probably short of the real cost, according to a draft Government Accountability Office (GAO) report obtained by AOL Defense.

The U.S. plans to move 4,700 of 8,000 Marines to Guam and send the others elsewhere: 1,800 would go to Hawaii – far from the action in the Western Pacific – and the rest to Australia – where the US is building up a “rotational” presence of 2,500 Marines (not all of them relocated from Okinawa) rather than permanent bases. The Pentagon’s cost estimate is \$10.6 billion.

The draft GAO report suggests that figure is still too low. The Defense Department is not counting everything it needs to, according to GAO, whose name was “General Accounting Office” until 2004 and which is famous for its scrupulous, exhaustive cost studies of federal programs. For example, the DoD estimate simply assumed the cost of relocating one Marine to Hawaii or Australia would be the same as relocating one to Guam. But Hawaii is one of the most expensive states in the union, with existing bases already hemmed in by the civilian population, and there are no US military facilities in Australia, whereas 30 percent of the military housing already built on Guam is sitting empty. GAO also cited a host of other unknowns, from unfinished environmental impact studies to the Army Corps of Engineers’ ability to supervise so many simultaneous projects to Japanese cost-sharing pledges on which Tokyo has now reneged.

Just coming up with the relocation plan has been a six-year ordeal. Military facilities on Okinawa are now starting to decay because of deferred maintenance, even as DoD pays to keep up facilities on Guam that stand empty awaiting the Marines and their families, said the GAO report.

The impasse has also undermined American credibility in Asia, according to no less an authority than the non-partisan Center for Strategic and International Studies. With the administration’s new strategic focus on the Pacific, the US wants not only to increase its total presence in the theater but also to shift some of the massive force now based in Northeast Asia – where South Korea and Japan are now very capable of defending themselves – to increasingly volatile Southeast Asia, where no less a figure than Australian Ambassador Kim Beazley said



Tuesday that America had "dropped the ball."

But the move has gotten entangled in the painful triangular politics of Washington, Tokyo, and Okinawa itself. The island hosts roughly 75 percent of US forces in Japan in less than 1 percent of Japan's total landmass, a fact that adds to Okinawans' centuries-old resentments against an often neglectful, occasionally oppressive mainland. Crimes by US servicemembers against Okinawans, especially sexual assaults, create chronic friction. So does Okinawan anxiety about potential training accidents, which initially kept the Marines' V-22 aircraft on the island grounded.

GAO last weighed in on the move in May 2011, when it reported that the Pentagon's original plan to move 8,000 Marines and 9,000 dependents from Okinawa to Guam would cost not the official \$4.2 billion estimate but more like \$13 billion. Concerns about that cost – and how it would be shared between the US and Japan – led Congress to put the move on hold until the military sorted things out, which according to the GAO it still hasn't done.

All told, write the authors of the draft GAO report: "DoD is embarking on an initiative that involves the movement of thousands of DoD personnel and US civilians, and the construction of billions of dollars in infrastructure, housing, and facilities, without ensuring the affordability or feasibility of the new plan."

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# Attachment 2

all redactions exempt from disclosure under  
4 CFR 81.6(f), unless otherwise indicated

[REDACTED]  
**From:** [REDACTED]  
**Sent:** Tuesday, December 04, 2012 11:25 AM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Request for Assistance (12-4-12)

**Tracking:**

**Recipient**

[REDACTED]  
[REDACTED]  
[REDACTED]

**Delivery**

Delivered: 12/4/2012 11:25 AM  
Delivered: 12/4/2012 11:25 AM  
Delivered: 12/4/2012 11:25 AM

4 CFR 81.6(c)

[REDACTED]  
[REDACTED]  
If this assignment goes to [REDACTED] could you ask him to expedite the request, as it pertains to the most recent incident of a couple of days ago.

Also, is [REDACTED] the person I should speak to about [REDACTED]  
[REDACTED]?

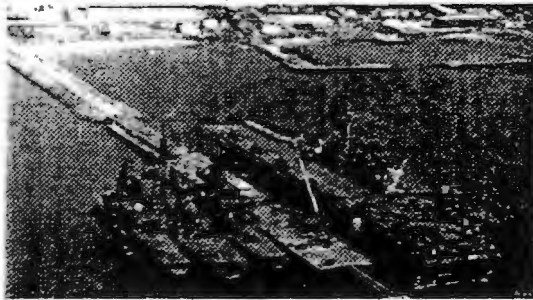
[REDACTED]  
Investigator  
Office of Inspector General  
Government Accountability Office  
202-512-2711

# Attachment 3

## Aol Defense.

November 29, 2012

Strategy &amp; Policy

Okinawa Move, Key To Pacific Pivot, Will Cost More Than \$10.6B:  
GAO

**W**ASHINGTON: Sloppy number-crunching at the Department of Defense means that the official price tag to move 9,000 Marines off Okinawa to Guam, Hawaii, and Australia – already estimated at a whopping \$10.6 billion – is probably short of the real cost, according to a draft Government Accountability Office (GAO) report obtained by AOL Defense.

[Update: Click [here](#) for the Pentagon's rebuttal of GAO]

The U.S. plans to move 4,700 of 8,000 Marines to Guam and send the others elsewhere: 1,800 would go to Hawaii – far from the action in the Western Pacific – and the rest to Australia – where the US is building up a "rotational" presence of 2,500 Marines (not all of them relocated from Okinawa) rather than permanent bases. The Pentagon's cost estimate is \$10.6 billion.

The draft GAO report suggests that figure is still too low. The Defense Department is not counting everything it needs to, according to GAO, whose name was "General Accounting Office" until 2004 and which is famous for its scrupulous, exhaustive cost studies of federal programs. For example, the DoD estimate simply assumed the cost of relocating one Marine in Hawaii or Australia would be the same as relocating one to Guam. But Hawaii is one of the most expensive states in the union, with existing bases already hemmed in by the civilian population, and there are no US military facilities in Australia, whereas ~~as percent of the military housing already built on Guam~~

GAO also cited a host of other unknowns, from ~~the impact of the move on the local economy~~ ~~to the impact of the move on the environment~~

Just coming up with the relocation plan has been a six-year ordeal. Military facilities on Okinawa are now starting to decay because of deferred maintenance, even as DoD pays to keep up facilities on Guam that stand empty awaiting the Marines and their families, said the GAO report.

The impasse has also undermined American credibility in Asia, according to no less an authority than the non-partisan Center for Strategic and International Studies. With the administration's new strategic focus on the Pacific, the US wants not only to increase its total presence in the theater but also to shift some of the massive

force now based in Northeast Asia – where South Korea and Japan are now very capable of defending themselves – to increasingly volatile Southeast Asia, where no less a figure than Australian Ambassador Kim Beazley said Tuesday that America had "dropped the ball."

But the move has gotten entangled in the painful triangular politics of Washington, Tokyo, and Okinawa itself. The island hosts roughly 75 percent of US forces in Japan in less than 1 percent of Japan's total landmass, a fact that adds to Okinawans' centuries-old resentments against an often neglectful, occasionally oppressive mainland. Crimes by US servicemembers against Okinawans, especially sexual assaults, create chronic friction. So does Okinawan anxiety about potential training accidents, which initially kept the Marines' V-22 aircraft on the island grounded.

GAO last weighed in on the move in May 2011, when it reported that the Pentagon's original plan to move 8,000 Marines and 9,000 dependents from Okinawa to Guam would cost not the official \$4.2 billion estimate but more like \$13 billion. Concerns about that cost – and how it would be shared between the US and Japan – led Congress to put the move on hold until the military sorted things out, which according to the GAO it still hasn't done.

All told, write the authors of the draft GAO report:

[REDACTED] (E)

# Attachment 4

entire 27 page attachment is exempt from disclosure under 4 CFR 81.6(a)

# Attachment 5



all redacted material is exempt under 4 CFR 81.6(f),  
unless otherwise indicated

**From:** [REDACTED]  
**Sent:** Monday, December 10, 2012 1:34 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Request for Assistance (13-0041)

**Tracking:**

**Recipient**

## Delivery

Delivered: 12/10/2012 1:34 PM

Delivered: 12/10/2012 1:34 PM

Delivered: 12/10/2012 1:34 PM

4 CFR 81.6(c)

With respect to the most recent leak of GAO material (a Message Agreement) to AOL Defense, I am requesting [REDACTED]

[illegible]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED]

An acknowledgement receiving this request would be appreciated.

As always, thank you for your assistance.

redacted

# Attachment 6

2 page attachment is exempt under 4 CFR 81.6(c)

# Attachment 7

1 page attachment is exempt under 4 CFR 81.6(c)

# Attachment 8

**RE: GAO - MESSAGE AGREEMENT PAPERWORK DOCUMENT**

**Sent:** Monday, November 19, 2012 2:25 PM

**To:** [REDACTED]

all redactions exempt under 4 CFR 81.6(f)

---

Good man, you're deeds will be forever remembered by my people. Songs will be sung, dances danced...and a commemorative plate will be made in your honor.

---

**From:** [REDACTED]

**Sent:** Monday, November 19, 2012 2:23 PM

**To:** [REDACTED]

**Subject:** RE: GAO - MESSAGE AGREEMENT PAPERWORK DOCUMENT

Hey [REDACTED]

I dropped a copy to [REDACTED] is apparently out this week.

[REDACTED]

---

**From:** [REDACTED]

**Sent:** Monday, November 19, 2012 2:16 PM

**To:** [REDACTED]

**Subject:** GAO - MESSAGE AGREEMENT PAPERWORK DOCUMENT

[REDACTED]

Please contact me either through email or text that this has been delivered. Thanks a lot man, I owe you one.

[REDACTED]

<< File: NORFOLK-#191529-v7-GAO\_-\_MESSAGE\_AGREEMENT\_PAPERWORK\_DOCUMENT.DOCX >>

# Attachment 9

FOR OFFICIAL USE ONLY

all redacted material exempt under 4  
CFR 81.6(f)

REPORT INSERT - OFFICE OF INSPECTOR GENERAL

MEMORANDUM OF INTERVIEW

INTERVIEW OF

DCM

DATE OF INTERVIEW

1-22-13

On January 22, 2013, the Reporting Investigator (RI), [REDACTED] of the Government Accountability Office (GAO), Office of Inspector General (OIG), telephonically interviewed [REDACTED] Defense Capabilities Management (DCM), GAO, concerning the unauthorized release of a DCM Message Agreement that addressed the issue of the relocation of U.S. military troops from Okinawa, Japan to Guam and Hawaii (Pacific Pivot).

The RI asked [REDACTED] if he knew why [REDACTED] assigned to the "Pacific Pivot" engagement team, had sent a copy of the Message Agreement version 7 (MAv7) to [REDACTED] another DCM employee. [REDACTED] told the RI that he did not know [REDACTED] and had not requested that [REDACTED] send a copy to [REDACTED]. [REDACTED] stated that he could not articulate any work-related reason for [REDACTED] sending the MAv7 to [REDACTED] since he was not part of the engagement team.

ASSIGNMENT NUMBER

FY13-0041-P

REPORTING AGENT

DATE PREPARED

2-14-13

REVIEWED BY

redacted

# Attachment 10



## REPORT INSERT - OFFICE OF INSPECTOR GENERAL

## MEMORANDUM OF INTERVIEW

INTERVIEW OF

[REDACTED], [REDACTED], DCM

DATE OF INTERVIEW

2-12-13

On February 12, 2013, the Reporting Investigator (RI), [REDACTED] and [REDACTED] of the Government Accountability Office (GAO), Office of Inspector General (OIG), interviewed [REDACTED], Defense Capabilities Management (DCM), GAO, concerning the unauthorized release of a DCM Message Agreement that addressed the issue of the relocation of U.S. military troops from Okinawa, Japan to Guam and Hawaii (Pacific Pivot). [REDACTED] was advised by the RI that the interview and inquiry were administrative in nature.

[REDACTED] advised that he was a [REDACTED] and had worked for GAO for the past five years, first in [REDACTED] and then in 2009, here at GAO Headquarters (HQ). The RI advised [REDACTED] that, on November 29, 2012, AOL Defense (AOL), an online news outlet, published an article on the Pacific Pivot. Managers associated with the engagement reviewed the AOL article and concluded, based on the terminology quoted by AOL, that AOL had obtained a copy of version 7 of the Message Agreement (MA v7).

The RI asked [REDACTED] if he recalled receiving an email from [REDACTED] DCM, containing a copy of MAV7. [REDACTED] responded that he recalled [REDACTED] calling him and asking if he would take a hard copy of MAV7 to DCM's [REDACTED]. [REDACTED] recalled that he was very busy that day preparing another Message Agreement for the project he and his team were working on, but he agreed to assist [REDACTED]. [REDACTED] stated that [REDACTED] sent him an email with the MAV7 attached, which he printed out and then hand-carried to [REDACTED] office. [REDACTED] was asked to whom he gave the report. [REDACTED] stated that he could not recall, but opined that it was likely [REDACTED]. The RI showed [REDACTED] a copy of an email that [REDACTED] had sent to [REDACTED] on November 19, 2012, in which [REDACTED] advised [REDACTED] that he had given a copy of the report to [REDACTED]. [REDACTED] recalled that [REDACTED] was out and that he had handed the MAV7 to [REDACTED], asking her to pass it to [REDACTED] from [REDACTED]. [REDACTED] stated that he did not know if [REDACTED] had delivered the report to [REDACTED].

[REDACTED] stated that he never sent MA v7 to anyone outside of GAO, never sent the document to his personal gmail account or to anyone else's email account. [REDACTED] was asked if he had discussed this issue with [REDACTED] prior to meeting with the OIG and he stated that he and [REDACTED] discussed the fact that the OIG wanted to interview the two of them; speculating that the issue likely involved the leak of the Pacific Pivot document. [REDACTED] advised that he and [REDACTED] were personal friends and that they had worked together in [REDACTED]. [REDACTED] stated that he was helping a friend when he delivered the MAV7 to [REDACTED].

ASSIGNMENT NUMBER

FY13-0041-P

REPORTING AGENT

[REDACTED]

DATE PREPARED

2-14-13

REVIEWED BY

[REDACTED]

# Attachment 11

## REPORT INSERT - OFFICE OF INSPECTOR GENERAL

## MEMORANDUM OF INTERVIEW

INTERVIEW OF

[REDACTED] DCM

DATE OF INTERVIEW

2-12-13

On February 12, 2013, the Reporting Investigator (RI), [REDACTED] and [REDACTED] of the Government Accountability Office (GAO), Office of Inspector General (OIG), interviewed [REDACTED] (Grade [REDACTED] Band [REDACTED], Defense Capabilities Management (DCM), GAO, concerning the unauthorized release of a DCM Message Agreement that addressed the issue of the relocation of U.S. military troops from Okinawa, Japan to Guam and Hawaii (Pacific Pivot). [REDACTED] was advised by the RI that the interview and inquiry were administrative in nature.

The RI advised [REDACTED] that, on November 29, 2012, AOL Defense (AOL), an online news outlet, published an article on the Pacific Pivot and that managers associated with the engagement reviewed the AOL article and concluded, based on the terminology quoted by AOL, that AOL had obtained a copy of version 7 of the Message Agreement (MAv7). The RI asked [REDACTED] if she knew who [REDACTED] was, and she replied that she knew the name but could not picture a face. [REDACTED] confirmed that [REDACTED] was a DCM employee. The RI asked [REDACTED] if she recalled [REDACTED] delivering a report to her on behalf of [REDACTED]. [REDACTED] stated that it is routine for DCM staff to approach her and drop off reports for [REDACTED] DCM, to review. [REDACTED] advised that it happens with such frequency that she would not remember a singular instance of a DCM employee handing her a report. [REDACTED] stated that she usually places the report inside an envelope and delivers it to [REDACTED] or slides it under [REDACTED] office door, if she is not available.

The RI showed [REDACTED] a picture of [REDACTED] and asked her if she recognized him and if she recalled the event where he dropped off the report. [REDACTED] looked at the picture of [REDACTED] commented that she recognized the face as being that of a DCM employee, but that she did not recall a situation where he had handed her a report indicating that it was from [REDACTED].

ASSIGNMENT NUMBER	REPORTING AGENT	DATE PREPARED	REVIEWED BY
FY13-0041-P	[REDACTED]	2-14-13	redacted

# Attachment 12

## REPORT INSERT - OFFICE OF INSPECTOR GENERAL

## MEMORANDUM OF INTERVIEW

INTERVIEW OF

[REDACTED] DCM

DATE OF INTERVIEW

2-12-13

On February 12, 2013, the Reporting Investigator (RI), [REDACTED] of the Government Accountability Office (GAO), Office of Inspector General (OIG), telephonically interviewed [REDACTED] Defense Capabilities Management (DCM), GAO, concerning the unauthorized release of a DCM Message Agreement that addressed the issue of the relocation of U.S. military troops from Okinawa, Japan to Guam and Hawaii (Pacific Pivot).

The RI reminded [REDACTED] of an earlier telephone conversation he had with [REDACTED] on January 22, 2013, wherein the RI had asked [REDACTED] if he knew why [REDACTED] had sent a copy of the Message Agreement version 7 (MAv7) to [REDACTED]. At that time [REDACTED] had told the RI that he did not know a [REDACTED] and had not requested that [REDACTED] send a copy to [REDACTED]. [REDACTED] replied that he recalled the earlier conversation with the RI.

The RI asked [REDACTED] if it was possible that: 1) on or about November 19, 2012, he had a telephone conversation with [REDACTED] and had asked him to deliver a hard copy of MAV7 to [REDACTED] [REDACTED] DCM, and, 2) if it was possible that [REDACTED] had been teleworking and was away from GAO HQ that day, and arranged for someone else to deliver the report to [REDACTED]. [REDACTED] stated that he did recall the situation the RI described and advised that he had an email dated November 19, 2012, wherein [REDACTED] had advised him that his "friend left it with [REDACTED] since [REDACTED] is out for the day." [REDACTED] forwarded a copy of the email to the RI. (Attachment 1)

ASSIGNMENT NUMBER	REPORTING AGENT	DATE PREPARED	REVIEWED BY
FY13-0041-P	[REDACTED]	2-14-13	[REDACTED]

Office of Inspector General      FORM 29 DM# 5641347      Government Accountability Office

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[REDACTED]

---

**From:** [REDACTED]  
**Sent:** Tuesday, February 12, 2013 2:40 PM  
**To:** [REDACTED]  
**Subject:** FW: The package has been delivered

FYI

---

**From:** [REDACTED]  
**Sent:** Monday, November 19, 2012 2:26 PM  
**To:** [REDACTED]  
**Subject:** The package has been delivered

My friend left it with [REDACTED] since [REDACTED] is out for the day.

[REDACTED]

# Attachment 13

## FOR OFFICIAL USE ONLY

## REPORT INSERT - OFFICE OF INSPECTOR GENERAL

## MEMORANDUM OF INTERVIEW

INTERVIEW OF

[REDACTED] DCM

DATE OF INTERVIEW

2-12-13

On February 12, 2013, the Reporting Investigator (RI), David Van Norstrand, and [REDACTED] of the Government Accountability Office (GAO), Office of Inspector General (OIG), interviewed [REDACTED] Defense Capabilities Management (DCM), GAO, concerning the unauthorized release of a DCM Message Agreement that addressed the issue of the relocation of U.S. military troops from Okinawa, Japan to Guam and Hawaii (Pacific Pivot). [REDACTED] was advised by the RI that the interview and inquiry were administrative in nature.

[REDACTED] advised that he has been assigned to the DCM team since 2010, but that while he was in the Professional Development Program, he was assigned to the Homeland Security and Justice (HSJ) team and also to the International Affairs and Trade (IAT) team. [REDACTED] stated that he was currently assigned to DCM at GAO Headquarters (HQ), but mentioned that he had also done an overseas tour in [REDACTED]. [REDACTED] added that he is currently working with a small team on the Pacific Pivot engagement that consisted of [REDACTED] as the [REDACTED] himself, and [REDACTED] – a Band [REDACTED] analyst. [REDACTED] said that the team was supervised by [REDACTED] and [REDACTED].

The RI advised [REDACTED] that following the release of the draft Message Agreement to AOL Defense (AOL), an online news outlet, [REDACTED] and [REDACTED] reviewed the AOL article, published on November 29, 2012, and concluded, based on the terminology quoted by AOL, that AOL had obtained a copy of version 7 of the Message Agreement (MA v7). [REDACTED] stated that he worked on the draft Message Agreement, including version 7. [REDACTED] was asked if he had shared a copy of the MA v7 with anyone in GAO – other than the team members with whom he worked. [REDACTED] recalled that the team emailed a version to the major stakeholders within GAO, but he could not recall which version of the Message Agreement had been sent. The RI advised [REDACTED] that on November 20, 2012, [REDACTED] had emailed MA v7 to GAO employees [REDACTED] and [REDACTED] (Attachment 1).

The RI asked [REDACTED] if he recalled emailing a copy of MA v7 to DCM employee [REDACTED] and provided [REDACTED] with an email that he [REDACTED] had sent to [REDACTED] on November 19, 2012, that contained an attachment of MA v7. (Attachment 2) [REDACTED] reviewed the email and stated that he recalled being at home that day, either on sick leave or teleworking, and that he had called [REDACTED] and asked him to take a copy of MA v7 to [REDACTED] DCM so that she could review the report. The RI asked [REDACTED] why another team member had not taken a copy to [REDACTED]. [REDACTED] advised that as best he could recall, [REDACTED] was not in GAO HQ that day, so he called his friend [REDACTED] and asked him to drop off a hard copy of the report to [REDACTED].

[REDACTED] was asked if he knew to whom [REDACTED] had provided a copy of MA v7 and he said that he thought it was [REDACTED]. [REDACTED] was asked if he knew who [REDACTED] was, and he replied that he thought she was either [REDACTED] or [REDACTED]. When asked why [REDACTED] wanted to provide [REDACTED] with a hard copy of the MA v7, [REDACTED] stated that someone, either [REDACTED] or [REDACTED], had directed him to do so. The RI asked [REDACTED] if he had received instructions via email from either [REDACTED] or [REDACTED]. [REDACTED] advised that he was fairly certain that he had spoken to [REDACTED] about the matter. [REDACTED] produced his cell phone

ASSIGNMENT NUMBER	REPORTING AGENT	DATE PREPARED	REVIEWED BY
FY13-0041-P	[REDACTED]	2-14-13	redacted



## FOR OFFICIAL USE ONLY

PERSON INTERVIEWED	ASSIGNMENT NUMBER	DATE PREPARED	PAGE
[REDACTED]	FY13-0041-P	2-14-13	2 OF 3

FORM 29 DM# 5641347 Continuation Sheet

and checked the phone log for November 19, 2012. Without showing the log to the RI, [REDACTED] advised that he had talked with [REDACTED] at 11:15 AM for about an hour. He added that [REDACTED] called him a second time on the 19<sup>th</sup> at 1:47 PM for 26 minutes.

The RI showed [REDACTED] a third email dated November 19, 2012, from [REDACTED] to [REDACTED] in which [REDACTED] stated that he had given the hard copy of MA v7 to [REDACTED] since [REDACTED] was not available. (Attachment 3) [REDACTED] stated that now that he had reviewed the email, he recalled receiving it from [REDACTED]

[REDACTED] stated that he never sent MA v7 to anyone outside of GAO, never sent the document to his personal gmail account or to anyone else's gmail account, and had no idea who had released the document to AOL. [REDACTED] advised that after the team learned of the unauthorized disclosure, they discussed document handling security, but did not speculate as to how the document was leaked to AOL.

[REDACTED] was asked if anyone could corroborate his recollection of why he had sent the MA v7 to [REDACTED]. [REDACTED] stated that he thought either [REDACTED] or [REDACTED] could since he was fairly certain that it was one of them who had directed him to get a hard copy of MA v7 to [REDACTED]. [REDACTED] added that he considered [REDACTED] a personal friend and trusted [REDACTED] to deliver the MAV7 to [REDACTED].

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O I G

Office of the Inspector General

United States Government Accountability Office

## Memorandum

Date: March 05, 2013

To: Inspector General Adam Trzeciak

From: [REDACTED]

redacted

Subject: Closing memorandum for Financial Management and Assurance (FMA) teams alleged planning conference in Seattle – Waste of Financial Resources

Case Number: 13-0126-HL-P

This memorandum presents the findings of my investigation. No further actions or referrals are necessary to close this matter.

On February 11, 2013, our office received Hotline report number OIG-13-02-0003 relating allegations from an anonymous source that, the Internal Revenue Service (IRS) financial audit team from FMA has a conference scheduled in Seattle next month and will be using travel funds which should not be used for an audit that has been going on for 15 plus years. The complainant further reported that GAO's budget may get cut and GAO should not be wasting travel funds. Even if Treasury reimburses GAO for this trip, it is still a waste of taxpayer funds.

On February 22, 2013, Reporting Agent (RA) [REDACTED] of the GAO, Office of Inspector General (OIG), spoke with [REDACTED] FMA, to obtain information on an upcoming conference for the FMA, IRS team.

[REDACTED] stated that the conference is needed because FMA has recently welcomed [REDACTED] and has had a fair amount of turnover over the past year. In addition, the IRS has obtained new systems that will be included in the review. [REDACTED] stated the conference has been cleared with FMA's [REDACTED]. [REDACTED] also stated that the IRS is reimbursing GAO for all audit expenses including travel for the conference. [REDACTED] stated that the conference will be held at the GAO office building in Seattle because she believes that a cost study was done and Seattle was found to be the most cost effective location for the conference.

[REDACTED] stated not everyone on the FMA IRS audit team will attend the conference only key personnel such as [REDACTED] and a few other essential personnel; all others will have the capability to teleconference in to the conference. [REDACTED] stated that the RA should speak with [REDACTED] to discuss the justification for the conference in more detail and the conference agenda.

On March 4, 2013, [REDACTED] of the GAO, OIG interviewed GAO employee [REDACTED] FMA. [REDACTED] began the discussion by describing the nature of the "conference." First, [REDACTED] clarified by stating that the "conference" is really a "meeting"

Office of Inspector General  
Office of Investigations

441 G Street NW, Washington, DC 20548

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among the GAO team to plan the GAO's audit of the IRS. These meetings, which used to be attended by all staff working on the engagement (n=50+), was scaled back to include only [REDACTED]. The five regions participating are Washington (6 staff), Dallas (3), Los Angeles (3), Atlanta (1) and Seattle (3).

[REDACTED] explained that she is heading up the audit. [REDACTED] was promoted into the position [REDACTED] and did not want to "influence the plan" at that time since she was new. This year, [REDACTED] said that she has some ideas that she wants to implement. [REDACTED] determined that a job planning meeting would be useful and enable her to implement her ideas and be more efficient in the long run.

A cost analysis was conducted and [REDACTED] said that the decision to hold the meeting in Seattle was based on travel costs. The costs ranged from \$15,850 to hold the meeting in LA, to \$18,255 to attend in Atlanta. Seattle was the second least costly alternative at \$16,520. LA was ultimately ruled out because it did not have a conference room. This would have added to the cost of selecting LA to host (a conference room would have to be rented thru the hotel.) Even though Washington was sending the most staff, the per diem rates are much higher in DC, resulting in higher costs for all non-DC staff.

As a result of the investigative findings discussed in this memorandum, this case has been closed. This matter does not require further investigation or action.

cc: Deputy Inspector General Cathy L. Helm

Counsel to the Inspector General Michael Volpe



# Memorandum

all redactions exempt under 4 CFR 81.6(f)

Date: July 22, 2013

To: Inspector General Adam Trzeciak

Thru: Assistant Inspector General for Investigations Marie Y. Ingol

From: [REDACTED] Investigator

Subject: Closing memorandum for Case Number:  
13-0283-P – "Littoral Combat Ship – Unauthorized Document Release"

On May 8, 2013, [REDACTED] Reporting Investigator (RI), and Adam Trzeciak, Inspector General, of the U.S. Government Accountability Office (GAO), Office of Inspector General (OIG), met with [REDACTED] and [REDACTED] GAO. [REDACTED] advised that an unauthorized release of an internal GAO document had occurred. [REDACTED] identified the document as a draft "Message Agreement" and advised that on May 7, 2013, the online news outlet "Breaking Defense.com" had published a report based in part on the draft Message Agreement.

[REDACTED] stated that the draft Message Agreement concerned an engagement underway by the Defense Capabilities and Management (DCM) team regarding the U.S. Navy's Littoral Combat Ship (LCS). [REDACTED] said that she had spoken with [REDACTED] DCM [REDACTED] who advised that the engagement was being conducted primarily by DCM team members located in [REDACTED]. [REDACTED] added that [REDACTED] DCM, [REDACTED] Field Office, is the manager in charge of the engagement.

On May 10, 2013, the RI telephonically interviewed [REDACTED] who identified the members of the DCM team involved in the Littoral Combat Ship (LCS) engagement as himself, and:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] and
- [REDACTED]

On May 10, 2013, the RI telephonically interviewed [REDACTED] [REDACTED] DCM, [REDACTED] Field Office, [REDACTED] [REDACTED] is assigned to the DCM engagement concerning the U.S. Navy's Littoral Combat Ship (LCS). [REDACTED] advised that on April 23, 2013, the team had a Message Agreement (MA) meeting with senior DCM managers and other GAO stakeholders. The purpose of the meeting was to review the team's findings and discuss how the MA should be crafted in order to present the findings in an effective manner.



managers, including [REDACTED] and [REDACTED] which he did not receive favorably. Consequently, the RI decided to review [REDACTED] and [REDACTED] [REDACTED])

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

It should be noted that an authorized GAO employee could access the draft MA in DM and save the draft either to their hard drive or to a removable drive – such as a flash drive, without the action being captured by DM. The employee could then print the document and have a hard copy available or provide an electronic copy to an outside source without the event being recorded [REDACTED]. However, given the limited [REDACTED] currently available to the Office of Investigations, the Inspector General has determined that this matter should be closed without further investigation.

APPROVED:

  
Adam R. Trzeciak, Inspector General

7/22/13  
Date

cc: Deputy Inspector General Cathy L. Helm

Counsel to the Inspector General Cynthia A. Hogue

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**U.S. GOVERNMENT ACCOUNTABILITY OFFICE  
OFFICE OF INSPECTOR GENERAL**



**Management Referral**

OIG Case No. 13-0310-HL-MR

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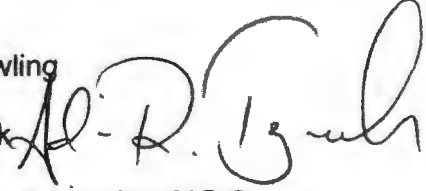
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under 4 CFR 81.6(f) unless  
otherwise indicated

U. S. Government Accountability Office  
Office of Inspector General

Date: August 6, 2013  
To: Chief Quality Officer - Timothy P. Bowling  
From: Inspector General - Adam R. Trzeciak   
Subject: Referral to Management for Response Regarding OIG Case  
Number: G-13-0310-HL-MR

I am referring this matter to you for your review and any action you deem appropriate to address the allegations raised by the [REDACTED]. Please furnish me within 60 days of receipt of this letter a written report containing the findings of your review. If during the course of your review potentially criminal misconduct is identified, please stop your review and immediately refer this matter back to the Office of Inspector General (OIG).

#### Background

On June 5, 2013, OIG received a hotline complaint alleging that in 2011 [REDACTED] composed a report, *Horse Welfare: Actions Needed to Address Unintended Consequences from Cessation of Domestic Slaughter* (GAO-11-228). [REDACTED] said he worked closely with [REDACTED] while [REDACTED] was composing the report, but [REDACTED] disregarded all of his information and crafted a report that he described as "deeply flawed." [REDACTED] then leaked the report six months early to agriculture magazines, after which [REDACTED]'s phone was disconnected and his e-mail ceased working. According to the complaint, [REDACTED] deliberately composed an inaccurate report in order to benefit the agricultural industry. In addition, [REDACTED] has since conducted a peer-reviewed study in a law journal, which he says "debunks" the initial report, and has requested to meet personally with representatives of the GAO in order to present his information. A copy of the information provided by [REDACTED] is attached to this memorandum for your reference.

FOR OFFICIAL USE ONLY



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Restrictions on the use of this information

You are advised that this document remains the property of the OIG. You are responsible for protecting this information from unauthorized disclosure. Release or disclosure of the contents should be restricted to GAO officials with a need to know. After completion of your review and response, you must return this memorandum and all attachments to OIG.

If you have any questions or require additional information, please contact Assistant Inspector General for Investigation, Marie Ingol, or myself at (202) 512-5748.

Attachments

**FOR OFFICIAL USE ONLY**

redacted

Office of the Inspector General  
Government Accountability Office  
Alertline anonymous  
PMB3767  
13950 Ballantyne Corporate Place  
Suite 300  
Charlotte, NC 28277

21 June, 2013

Reference: Report OIG-13-06-0002

Gentlepersons,

I wish to make it clear that I filed this complaint not only on my own behalf, but on behalf of the Equine Welfare Alliance, our board of directors and our 290 member organizations. Our complaint alleges that the report GAO-11-228, which has been and still is being relied upon by Congress<sup>1</sup> in making decisions about horse slaughter; is inaccurate, misleading and in all probability intentionally distorted.

The first indications that this report might have been improperly influenced by special interests was the fact that lobbyist [REDACTED] of the firm [REDACTED] strongly hinted to the audience of the pro-slaughter "Summit of the Horse" in January 2011, six months before the report was released, that it would be favorable to their position. Weeks before the release an online agriculture site gave its conclusions, and one month before it came out [REDACTED]'s phone number and email address quit functioning.

During the GAO study that resulted in this report, I had numerous conversations and communications with [REDACTED] the investigator involved. I provided [REDACTED] with documents and studies concerning the historic data on abuse and neglect in Illinois and the fact that it did not support the conclusion that a reduction in slaughter causes an increase in abuse and neglect. [REDACTED] dismissed this data saying he found it "biased". Indeed, in his final report he never mentioned the availability of data from Illinois, preferring to use an example of Colorado.

The errors, omissions and distortions in GAO-11-228 are far too vast to enumerate in this letter, so I will focus on just a few of the more important elements. In the second paragraph of the introduction "What the GAO found", there is this statement:

*Comprehensive, national data are lacking, but state, local government, and animal welfare organizations report a rise in investigations for horse neglect and more abandoned horses since 2007. For example, Colorado data showed that investigations for horse neglect and abuse increased more than 60 percent from 975 in 2005 to 1,588 in 2009.*

This statement was clearly intended to imply that the closing of the US plants in 2007 had resulted in this increase in abuse and neglect. The data, first of all, appears to have been cherry picked. The authors selected the case rate in Colorado two years before the closings to get a lower base number, and then a year before the close of his study period (2009 instead of 2010) to produce a high percentage increase. The number of cases in 2006 was 1,067 and the last year of the study (2010) was 1,331, yielding a 24.6% increase, not 60%. In reality our research has proven that there was no effect whatever and that this spike in cases was due entirely to causes that the report completely overlooked.

The report clearly states that slaughter of US horses did not diminish as the result of the closing of US plants, and that it simply moved across the borders to Canada and Mexico. This fact makes it impossible to assign any real effect to the closings, yet the authors fabricated one out of third party speculations and their own conjecture.

The report goes on to claim to do analysis of a drop in horse prices at three auctions following the closures, and through regression analysis it claims to have determined that this drop was largely due to the closings. The reason for this decline in prices was then hypothesized to be the longer trips inflicted on the kill buyers who transport horses to slaughter.

This is absolutely absurd conjecture and demonstrates a desperate attempt to reach a pre-drawn conclusion. Why would kill buyers get horses cheaper at auctions based on having greater expenses? To make matters worse, the report then links this to increases in abuse and neglect with this anonymous quote:

*Veterinarians, noting that people are more inclined to take care of that which has value, said that the drop in horse prices affected some owners' interest in caring for their animals, especially if their financial situation had declined.*

In other words, instead of doing the kind of open minded analysis GAO was once famous for, [REDACTED] (et al.) chose to weave together opinions and cherry picked data. The entire report is absolutely rife with such nonsense.

The authors completely failed to perform the analysis that would have provided Congress with a truthful understanding of the factors at work. With the resources at their disposal, there was no excuse what-so-ever for his failure to look at all possible causes for this increase in abuse and neglect.

The cause for the increase in abuse and neglect cited in the report turns out to be very simple: hay prices! Moreover, these dramatic increase in hay prices are the direct result of government programs, exacerbated by drought.

I have attached two papers. The first study<sup>i</sup> was peer reviewed and is currently being published by the Kentucky Journal of Equine, Agricultural and Natural Resources Law. It shows stress factors affecting horse owners over the study period from 2000 to 2011, all of which the GAO report missed.

The second study<sup>ii</sup> includes the statistical analysis of abuse and neglect data for not only Illinois and Colorado, but four other states as well. Certainly a proper study would have discovered and analyzed this data since [REDACTED] clearly found the Colorado data. Yet no mention is made in the report of a spike in hay prices brought about by a change in land use (out of hay and into corn for ethanol) and a severe drought in much of the country in 2007 and 2008.

The only analysis included in the report was this supposed regression analysis of auction prices. I therefore submitted a FOIA request to the GAO for the auction data and their analysis, and received a letter denying my request based on Congressional immunity to the Freedom of Information Act<sup>iv</sup>.

This refusal of the data and calculations that the GAO claims were reviewed by competent economists is without justification, and the fact that the members of Congress who requested this report were claimed to be behind this refusal is an admission of what they knew a truly competent analysis of the calculations would reveal.

I am requesting that the GAO withdraw their report GAO-11-228 and refute its findings. There are many other issues, but these alone should be justification for its withdrawal.

Kindest Regards, 

[REDACTED]  
redacted

#### Attachments

<sup>i</sup> Email from Rep. Cynthia Lummis dated today

<sup>ii</sup> Letter of refusal of FOIA request

<sup>iii</sup> An Analysis of the Factors Responsible for the Decline of the US Horse Industry

<sup>iv</sup> The History and Causes of Equine Abuse and Neglect: A Statistical Analysis



**Congress of the United States**  
**House of Representatives**  
 Washington, DC 20515-4709

June 21, 2013

redacted

redacted material exempt under 4 CFR 81.6(f)

Dear redacted

Thank you for contacting me regarding the issue of horse population, processing, and H.R. 1094, the Safeguard American Food Exports (SAFE) Act. I appreciate hearing from you.

As you likely know, private businesses in the United States had operated horse processing facilities as recently as 2006, until Congress actually prohibited the use of federal funds to inspect horses destined for food, effectively prohibiting domestic slaughter. In response to domestic horse slaughter facilities closings, some horse owners began shipping their horses to Canada and Mexico where the slaughter of horses for human consumption still occurs. H.R. 1094 would criminalize the transport of horses or their meat for the purposes of slaughtering for human consumption.

Proponents of H.R. 1094 are well intentioned in their efforts to protect horses. Unfortunately, the debate surrounding H.R. 1094 has been clouded by emotion rather than grounded on hard facts and science. Should H.R. 1094 pass it is estimated that 90,000 additional horses would need ongoing care at a cost of about \$2,300 per horse, per year. There is no evidence that demand for adoption of horses at such a high cost even exists. In fact, since the closure of the three horse processing facilities, the Government Accountability Office (GAO) has reported that horse abandonment has sky-rocketed and horse rescue facilities admit they no longer have the capacity to care for the sheer volume of horses. Despite this, the authors of H.R. 1094 offer no plan to care for these unwanted horses, and turn a blind eye to the increased suffering of starving and abandoned horses.

Worse, it was the concerted effort to halt horse processing in the U.S. that directly resulted in the unregulated slaughter of horses in Mexico – a situation much worse for the horses than the previous, heavily regulated system. Continued federal restrictions on the options of horse owners will only accelerate this alarming reality, and will exacerbate the problem of horse-overpopulation on private and public lands. H.R. 1094 is not just bad public policy because of its heavy-handed regulation on private property, but it is downright cruel to condemn horses to lives of abandonment, starvation, and overpopulation.

For these reasons I cannot support H.R. 1094 and am joined in this opposition by more than 200 reputable horse organizations, animal health organizations, and agricultural organizations such as the American Veterinarian Medical Association, the American Association of Equine Practitioners, the American Quarter Horse Association, the American Paint Horse Association, and more than a dozen state horse councils. Rather than ban the transport of horses to Mexico and Canada, Congress has now taken the first step towards allowing states and Indian tribes to open slaughter facilities that are once again regulated and monitored by the USDA to ensure the most humane treatment of horses. The Agriculture Appropriations bill for Fiscal Year 2012 and 2013 no longer prohibit horse meat inspection by the USDA.

Thank you again for taking the time to write to me. I value your input. If you haven't done so already, I would like to encourage you to visit my website at [www.horsematters.house.gov](http://www.horsematters.house.gov). There you can sign up to receive my newsletter, and have access to a wealth of other information. I won't flood your email box, but I will provide you with updates once in a while about activities in Washington that affect our lives in Wyoming. I hope you will sign up so that we can stay in close touch, and I look forward to seeing you in Wyoming.

Sincerely,  
 Cynthia M. Lummis  
 Member of Congress

COMMITTEES

E-Mail Via Website: [clummis.house.gov](mailto:clummis.house.gov)  
 Follow Me on Twitter



GAO

Accountability • Integrity • Reliability

United States Government Accountability Office  
Washington, DC 20548

PRI-11-159

August 24, 2011

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Dear [REDACTED]:

This letter responds to your July 6, 2011, request for copies of all data and calculations used in deriving the stated apportionment of the effect on the prices of horses sold at auction between the economy and the closing of the domestic slaughter plants as described in the Government Accountability Office (GAO) report entitled HORSE WELFARE: Action Needed to Address Unintended Consequences from Cessation of Domestic Slaughter (GAO-11-228, June 22, 2011).

As an agency responsible to the Congress, the Government Accountability Office (GAO) is not subject to the Freedom of Information Act. However, GAO's disclosure policy follows the spirit of the act consistent with GAO's duties and functions as an agency with primary responsibility to the Congress. We are enclosing for your information a copy of our regulations concerning the availability of GAO records to the public, which are contained in 4 C.F.R. Part 81 (2010).

GAO conducted this work at the request of the Committees on Appropriations. Our regulations at 4 C.F.R. § 81.6(a), state that congressional correspondence and other papers relating to work performed in response to a congressional request may not be disclosed unless authorized by the congressional requesters. In this instance, we did not receive authorization from the congressional requesters to release these records. Therefore, we decline to release the requested records on the basis of 4 C.F.R. § 81.6(a).

In accordance with 4 C.F.R. § 81.4(d), further consideration of your request may be obtained by an appeal letter to the Comptroller General of the United States setting forth the basis for your belief that the denial of your request is unwarranted.

Sincerely yours,

Timothy P. Bowling  
Chief Quality Officer

Enclosure

# AN ANALYSIS OF FACTORS RESPONSIBLE FOR THE DECLINE OF THE U.S. HORSE INDUSTRY: WHY HORSE SLAUGHTER IS NOT THE SOLUTION

JOHN HOLLAND AND LAURA ALLEN\*

## I. INTRODUCTION

Like the U.S. economy, the U.S. horse industry has experienced a significant economic decline in recent years. The American Horse Council Foundation performed a comprehensive study of the U.S. horse industry in 2005,<sup>1</sup> and detailed the industry's economic impact on the overall U.S. economy. The study estimated that two million people owned horses, the direct annual economic impact of the industry was \$39 billion, and the total economic impact was \$102 billion.<sup>2</sup> Since that study, there has been no equivalent comprehensive examination of the industry, but available data, such as foal registrations, indicate that the industry has suffered a major and prolonged downturn.<sup>3</sup> Some have suggested that the decline in the horse industry and in domestic horse ownership is due to the ban on slaughtering horses in the U.S.<sup>4</sup> In fact, the ban on horse slaughter has not caused this decline.

This article first reviews some of the state and federal laws that ended horse slaughter in the U.S. Next, this article discusses the real factors

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\*John Holland, President Equine Welfare Alliance. Laura Allen, Esq., Animal Law Coalition. Equine Welfare Alliance is a dues-free 501(c)(4), umbrella organization with over 275 member organizations and 1,000 individual members worldwide in 18 countries. The organization focuses its efforts on the welfare of all equines and the preservation of wild equids. Animal Law Coalition works to stop animal cruelty and suffering through legislation, administrative agency action, and litigation. ALC offers legal analysis of the difficult and controversial issues relating to animals.

<sup>1</sup> *National Economic Impact of U.S. Horse Industry*, AM. HORSE COUNCIL,  
<http://www.horsecouncil.org/national-economic-impact-us-horse-industry> (last visited Jan. 23, 2013).

<sup>2</sup> *Id.*

<sup>3</sup> *Online Fact Book: Horse Breed Registration Figures*, JOCKEY CLUB,  
<http://www.jockeyclub.com/factbook.asp?section=16> (last visited Jan. 23, 2013) (demonstrating that overall registrations have fallen by nearly 50 percent between 2001 and 2011).

<sup>4</sup> Press Release, Max Baucus, U.S. Senator, Senator Applauds Panel's Step Toward Ending Ban on U.S. Horse Slaughter Plants (Sept. 9, 2011), available at  
[http://www.baucus.senate.gov/?p=press\\_release&id=665](http://www.baucus.senate.gov/?p=press_release&id=665).

causing the decline in the domestic horse industry, such as increased feed and fuel costs. Lastly, the article explains that the real problem facing the horse industry is the allocation of the various resources that impact costs and government programs that significantly influence the allocation of these resources. Consequently, turning back the clock to allow domestic horse slaughter will not save the horse industry.

## II. THE LAW ON HORSE SLAUGHTER IN THE U.S.

In 2007, the commercial slaughter of horses in the U.S. for human consumption ended following a complex combination of state and local legislation, and court rulings that culminated in Congress defunding ante-mortem inspections.<sup>5</sup> This shut down the three commercial facilities that had been slaughtering horses for human consumption before 2007.<sup>6</sup> No facility for the slaughter of horses for human consumption has operated since then in the U.S.<sup>7</sup>

### A. Federal Regulation

The legislative actions that led to the shutdown began with the Agriculture, Rural Development, Food and Drug Administration, and Related Appropriations Act, which became law on November 10, 2005 and contained a provision that defunded ante-mortem inspections of equines.<sup>8</sup> The Federal Meat Inspection Act (FMIA) requires ante-mortem inspection of animals to be slaughtered for human consumption.<sup>9</sup> Without the required inspections, animals cannot legally be slaughtered for human consumption.<sup>10</sup> Beginning 120 days after the enactment of the 2005 Act, none of the funds made available through this Act could be used to pay the salaries or expenses of personnel that inspected horses destined for slaughter.<sup>11</sup>

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<sup>5</sup> See TADLOCK COWAN, CONG. RESEARCH SERV., RS21842, HORSE SLAUGHTER PREVENTION BILLS AND ISSUES 1-2 (2011), available at <http://www.nationalaglawcenter.org/assets/crs/RS21842.pdf>.

<sup>6</sup> LINDA SHAMES ET. AL., U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-11-228, HORSE WELFARE: ACTION NEEDED TO ADDRESS UNINTENDED CONSEQUENCES FROM CESSATION OF DOMESTIC SLAUGHTER 2-3 (June 2011) [hereinafter GAO REPORT].

<sup>7</sup> *Id.*

<sup>8</sup> Agriculture, Rural Development, Food and Drug Administration, and Related Appropriations Act, 2006, Pub. L. 109-97, § 794, 119 Stat. 2120, 2164 (2005).

<sup>9</sup> 21 U.S.C. § 603 (2012).

<sup>10</sup> See 21 U.S.C. § 610 (2012).

<sup>11</sup> Agriculture, Rural Development, Food and Drug Administration, and Related Appropriations Act, 2006, § 794.



The U.S. horse slaughter industry took swift action in response to the defunding. Beltex Corp., owned by Belgian Multimeats NV, and Dallas Crown, Inc., owned by Belgian Chevidico NV, operated horse slaughter facilities located in Fort Worth and Kaufman, Texas respectively.<sup>12</sup> Cavel International, Inc., owned by Belgian Velda NV, operated the facility in DeKalb, Illinois.<sup>13</sup> Beltex also owns Empacadora de Carnes de Fresnillo, S.A. de C.V., a Mexican corporation which processes horsemeat for human consumption and then exports it through Texas.<sup>14</sup> On November 23, 2005, the owners of the three domestic slaughterhouses filed a petition for emergency rulemaking with the U.S. Department of Agriculture (USDA), requesting that the USDA allow the companies to pay for the inspections.<sup>15</sup> On February 8, 2006, the USDA issued an interim final regulation stating that an official establishment that wishes to slaughter horses may apply for and obtain inspections if they pay for them.<sup>16</sup> The rule was to become effective on March 10, 2006, the same date the aforementioned appropriations act that defunded ante-mortem inspections was scheduled to take effect.<sup>17</sup>

This fee-for-service ante-mortem horse slaughter inspection system was challenged by a number of animal welfare organizations and individuals who filed an action in the U.S. District Court for the District of Columbia.<sup>18</sup> The owners of the three domestic horse slaughter facilities intervened in the action,<sup>19</sup> and on March 28, 2007, the District Court granted summary judgment to the plaintiffs.<sup>20</sup> The court vacated the regulation and enjoined the USDA's Food Safety and Inspection Service (FSIS) from implementing it.<sup>21</sup> The court found that the USDA had violated the Administrative Procedure Act (APA) and the National Environmental Policy Act (NEPA) by failing to consider the potential environmental impact of its action in issuing the regulation.<sup>22</sup> However, the court noted that no party disputed that horse slaughter operations significantly impacted

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<sup>12</sup> Jerry Finch, *Horse Slaughter: The Truth Revealed, Part One*, HABITAT FOR HORSES (Aug. 5, 2012, 5:01 PM), <http://www.habitatforhorses.org/horse-slaughter-the-truth-revealed-history-part-1>.

<sup>13</sup> *Id.*

<sup>14</sup> *Empacadora de Carnes de Fresnillo, S.A. de C.V. v. Curry*, 476 F.3d 326, 329 (5th Cir. 2007).

<sup>15</sup> *Humane Soc'y of the U.S. v. Johanns*, 520 F.Supp. 2d 8, 13 (D.D.C. 2007).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> First Amended Complaint for Declaratory and Injunctive Relief at ¶¶ 3-44, *Humane Soc'y of the U.S. v. Johanns*, 520 F.Supp. 2d 8 (D.D.C. 2007) (No. 106CV00265), 2006 WL 5710937 at \*1-9.

<sup>19</sup> *Humane Soc'y of the U.S. v. Johanns*, 520 F.Supp. 2d at 14.

<sup>20</sup> *Id.* at 38.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* at 35-36, 39.

the environment within the meaning of NEPA.<sup>23</sup> On May 1, 2007, the D.C. Circuit Court of Appeals granted an emergency stay in a 2-1 decision to allow Cavel International, Inc. to continue operating pending appeal.<sup>24</sup>

#### B. Texas State Law

The two Texas horse slaughter facilities did not join the request for an emergency stay because a Fifth Circuit Court of Appeals decision issued on January 19, 2007 had already shuttered those facilities.<sup>25</sup> This decision was a long time coming. In 2002, the Texas slaughterhouses were under threat of criminal prosecution by the District Attorneys for Kaufman and Tarrant Counties, the counties where the slaughter facilities were located.<sup>26</sup> The slaughterhouses feared being prosecuted under a 1949 Texas law that, in pertinent part, banned any person from "sell[ing], offer[ing] for sale, or exhibit[ing] for sale horsemeat as food for human consumption" or "possess[ing] horsemeat with the intent to sell the horsemeat as food for human consumption."<sup>27</sup> Additionally, the 1949 Texas law prohibited the transfer of horsemeat to a person whom the transferor knows or should know intends to engage in those prohibited activities.<sup>28</sup>

In an August 2002 opinion, the Texas Attorney General argued that the 1949 Texas law, which purports to "prohibit[] the processing, sale or transfer of horsemeat for human consumption," is applicable to Texas slaughter houses.<sup>29</sup> On September 26, 2002, Empacadora De Carnes De Fresnillo, S.A. de C.V., Beltex Corp., and Dallas Crown filed a complaint in the U.S. District Court for the Northern District of Texas requesting an injunction prohibiting the Kaufman and Tarrant County District Attorneys from enforcing this law.<sup>30</sup> While the District Court enjoined enforcement of the law, the Fifth Circuit Court of Appeals overturned this decision.<sup>31</sup> The

<sup>23</sup> See *id.* at 19.

<sup>24</sup> *Humane Soc'y of the U.S. v. Cavel Int'l, Inc.*, No. 07-5120, 2007 U.S. App. LEXIS 10785, at \*1-2 (D.C. Cir. May 1, 2007).

<sup>25</sup> See *Empacadora de Carnes de Fresnillo, S.A. de C.V. v. Curry (Empacadora de Carnes)*, 476 F.3d 326, 337 (5th Cir. 2007) cert. denied 550 U.S. 957 (2007) (finding the Texas anti-horse slaughter law constitutional and allowing District Attorney to prosecute the slaughter houses, who had already admitted to violating the law in question).

<sup>26</sup> *Empacadora de Carnes de Fresnillo, S.A. de C.V. v. Curry*, 2005 WL 2074884, at \*1 (N.D. Tex. Aug. 25, 2005).

<sup>27</sup> Tex. Agric. Code Ann. § 149.002 (West 2012).

<sup>28</sup> Tex. Agric. Code Ann. § 149.003 (West 2012).

<sup>29</sup> *Empacadora de Carnes*, 476 F.3d at 329.

<sup>30</sup> *Empacadora de Carnes de Fresnillo, S.A. de C.V. v. Curry*, 2005 WL 2074884, at \*1.

<sup>31</sup> *Empacadora de Carnes*, 476 F.3d at 328-29.

Fifth Circuit rejected the lower court's finding that the Texas Meat and Poultry Inspection Act (TMPIA) had repealed the state anti-horse slaughter law.<sup>32</sup> The court stated the TMPIA did not repeal the Texas anti-horse slaughter law because the anti-horse slaughter law was codified after the TMPIA,<sup>33</sup> and the court found the TMPIA never legalized sale or slaughtering of horses for human consumption.<sup>34</sup> In fact, the "TMPIA is indifferent as to which meats are legal for public sale, but provides general regulations that may be applied to those that are."<sup>35</sup>

The Fifth Circuit further rejected the District Court's finding that the FMIA preempts the Texas anti-horse slaughter law.<sup>36</sup> The court was adamant, stating: "[w]e can find no indication that Congress intended to prevent states from regulating the types of meat that can be sold for human consumption."<sup>37</sup> The court found the FMIA had a limited reach and was not inconsistent with the 1949 law.<sup>38</sup>

The Fifth Circuit also found that enforcing the 1949 law did not violate the Dormant Commerce Clause.<sup>39</sup> The court said that this law "does not favor local industry, place excessive burdens on out-of-state industry, and no alternative measures could advance Texas' interests as effectively."<sup>40</sup> The court identified Texas' interests as "(1) preserving horses, (2) preventing the consumption of horsemeat, and (3) preventing horse theft."<sup>41</sup> Curiously, while the Court accepted that preventing the consumption of horsemeat was one of Texas' interests, the court also observed that none of the horse meat is sold domestically for human consumption.<sup>42</sup>

In an opinion dated May 6, 2008, the Texas Attorney General extended the interpretation of the Texas anti-horse slaughter law, stating that the law would be upheld against similar challenges in the case of a foreign corporation transporting horsemeat for human consumption in-bond through Texas for immediate export abroad.<sup>43</sup>

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<sup>32</sup> *Id.* at 330.

<sup>33</sup> *Id.*

<sup>34</sup> *Id.* at 330-31.

<sup>35</sup> *Id.* at 331.

<sup>36</sup> *Id.* at 335.

<sup>37</sup> *Id.* at 333.

<sup>38</sup> *See id.* at 334.

<sup>39</sup> *Id.* at 336.

<sup>40</sup> *Id.* at 336-37.

<sup>41</sup> *Id.* at 336.

<sup>42</sup> *Id.* at 329.

<sup>43</sup> Whether a Foreign Corporation May Transport Horsemeat for Human Consumption In-Bond Through Texas for Immediate Export Abroad, Tex. Att'y Gen. Op. No. GA-0623 (May 6, 2008).

*C. Illinois State Law*

Texas is not the only state to have banned the sale or slaughter of horses for human consumption for a significant period of time. Other states, such as California,<sup>44</sup> Mississippi,<sup>45</sup> and Oklahoma,<sup>46</sup> have longstanding bans on the sale or transfer of horses for human consumption. Illinois, on the other hand, has only recently joined the group of states maintaining a ban.<sup>47</sup> In 2007, Illinois enacted an amendment to the Illinois Horse Meat Act that made slaughter of horses for human consumption illegal.<sup>48</sup>

The Illinois slaughterhouse, owned by Cavel International, Inc., challenged the new law in the U.S. District Court for the Northern District of Illinois. According to Cavel, the Illinois ban was preempted by FMIA and violated the Commerce Clause.<sup>49</sup> The District Court refused to enjoin the horse slaughter ban, a decision that was affirmed by the Seventh Circuit.<sup>50</sup> The Seventh Circuit clearly indicated that Illinois had an interest in banning horse slaughter for human consumption that could be vindicated through legislation:

Cavel argues...that Illinois's ban on slaughtering horses for human consumption serves no purpose at all. The horses will be killed anyway when they are too old to be useful and what difference does it make whether they are eaten by people or by cats and dogs? But the horse meat used in pet

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<sup>44</sup> See CAL. PENAL CODE § 598c (West 2013) ("[I]t is unlawful for any person to possess, to import into or export from the state, or to sell, buy, give away, hold, or accept any horse with intent of killing, or having another kill, that horse, if that person knows or should have known that any part of that horse will be used for human consumption.").

<sup>45</sup> MISS. CODE ANN. § 75-3-3 (West 2013) ("The term 'food unfit for human consumption' shall be construed to include meat and meat-food products of horses and mules . . .").

<sup>46</sup> See OKLA. STAT. ANN. tit. 63, § 1-1136 (West 2013) ("It shall be unlawful for any person to sell, offer or exhibit for sale . . . any quantity of horsemeat for human consumption.").

<sup>47</sup> *Cavel Int'l, Inc. v. Madigan*, 500 F.3d 551, 553 (7th Cir. 2007) cert. denied 2008 U.S. LEXIS 4938 (June 16, 2008) ("Prior to the [2007] amendment, the statute merely required a license to slaughter horses and imposed various inspection, labeling, and other regulatory restrictions on licensees.").

<sup>48</sup> 225 Ill. Comp. Stat. Ann. 635/1.5 (West 2012) (effective May 24, 2007) ("(a) Notwithstanding any other provision of law, it is unlawful for any person to slaughter a horse if that person knows or should know that any of the horse meat will be used for human consumption. (b) Notwithstanding any other provision of law, it is unlawful for any person to possess, to import into or export from this State, or to sell, buy, give away, hold, or accept any horse meat if that person knows or should know that the horse meat will be used for human consumption.").

<sup>49</sup> See *Cavel Int'l, Inc. v. Madigan*, 500 F.3d at 553-54.

<sup>50</sup> *Id.* at 553, 559.

food is produced by rendering plants from carcasses rather than by the slaughter of horses, and the difference bears on the effect of the Illinois statute. Cavel pays for horses; rendering plants do not. If your horse dies, or if you have it euthanized, you must pay to have it hauled to the rendering plant, and you must also pay to have it euthanized if it didn't just die on you. So when your horse is no longer useful to you, you have a choice between selling it for slaughter and either keeping it until it dies or having it killed. The option of selling the animal for slaughter is thus financially more advantageous to the owner, and this makes it likely that many horses (remember that Cavel slaughters between 40,000 and 60,000 a year) die sooner than they otherwise would because they can be killed for their meat. States have a legitimate interest in prolonging the lives of animals that their population happens to like. They can ban bullfights and cockfights and the abuse and neglect of animals. Of course Illinois could do much more for horses than it does--could establish old-age pastures for them, so that they would never be killed (except by a stray cougar), or provide them with free veterinary care. But it is permitted to balance its interest in horses' welfare against the other interests of its (human) population; and it is also permitted to take one step at a time on a road toward the humane treatment of our fellow animals.<sup>51</sup>

In affirming the lower court's opinion, the Seventh Circuit dissolved an injunction that had prevented the enforcement of the law, thereby allowing Cavel to continue operating pending the appeal.<sup>52</sup> Cavel's appeal in the D.C. Circuit Case challenging the USDA rule that allowed slaughterhouses to pay for the federal inspections was rendered moot because Cavel was no longer operating its U.S. horse slaughter plant after September 21, 2007.<sup>53</sup>

#### *D. New Jersey State Law*

New Jersey joined the states that ban horse slaughter on September 19, 2012.<sup>54</sup> The New Jersey law made it an offense if anyone "knowingly

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<sup>51</sup> *Id.* at 556-557 (internal pagination and citations omitted).

<sup>52</sup> *Id.* at 553, 559.

<sup>53</sup> *Humane Soc'y of the U.S. v. Cavel Int'l, Inc.*, 275 Fed. Appx. 9, 10 (D.C. Cir. 2008).

<sup>54</sup> N.J. Stat. Ann. §§ 4:22-25.5 (West 2012) (statute effective Sept. 19, 2012).

slaughters a horse for human consumption.”<sup>55</sup> Violations of this law occur when one “sells, barter, or offers for sale or barter, at wholesale or retail, for human consumption, the flesh of a horse or any product made in whole or in part from the flesh of a horse” or if one “knowingly transports a horse for the purpose of slaughter for human consumption, or transports horsemeat, or any product made in whole or in part from the flesh of a horse, for the purpose of human consumption.”<sup>56</sup>

#### *E. Federal Reaction to the Controversy over the Horse Slaughter Ban*

The federal ante-mortem inspection program remained defunded until 2011.<sup>57</sup> In that year, the House of Representatives voted to continue defunding, but the Senate’s version of the agriculture appropriations bill did not contain any language perpetuating the defunding.<sup>58</sup> On the premise that the ban had brought unintended, negative consequences to horse welfare and horse values, a four member congressional conference committee restored funding in 2011 by approving the Senate’s version of the Agriculture budget, which omitted the language necessary to continue defunding the inspections.<sup>59</sup>

#### *F. Assumption that the Ban Caused the Downturn in the U.S. Horse Industry*

Given that the downturn in the horse market began the year following the closing of the domestic plants, horse slaughter proponents have argued that there is a causal relationship.<sup>60</sup> However, this argument ignores the fact that the slaughter of U.S. horses did not diminish in the years after the closings; instead, horse slaughter shifted abroad, which is demonstrated by the fact that the export of horses for slaughter in Canada

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<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

<sup>57</sup> *Congress Poised to Restart U.S. Horse Slaughter for Human Consumption: Roy Blunt One of Three Key Votes to Make Change*, NEWSTRIBUNE.COM (Nov. 18, 2011), <http://www.newtribune.com/news/2011/nov/18/congress-poised-restart-us-horse-slaughter-human-c/>.

<sup>58</sup> *Id.*

<sup>59</sup> *See id.*

<sup>60</sup> *See, e.g., Douglas Belkin & Nathan Koppel, Reviving Slaughter of Horses: Rules Changed as More Animals Are Cut Loose by Their Owners in Tough Times*, WALL ST. J. (May 3, 2012 7:48 PM), <http://online.wsj.com/article/SB10001424052702303877604577382074003945102.html>.

and Mexico increased more than enough to make up for the drop in domestic slaughter.<sup>61</sup> Figure 1 illustrates this shift.

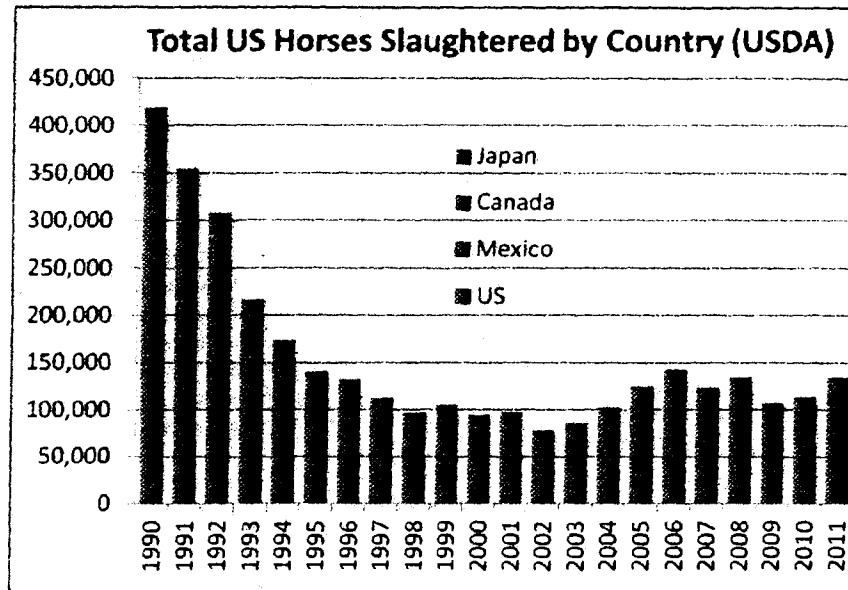


Figure 1 - Slaughter statistics from USDA online data<sup>62</sup>

The true reason behind the decline of the horse market was a perfect storm of economic factors that have affected the U.S. horse owner with greater intensity than the hardships endured by the general U.S. population. To a large extent, these factors are the unintended consequences of government programs and subsidies such as the recently repealed ethanol subsidy.<sup>63</sup>

<sup>61</sup> Data aggregated over time by the author from U.S. Department of Agriculture sources. Data on file with author.

<sup>62</sup> *Id.*

<sup>63</sup> See Bob Dinneen, *US Ethanol Makes History by Sacrificing a Subsidy*, HILL'S CONGRESS BLOG (Jan. 5, 2012 11:26 AM), <http://thehill.com/blogs/congress-blog/energy-a-environment/202533-us-ethanol-makes-history-by-sacrificing-a-subsidy> (indicating that the ethanol subsidy had expired on January 1, 2012).

III. THE BAN ON DOMESTIC HORSE SLAUGHTER IS NOT CAUSING THE  
DECLINE IN THE U.S. HORSE INDUSTRY

According to a survey by the American Veterinary Medical Association (AVMA), private horse ownership declined 16.7% between 2006 and 2012.<sup>64</sup> It has been suggested that restoring domestic horse slaughter will reverse this decline.<sup>65</sup> In fact, domestic horse slaughter is unrelated to domestic horse ownership levels, evidenced by the fact that the total slaughter numbers for U.S. horses did not change substantially during this period, as demonstrated in Figure 1.<sup>66</sup> At least part of this misconception is fostered by what the authors of this article contend to be a deeply flawed Government Accountability Office (GAO) report.<sup>67</sup>

In June 2011, the GAO produced a long awaited report on the effect of the closing of the U.S. horse slaughter plants in response to a request from Congress.<sup>68</sup> The report presented the graph in Figure 2 comparing horse prices before and after the U.S. slaughter plants were closed.

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<sup>64</sup> Press Release, American Veterinary Med. Ass'n, Sneak Preview of AVMA Pet Demographic Sourcebook at 2012 Convention in San Diego (Aug. 3, 2012), available at <https://www.avma.org/news/pressroom/pages/Sneak-preview-of-AVMA-Pet-Demographic-Sourcebook-at-2012-convention-in-San-Diego.aspx>.

<sup>65</sup> See Belkin & Koppel, *supra* note 60.

<sup>66</sup> See *supra* Figure 1.

<sup>67</sup> GAO REPORT, *supra* note 6.

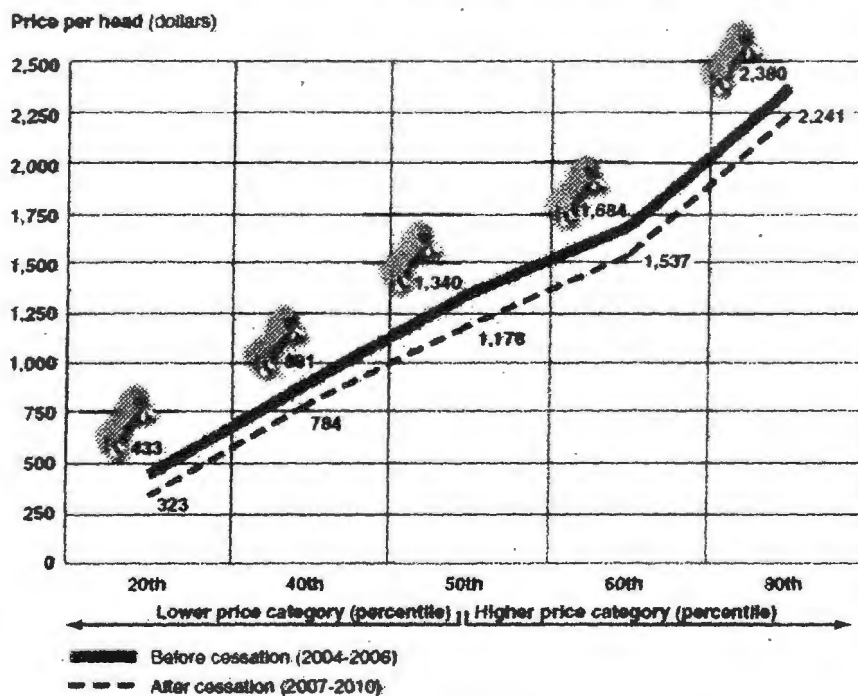
<sup>68</sup> *Id.* at 1, 3.



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Average Horse Prices Before and After Cessation of Horse Slaughter for  
Each Price Category, Spring 2004 through Spring 2010



Source: GAO analysis of horse auction data.

Figure 2 - Price decline of horses at auction according to GAO study<sup>69</sup>

Figure 2 divides horses into categories according to their percentile price range and illustrates a surprisingly consistent price drop across all categories of approximately \$110 to \$140.<sup>70</sup>

Appendix 2 of the GAO report attributes this price decline to two factors: the economy and the close of the U.S. slaughter plants.<sup>71</sup> While admitting that the total slaughter of U.S. horses had remained almost completely unchanged after the closings due to increased exports of horses for slaughter,<sup>72</sup> the report went on to conclude that the majority of the price

<sup>69</sup> *Id.* at 16.

<sup>70</sup> *Id.* at 15.

<sup>71</sup> *See id.* at 57.

<sup>72</sup> *Id.* at 13.

decline, 21% for the lowest price category and 8% for the median price category, was due to the cessation of domestic slaughter.<sup>73</sup> Unfortunately, a clear description of the methodology supporting these findings was not included in the report, beyond a vague explanation that the data had been subjected to regression analysis and that increased hauling costs for the kill buyers to export horses to slaughter houses was likely the cause of the reduction in prices.<sup>74</sup>

According to the GAO report, virtually all of the significant downward pressure on horse prices occurred between the 20<sup>th</sup> and 50<sup>th</sup> percentiles; that is, horses selling for prices less than \$1,178.<sup>75</sup> This range coincides neatly with the price range of slaughter horses.<sup>76</sup> The American Quarter Horse Association (AQHA) and other supporters of horse slaughter immediately and successfully leveraged these findings as a way to repeal the implicit ban on horse slaughter caused by the defunding of the federal ante-mortem inspections.<sup>77</sup>

Figure 3 shows the approximate distribution, based on numbers from 2005, of horses across various industry sectors.<sup>78</sup> Horses being purchased for the racing and professional showing sectors do not fall in the lower (below 50<sup>th</sup> percentile) price categories, though such horses often end up in this price range at the end of their careers.<sup>79</sup> Therefore, there are only two significant potential buyers for these low-end horses: the slaughter buyers and recreational horse buyers.<sup>80</sup> Given that the slaughter buyers are purchasing the same number of these horses at auction as they were before 2007 but at bargain prices, one can only conclude that it is not because they have higher expenses, but because the recreational buyers are not bidding against them.<sup>81</sup> Prices have dropped in this percentile range because there are fewer bidders; decreases in demand cause prices to fall. This is

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<sup>73</sup> *Id.* at 16.

<sup>74</sup> *Id.* at 13-14, 56.

<sup>75</sup> *Id.* at 16-17.

<sup>76</sup> *Cf. id.* at 49 (indicating the report authors obtained horse price data from auctions that regularly sell "loose" horses, which are lower-value horses that may be bought for slaughter).

<sup>77</sup> *AQHA President Discusses Lift of Ban on Horse Slaughter*, GOHORSESHOW.COM (Dec. 6, 2011, 3:26 PM), [http://www.gohorshow.com/article/AQHA/AQHA/AQHA\\_President\\_Discusses\\_Lift\\_of\\_Ban\\_on\\_Horse\\_Slaughter/36591](http://www.gohorshow.com/article/AQHA/AQHA/AQHA_President_Discusses_Lift_of_Ban_on_Horse_Slaughter/36591).

<sup>78</sup> *National Economic Impact of U.S. Horse Industry*, *supra* note 1.

<sup>79</sup> See GAO REPORT, *supra* note 6, at 49.

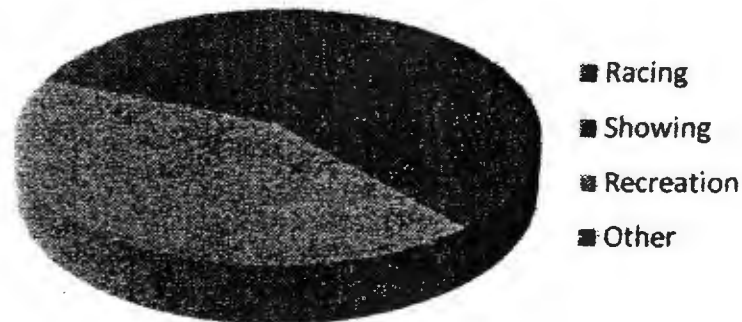
<sup>80</sup> See *id.*

<sup>81</sup> See *id.* at 2 (indicating that the GAO found that the number of U.S. horses slaughtered in 2006 and 2010 were essentially the same because export numbers increased to make up for the ban on domestic slaughter).

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consistent with the 16.7% reduction in horse ownership over the study period found by the AVMA survey.<sup>82</sup>



**Figure 3 - Horse Population by Sector in 2005<sup>83</sup>**

As Figure 3 demonstrates, recreational horses represent the single largest sector of the horse industry population. Therefore, this sector also represents a major proportion of sales for farrier, veterinary and other services, as well as feed and a myriad of products sold within what was, in 2005, a \$39 billion industry with a total economic impact of \$102 billion.<sup>84</sup>

The collapse of demand for low-end horses has not been lost on the breeders. Over the same period covered in the report, registrations of all breeds were down nearly 50%,<sup>85</sup> with whole broodmare herds being liquidated.<sup>86</sup> Was this simply a result of the recession, or were other factors at work?

How the GAO report can state that variations in the dependent variable, horse prices, were caused by the independent variable, the number of U.S. horses slaughtered, not changing, remains a mystery to the authors

<sup>82</sup> Press Release, AVMA, *supra* note 64.

<sup>83</sup> *National Economic Impact of U.S. Horse Industry*, *supra* note 1 (using data from the American Horse Council Foundation's 2005 study of the U.S. horse industry cited *supra* note 1, the author created the graphical representation depicted in figure 3).

<sup>84</sup> *Id.*

<sup>85</sup> *Online Fact Book: Horse Breed Registration Figures*, *supra* note 3 (demonstrating that overall registrations have fallen by nearly 50 percent between 2006 and 2011).

<sup>86</sup> John Holland & Vicki Tobin, *To the Rescue: Horse Slaughter to Decline in Coming Years*, 14 NAT. HORSE MAG. 1, 76 (2012), available at [http://equinewelfarealliance.org/uploads/Natural\\_Horse\\_-\\_Dec\\_2011.pdf](http://equinewelfarealliance.org/uploads/Natural_Horse_-_Dec_2011.pdf).

of this article. The Equine Welfare Alliance (EWA) made a request for the data and calculations under the Freedom of Information Act, but the GAO refused the request, citing congressional immunity.<sup>87</sup> In any event, the price data identifies a serious situation confronting the horse industry. This article will show that the horse industry is being clobbered by a confluence of forces, which were almost completely overlooked by the GAO and were largely brought on by government programs.

#### IV. WHAT IS REALLY KILLING THE HORSE INDUSTRY?

While Congress has been asking "what is killing the horse industry?," at least a large part of the answer appears to be "you are!" Not only has the industry been impacted by the recent economic downturn, but it has also suffered from something that the rest of the economy has been largely spared: significant inflation in virtually all its major costs as a result of government programs, subsidies, and tax incentives.

Contrary to popular perception, the average recreational horse owner is not wealthy. A survey of horse owners found that approximately 23% of owners have a combined household income less than \$50,000, while 65% of owners have an income of less than \$100,000.<sup>88</sup> In the same survey, 73.8% of owners indicated that their costs per horse rose between 2007 and 2011, with the largest cost increases coming from feed, fuel, and veterinary care, respectively.<sup>89</sup> These cost increases are precisely what a thoughtful analysis of government data would predict.

The two major types of horse feed are grass or hay and concentrated feeds. In most western states, horse hay is synonymous with alfalfa. Alfalfa is protein rich hay that is a staple in both the horse and dairy industry, and is fed both in its natural form and as dehydrated pellets or cubes.<sup>90</sup> It is also a main ingredient in some higher quality concentrated

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<sup>87</sup> Letter from Timothy P. Bowling, Chief Quality Officer, U.S. Gov't Accountability Office, to John Holland, President, Equine Welfare Alliance (Aug. 24, 2011), available at [http://www.equinewelfarealliance.org/uploads/GAO\\_Response\\_to\\_FOIA.jpg](http://www.equinewelfarealliance.org/uploads/GAO_Response_to_FOIA.jpg) (rejecting John Holland's FOIA request for data and calculations used in the analysis of horse prices in GAO REPORT, *supra* note 6).

<sup>88</sup> AM. HORSE PUBL'NS, 2009 - 2010 AHP EQUINE INDUSTRY SURVEY: SUMMARY STATISTICS 6 (2010), available at <http://www.americanhorsepubs.org/resources/AHP-Equine-Survey-Final.pdf>.

<sup>89</sup> *Id.* at 22-23.

<sup>90</sup> See *Alfalfa Pellets for Horses*, UNDERSTANDING HORSE NUTRITION, <http://www.understanding-horse-nutrition.com/alfalfa-pellets.html> (last visited Jan. 27, 2013).

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horse feeds.<sup>91</sup> Remarkably, in the 68 pages of the GAO report there is no discussion of the increased cost of feed during the study period<sup>92</sup> and only a vague mention that the cost of feed was one of many inputs to their regression analysis.<sup>93</sup> Essential feed products such as alfalfa and corn do not appear at all in the report, and hay appears only once in a context unrelated to feed costs.<sup>94</sup>

*A. Feed Costs: Alfalfa and Hay*

Currently, there is a growing feud over how alfalfa should be allocated.<sup>95</sup> In recent years, alfalfa exports have risen rapidly,<sup>96</sup> due in no small part to government initiatives.<sup>97</sup> As a staple of several industries, alfalfa is at the base of a value-added production chain. For example, when fed to dairy cows, it is converted into milk, which is in turn converted into cheese that is used in a myriad of products.

Japan has long been the single largest importer of American alfalfa.<sup>98</sup> However, exports to China have been exploding in recent years, soaring from less than 2,000 metric tons in 2007 to 75,000 metric tons in 2009.<sup>99</sup>

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<sup>91</sup> E.g., S. STATES, SOUTHERN STATES AND PURINA MILLS HORSE FEED COMPARISON MANUAL 15 (2011), available at <http://www.frontroyalcoop.com/extras/sscpurina.pdf> (indicating that alfalfa is the first listed ingredient in a higher quality feed).

<sup>92</sup> See generally GAO REPORT, *supra* note 6 at 19 (reporting that the State Veterinarians interviewed thought the cost of feed was one of several factors responsible for a perceived decline of horse welfare, but not discussing the matter further).

<sup>93</sup> See *id.* at 53.

<sup>94</sup> See *id.* at 21.

<sup>95</sup> See Rick Mooney, *Alfalfa Prices Surge*, AG WEB (May 29, 2012), [http://www.agweb.com/article/alfalfa\\_exports\\_surge/](http://www.agweb.com/article/alfalfa_exports_surge/).

<sup>96</sup> E.g., JESS WILHELM, U.S. DEP'T OF AGRIC. FOREIGN AGRIC. SERV., GAIN REPORT: U.S. ALFALFA EXPORTS TO CHINA CONTINUE RAPID GROWTH 2 (2010), available at [http://gain.fas.usda.gov/Recent GAIN Publications/U.S. Alfalfa Exports to China Continue Rapid Growth \\_Beijing ATO\\_China - Peoples Republic of\\_2010-8-25.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/U.S.%20Alfalfa%20Exports%20to%20China%20Continue%20Rapid%20Growth_Beijing%20ATO_China-Peoples%20Republic%20of_2010-8-25.pdf).

<sup>97</sup> See, e.g., *id.* at 6 (indicating that US government trade promotion activities helped stimulate the Chinese demand for U.S. alfalfa).

<sup>98</sup> See Mooney, *supra* note 95.

<sup>99</sup> WILHELM, *supra* note 96, at 2.

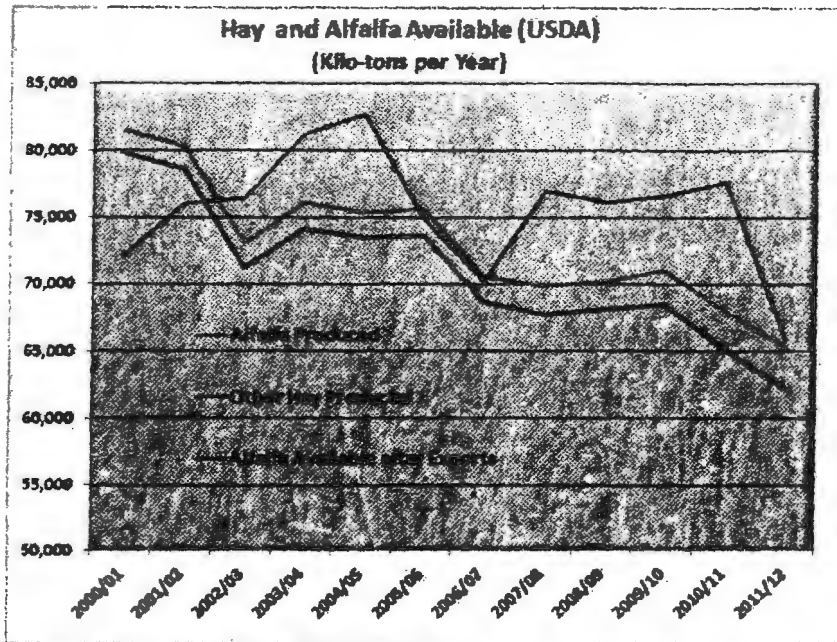


Figure 4 - Hay and Alfalfa Available<sup>100</sup>

Critics of alfalfa exports argue that the entire American value-added chain is being threatened by exporting, while supporters point out that only about 4% of the crop was exported in 2010.<sup>101</sup> Unfortunately, this is only part of the story.

Figure 4 depicts the amount of hay and alfalfa available to U.S. consumers each year, and clearly shows a worrisome trend. While ordinary hay production has fluctuated wildly depending on weather conditions, alfalfa production has steadily declined. When exports of alfalfa are subtracted from the declining production, the seriousness of the reduction in alfalfa available to American consumers becomes obvious. The result of

<sup>100</sup> Data aggregated over time by the author from U.S. Department of Agriculture sources such as: *Table 8— Hay: Production, Harvested Acreage, Yield, and Stocks*, U.S. DEP'T OF AGRIC. ECON. RESEARCH SERV.,

[http://www.ers.usda.gov/datafiles/Food\\_Grains\\_Yearbook\\_Tables/US\\_Hay\\_Production\\_Harvested\\_Acreage\\_Yield\\_and\\_Stocks/FGYearbookTable08.htm](http://www.ers.usda.gov/datafiles/Food_Grains_Yearbook_Tables/US_Hay_Production_Harvested_Acreage_Yield_and_Stocks/FGYearbookTable08.htm). Data on file with author.

<sup>101</sup> Mooney, *supra* note 95.

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this constricting supply has been a steep increase in the cost of both hay and alfalfa.<sup>102</sup>

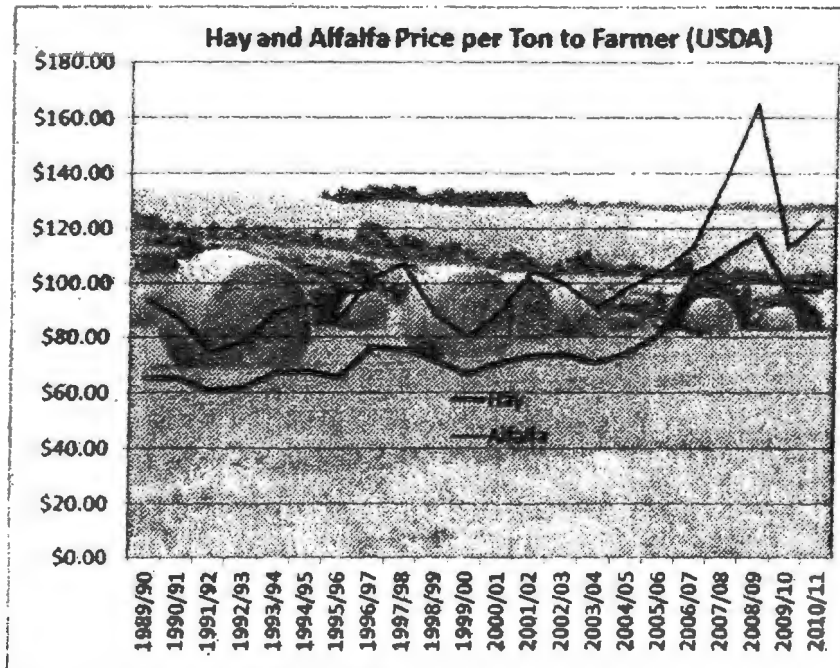


Figure 5 - Hay and Alfalfa Prices<sup>103</sup>

## B. Feed Costs: Concentrated Feed

Besides alfalfa, another major ingredient in concentrated horse feed is grain and grain byproducts, which consists of predominantly corn, oats, wheat and soy.<sup>104</sup> Almost 30 years ago the government began subsidizing

<sup>102</sup> See ECON. RESEARCH SERV., U.S. DEP'T OF AGRIC., FEED GRAINS DATA: YEARBOOK TABLES tbl.11 (2013), available at [http://www.ers.usda.gov/datafiles/Food\\_Grains\\_Yearbook\\_Tables/All\\_tables\\_in\\_one\\_file/fgyearbooktablesfull.pdf](http://www.ers.usda.gov/datafiles/Food_Grains_Yearbook_Tables/All_tables_in_one_file/fgyearbooktablesfull.pdf) (demonstrating that the prices received by farmers per ton of alfalfa and per ton of hay have more than doubled between May 2003 and December 2012).

<sup>103</sup> *Id.* (author created graph from data obtained from USDA Economic Research Service).

<sup>104</sup> Kathy P. Anderson, *Basics of Feeding Horses: Reading the Feed Tag*, NEBGUIDE, <http://www.ianrpubs.unl.edu/cpublic/pages/publicationD.jsp?publicationId=12> (last updated Dec. 2007).

the use of corn ethanol as a blended fuel in gasoline.<sup>105</sup> The production of ethanol consumes nearly 40% of the U.S. corn crop, and in 2012, the government ended the \$20 billion in subsidies for the use of ethanol.<sup>106</sup> Here again the government chose to divert significant quantities of one of the pillars of the value-added chain. In addition to its use in feeds, corn is used in everything from nachos to bookbindings and antibiotics to sweeteners.<sup>107</sup> Beginning in 2005, the use of corn by ethanol producers began to grow rapidly, as shown in Figure 6. This phenomenon also coincided with the recession and the period of the GAO study.

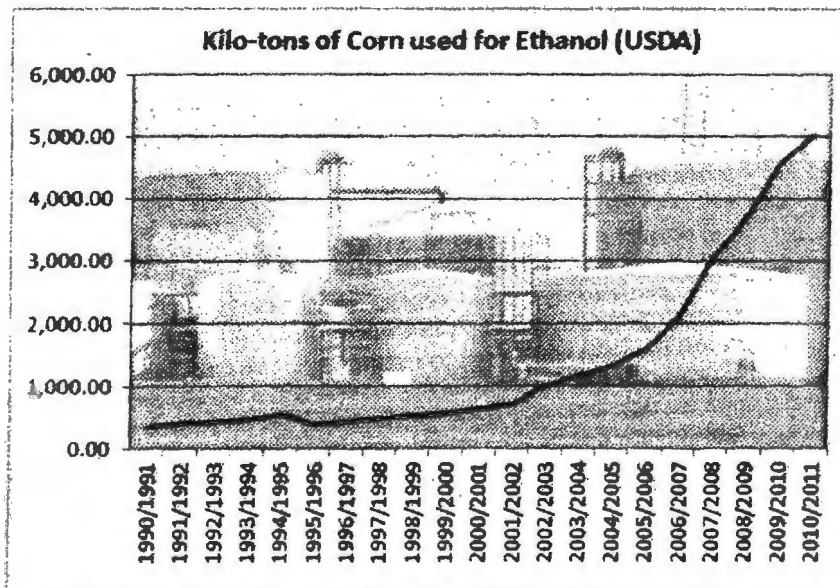


Figure 6 - Use of Corn in Ethanol Production<sup>108</sup>

The sudden increase in ethanol production, after decades of slow growth, can be credited to the rise in crude oil prices, which made it

<sup>105</sup> Robert Pear, *After Three Decades, Tax Credit for Ethanol Expires*, N.Y. TIMES (Jan. 1, 2012), <http://www.nytimes.com/2012/01/02/business/energy-environment/after-three-decades-federal-tax-credit-for-ethanol-expires.html>.

<sup>106</sup> *Id.*

<sup>107</sup> IOWA STATE UNIV. CTR. FOR CROPS UTILIZATION RESEARCH, CORN (2009), available at <http://www.ncga.com/upload/files/documents/pdf/cornusesposter.pdf>.

<sup>108</sup> ECON. RESEARCH SERV., *supra* note 102, at tbl.31. (author created graph from data obtained from USDA Economic Research Service).



advantageous to blend the subsidized additive with gasoline.<sup>109</sup> As a result of this increase in ethanol production, corn prices began to rise even more rapidly than alfalfa prices. In a five year period, between December 2007 and December 2012, the corn prices received by farmers increased by approximately 86%.<sup>110</sup> With this drastic price increase, it is no wonder that horse owners have come to fear their excursions to the feed store.

It is important to note that even feeds whose ingredients do not include corn are affected by changes in corn prices. The increased profitability of corn has caused land previously devoted to other grains to be reallocated to corn production,<sup>111</sup> which constricts the supply of these other grains, thereby increasing their prices. It is even probable that this trend of switching to corn production is one of the factors behind the decline in alfalfa and hay production.

Some horse owners have compensated for these increases by buying cheaper brands of feed.<sup>112</sup> However, even those who have stayed with a premium brand may not have noticed the price increases due to subtle changes in the order of the ingredients. Many cheaper horse feeds, and even some mid-grade horse feeds, now list peanut hulls at or near the top of their ingredient lists, while corn and alfalfa have slipped down the lists, if they are present at all.<sup>113</sup>

Apparently even Congress could not ignore the effect of the subsidy program it had unleashed on corn, the country's single most important food crop. Congress removed the ethanol subsidy in 2011.<sup>114</sup> However, due to the considerable investment in the distilling infrastructure and the high crude oil prices, the ethanol industry's corn appetite is likely to remain high despite the subsidy removal. Fortunately, Congress took one more action that might help curb this trend in the future when it removed tariffs on sugarcane imported for ethanol production,<sup>115</sup> which may reduce the ethanol industry's demand for domestic corn.

<sup>109</sup> See Kris Bevil, *Ethanol Marketers: Demand Outlook is Positive*, ETHANOL PRODUCER MAG. (July 15, 2010), <http://www.ethanolproducer.com/articles/6890/ethanol-marketers-demand-outlook-is-positive>.

<sup>110</sup> ECON. RESEARCH SERV., *supra* note 102, at tbl.9.

<sup>111</sup> *Id.* at tbl.1 (showing that in the last 7 years, the number of acres planted of corn increased, while the numbers of acres planted of sorghum, barley and oats all decreased).

<sup>112</sup> *Cf.* Anderson, *supra* note 104.

<sup>113</sup> *Cf. Some Hulls Are Super Feeds for Horses*, KY. EQUINE RES. (Jan. 10, 2012), <http://www.equinews.com/article/some-hulls-are-super-feeds-horses>.

<sup>114</sup> Pear, *supra* note 105.

<sup>115</sup> Press Release, SugarCane.org, *Congressional Recess Means the End of Three Decades of U.S. Tariffs on Imported Ethanol*, available at <http://sugarcane.org/media-center/press-releases/congressional-recess-means-the-end-of-three-decades-of-us-tariffs-on-imported-ethanol>.

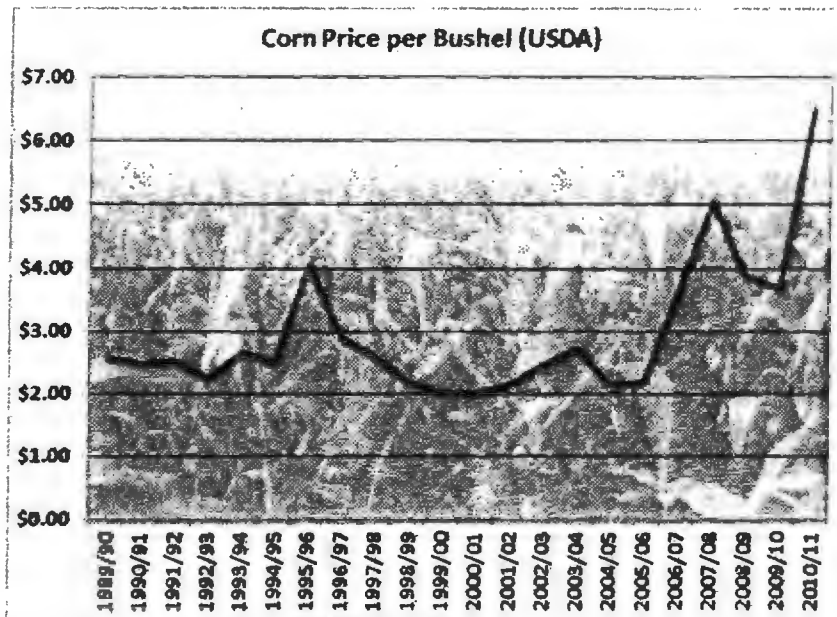


Figure 7 - Corn prices to farmers<sup>116</sup>

### C. Fuel Costs

Another glaring omission from the GAO analysis is fuel costs.<sup>117</sup> Gasoline and diesel costs are felt keenly by horse owners who tend to own larger vehicles such as "dually" (dual rear wheel) pick-up trucks needed to haul stock animals and hay. These vehicles have poor fuel efficiency and tend to be used not only for pulling trailers, but for general transportation as well.<sup>118</sup>

<sup>116</sup> ECON. RESEARCH SERV., *supra* note 102, at tbl.12 (author created graph from data obtained from USDA Economic Research Service).

<sup>117</sup> See GAO REPORT, *supra* note 6, at 58 (demonstrating that fuel costs were not included in the GAO's model).

<sup>118</sup> See Betsy Lynch & Tracey Emslie, *Tow Vehicles for Horse Hauling*, EQUISEARCH.

<http://www.equisearch.com/uncategorized/tow-vehicles-horse-hauling/2/> (last visited Jan. 23, 2013).

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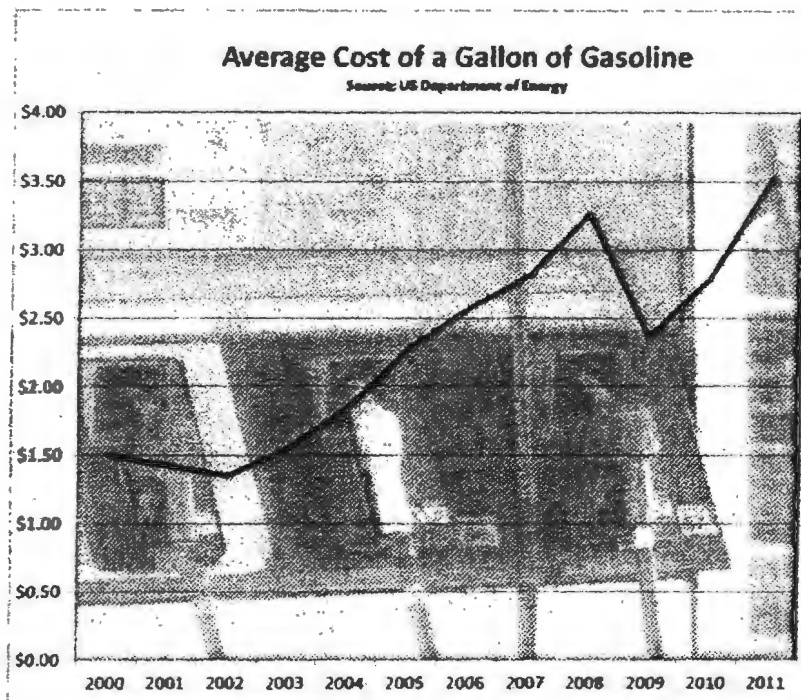


Figure 8 - Cost of Gasoline<sup>119</sup>

Moreover, the hay and alfalfa prices referenced earlier were those received by the farmers who grew the hay. Therefore, every increase in the price of gasoline adds a surcharge that the horse owner, as the purchaser, must pay on a ton of hay to get the hay to their property. The costs of transporting feed and horses with large and inefficient trucks help explain why surveyed horse owners ranked fuel as the second biggest contributor to the escalation of their costs after feed.<sup>120</sup>

<sup>119</sup> *Weekly U.S. All Grades Conventional Retail Prices*, U.S. ENERGY INFO. ADMIN., [http://www.eia.gov/dnav/pet/hist/LeafHandler.spx?n=PET&r=EMM\\_EPMOU\\_PTE\\_NUS\\_DPG&t=W](http://www.eia.gov/dnav/pet/hist/LeafHandler.spx?n=PET&r=EMM_EPMOU_PTE_NUS_DPG&t=W) (last visited Jan. 23, 2013) (author created graph from data obtained from US Energy Information Administration).

<sup>120</sup> AM. HORSE PUBL'NS, *supra* note 88, at 23.

## V. CONVERGENCE: THE COLLECTIVE EFFECT OF THESE FACTORS

The uncanny convergence of all these factors can best be appreciated by considering each factor in terms of its percentage increase from the base year 2000, which is depicted in Figure 9 below. Just before the beginning of 2006, all of the factors except fuel converged at an overall price increase of about 25%. This was the calm before the storm. By the time the U.S. slaughter plants closed in 2007, virtually all of the cost factors were starting a wild upward swing. In 2008, the recession kicked in and the rate of unemployment began to add to the pressures on horse owners.<sup>121</sup>

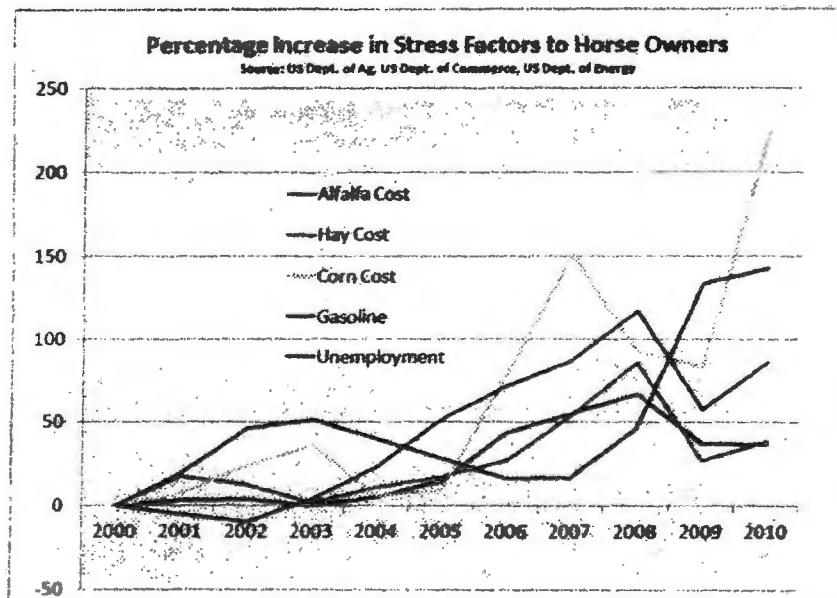


Figure 9 - Percentage Increase in Stress Factors for Horse Owners<sup>121</sup>

<sup>121</sup> See Labor Force Statistics from the Current Population Survey, U.S. DEPT LAB., BUREAU LAB. STATS., <http://data.bls.gov/timeseries/LNS14000000> (last visited Jan. 23, 2013) (demonstrating the significant increase in the U.S. unemployment rate since 2008).

<sup>122</sup> Author created graph from the following sources: ECON. RESEARCH SERV., *supra* note 102, at this.11 & 9; Weekly U.S. All Grades Conventional Retail Prices, *supra* note 119; Labor Force Statistics from the Current Population Survey, *supra* note 121.

It is important to note the scale of this graph. These are not minor increases, but rather increases of as much as 230% since 2000. Worse, these factors compounded each other in ways already discussed. The result of these increases has been a dramatic downsizing by horse breeders and owners. Sadly, these forces have also pounded the equine rescue community, which represents the last good hope for a retiring sport horse.

There are those who propose to restore the horse industry by bringing horse slaughter back to the U.S. As already shown, exports to Canada and Mexico mean that there was never a lack of slaughter, therefore, the end of domestic slaughtering had nothing to do with the current plight of the horse industry. Increasing slaughter is no more likely to cure the industry's ills than the medieval practice of bleeding a patient. It is true that reinstating domestic horse slaughter could marginally increase prices because kill buyers would not have to pay to export the horses abroad, but without competition from recreational buyers it is likely that slaughter buyers would simply pocket some or all of the savings. Moreover, it would not address the root of the problem: the rising costs of owning a horse and the corresponding decrease of horse ownership. The only bright spot in all this is that the industry has already gone through a huge correction. Foal registrations are down about 50% from peak, as depicted in Figure 10.

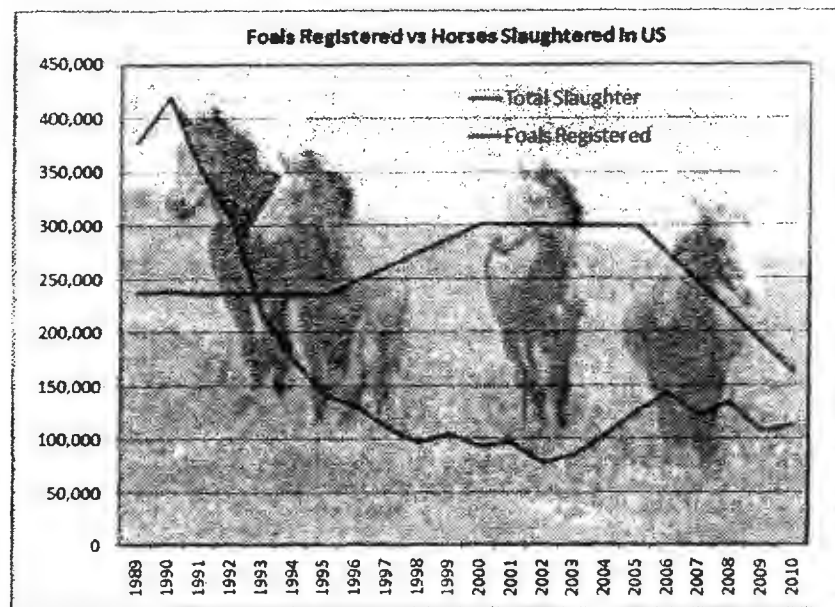


Figure 10 - Foals Registered vs. Horses Slaughtered<sup>123</sup>

## VI. CONCLUSION

If the horse industry is to survive, it must understand that it faces the same issues as many other animal industries. Furthermore, the enormous political energy being expended by the animal agriculture industry to preserve horse slaughter is a complete misallocation of its political resources. In truth, the interests of animal agriculture and the horse industry are closely aligned.

The same is true for some horse registries such as the American Quarter Horse Association. While the AQHA and their AQHPac<sup>124</sup> have spent precious funds lobbying to keep horse slaughter available in the

<sup>123</sup> Graph created by author from data gathered from sources including: *Online Fact Book: Horse Breed Registration Figures*, *supra* note 3; GAO REPORT, *supra* note 6, at 11. Data on horse exports aggregated over time by the author from U.S. Department of Agriculture sources. Data on file with author.

<sup>124</sup> See *AQHPac Distributes Money*, AM. QUARTER HORSE ASS'N (Jan. 11, 2013), <http://www.aqha.com/News/News-Articles/01092013-AQHAPac-Distributes-Money.aspx>.

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U.S.,<sup>125</sup> their registrations and revenues have continued to plunge. In 2011 alone, AQHA revenues from new foal registrations were down 7%.<sup>126</sup>

The problem for both animal agriculture and the horse industry comes down to the allocation of resources, and government programs largely perpetuate this problem. If the current trends continue, many desirable jobs in the industry will be lost and horse ownership will once again become what it was in the dark ages: the exclusive domain of the privileged class.

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<sup>125</sup> In addition to the horse slaughter bans at the state level and defunding of federal ante-mortem inspections, there has been an effort in the last decade to enact a federal ban on slaughter that would also prohibit the sale and export of U.S. horses for slaughter for human consumption. See COWAN, *supra* note 5, at 3-5; see also J. Finch, *Legislative Efforts on Horse Slaughter*, HABITAT FOR HORSES (May 9, 2012 7:28 PM), <http://www.habitatforhorses.org/legislative-efforts-on-horse-slaughter/>.

<sup>126</sup> MCGILADREY & PULLEN, LLP, AMERICAN QUARTER HORSE ASSOCIATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION: SEPTEMBER 30, 2011 AND 2010, AT 18 (2011), available at <http://aqha.com/About/Content/Pages/About-the-Association/~media/Files/About/Annual%20Report/2011%20Financial%20Statements.aspx>.

# THE HISTORY AND CAUSES OF EQUINE ABUSE AND NEGLECT: A Statistical Analysis

JOHN HOLLAND  
President  
Equine Welfare Alliance, Inc.

## Introduction

The factors contributing to equine abuse and neglect have long been debated, but rarely studied. It has been commonly assumed that abuse and neglect was simply an intractable and perennial problem, with little or no solution except for the disposal of excess horses through slaughter. This study finds that conventional wisdom to be completely wrong.

Many in the equine community expected that a 2011 GAO report<sup>1</sup> on the consequences of halting domestic slaughter would contain a statistical review of the recent history of the issue and provide meaningful insight. It did neither.

This study presents data obtained from state animal industry officials documenting the number of cases of legal action taken on issues of equine abuse and neglect, and explores correlations between trends and three possible factors:

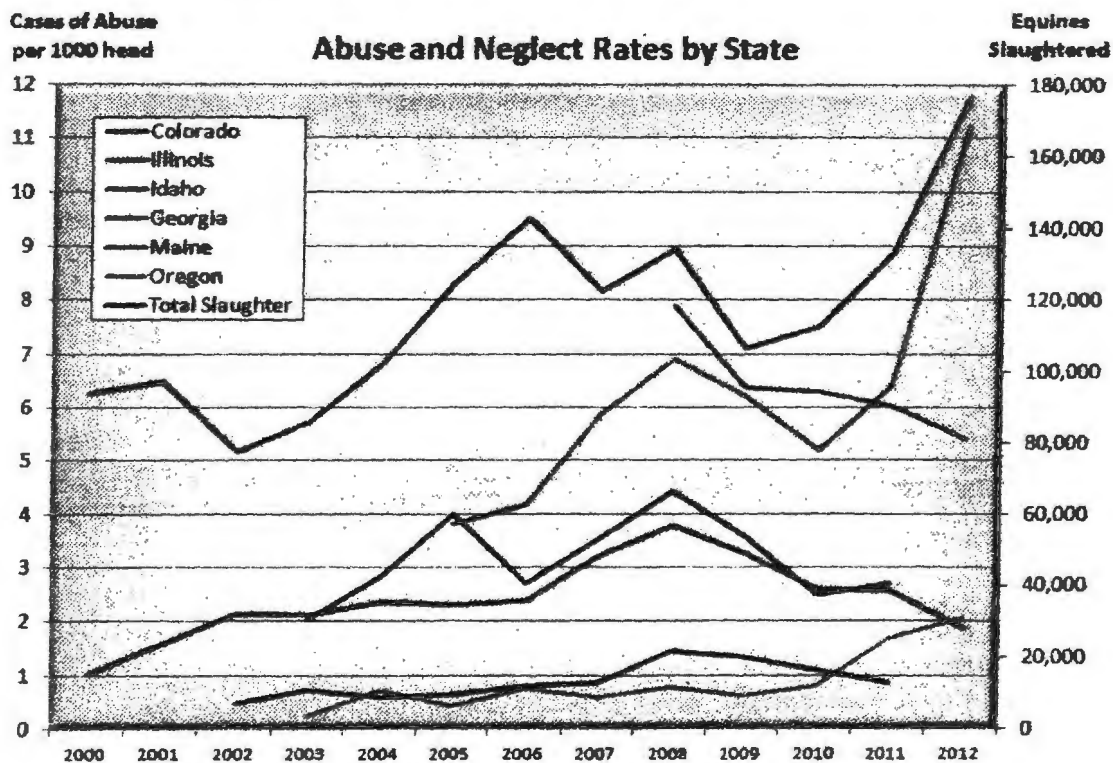
- The number of US horses slaughtered
- The state unemployment rate
- The price of hay in the state

Daniel Patrick Moynihan famously said "Everyone is entitled to his own opinion, but not his own facts." This study will offer no opinions, but simply allow the facts to speak for themselves.



## Methodology

Abuse and neglect data was obtained from state officials in terms of cases per year. These numbers were, of course, proportional to each state's equine population. Therefore, to present the data in a more consistent format from state to state, the number of cases in each year was divided by the state's estimated equine population as reported in the year 2005 in an American Horse Council<sup>®</sup> survey. The resulting data was then presented in cases per 1000 head.

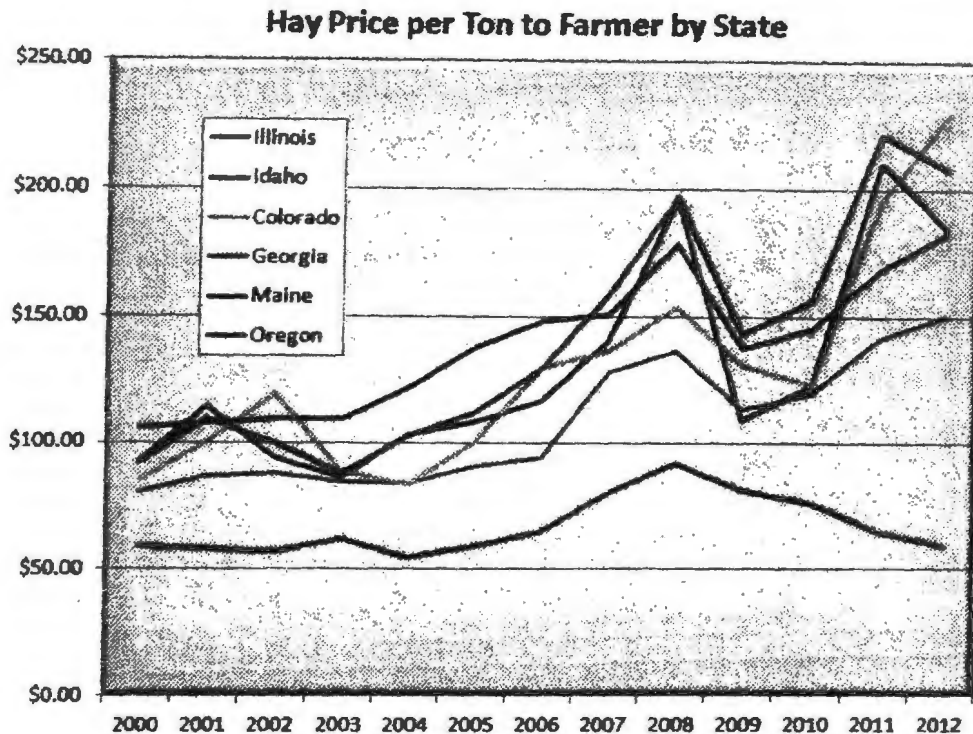


**Figure 1 – History of Abuse and Neglect Rates**

Most states delegate abuse investigations to either the localities (sheriff, police, etc.) or they empower a state humane organization/s to provide the enforcement of humane laws. Of the states that kept records, most did not have data for the entire period. Even so, enough data was gathered to show some compelling relationships.

To compare the influence of the three suspect causes, data was extracted from multiple government sources. Monthly unemployment data was downloaded from the Bureau of Labor Statistics<sup>®</sup> and condensed into yearly averages for comparison to the abuse data.

Likewise, hay prices at the state level were downloaded from the National Agricultural Statistics Service using its "Quick Stats Lite" application<sup>iv</sup>. This application provided yearly totals for all hay production in dollars and tons. The price per ton was calculated by dividing the production value by the tonnage for each year and each state.



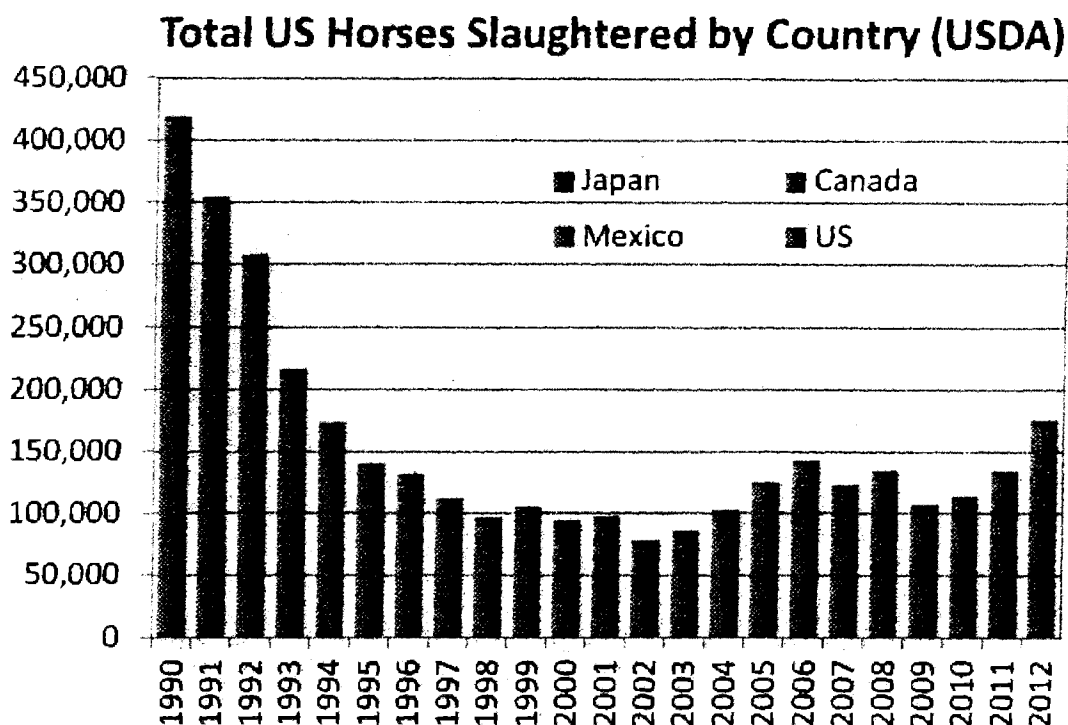
**Figure 2 - Hay Prices for States Studied**

Equine slaughter statistics were compiled from web sites hosted by the USDA<sup>v</sup>. This data has been aggregated over many years. Figure 3 shows this data broken out by year and place of slaughter. The total for each year was used to produce the "Total Slaughter" curve in Figure 1.

An initial look at the data yields the first revelation. With the exception of Colorado and Oregon, the rate of abuse and neglect (Figure 1) has been in general decline since 2008. In fact, abuse rates in these states appear to now have returned to the level seen in 2006, and thus before the closing of the domestic horse slaughter plants and the economic crisis.

A second observation is that hay prices show some remarkable similarities to the abuse curves, with every state showing a peak in 2008 and a general increase from 2010 through 2012. It is also unusual to see the operational costs for any industry exhibit this level of inflation.

Certain historical events bear mentioning. On Easter Sunday of 2002, the Cave! plant in Illinois burned to the ground. The cause of the fire was not, as stated in the GAO report, the result of arson by animal rights extremists, but rather from undetermined causes. The plant was rebuilt and put back in operation in mid-2004. This accounts for the dip in slaughter numbers during this period.



**Figure 3 - US Horses Slaughtered by Year and Country**

In 2007, the three remaining horse slaughter plants in the US were shut down after a series of state legislative and legal actions. There was only a slight dip in horse slaughter as the plants immediately moved operations over the borders into Canada and Mexico. These closures had no real impact on the total number of horses being slaughtered as the companies simply shifted operations over the borders to Canada and Mexico as shown in Figure 3 - US Horses Slaughtered by Year and Country.

When two or more factors are at play it is impossible to quantify which factors are having the most affect on abuse and neglect by simply staring at such a presentation of the data. For that reason, the rate of abuse and neglect will be displayed against each of the three suspect causes for each state.

Note that for correlation purposes only the "X/Y" points themselves are of importance, not the sequence in which they occurred. For reference sake however,

we have elected to display the points as lying on a blue time line from the earliest to the latest.

If only one factor was overwhelmingly dominant, then its graph would be a straight line (though the time line might double back over itself in the sequence). More of the factor being tested would create proportionally more or less neglect, depending on whether it was a positive or negative correlation. Proponents of horse slaughter have long maintained that it prevents abuse and neglect. If this were so, the correlation between slaughter and abuse would be a negative one.

However other factors act to distort the actual line (set of data point pairs), causing bulges and even loops in its shape. Wide deep bulges or loops in these lines (e.g. Figure 11) indicate a strong influence by one or more other parameters, while tight small curves and even loops (e.g. Figure 6) indicate a lesser influence by other factors.

Quantifying the closeness with which points lie to a single straight line can be done with a popular statistical algorithm called the *Pearson Correlation Coefficient*<sup>vi</sup>. The coefficient is derived from the following formula:

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

Fortunately, long hand calculation is not necessary as this algorithm is built into Excel as an available function. To check the validity, however, the author wrote an algorithm in Visual Basic Net (Appendix I), and found it delivered identical results to the Excel version.

Multiple sets of X/Y values are entered, and the Pearson Coefficient is returned as a number between -1 and +1. A value of zero would indicate no correlation whatsoever; while a +1 would represent a perfect positive correlation (more X yields more Y or vice versa) and a -1 would represent a perfect negative correlation (more X yields less Y or vice versa).

It is important to understand that the Pearson Coefficient does not tell us *how much* one value affects the other, merely how predictable the relationship is. For the implied magnitude of the relationship (e.g. how much a dollar increase in hay cost affects the rate of neglect), another built in feature of Excel was used: the trend line.

For purposes of ranking the three suspect causes of neglect, only the Pearson Coefficient will be used.

## Colorado

There is a striking similarity between the contours of the curves for Illinois, Georgia and Idaho. In fact, until 2010, Colorado was following much the same pattern. Then suddenly in 2010, the rate of neglect in Colorado skyrocketed (Figure 1).

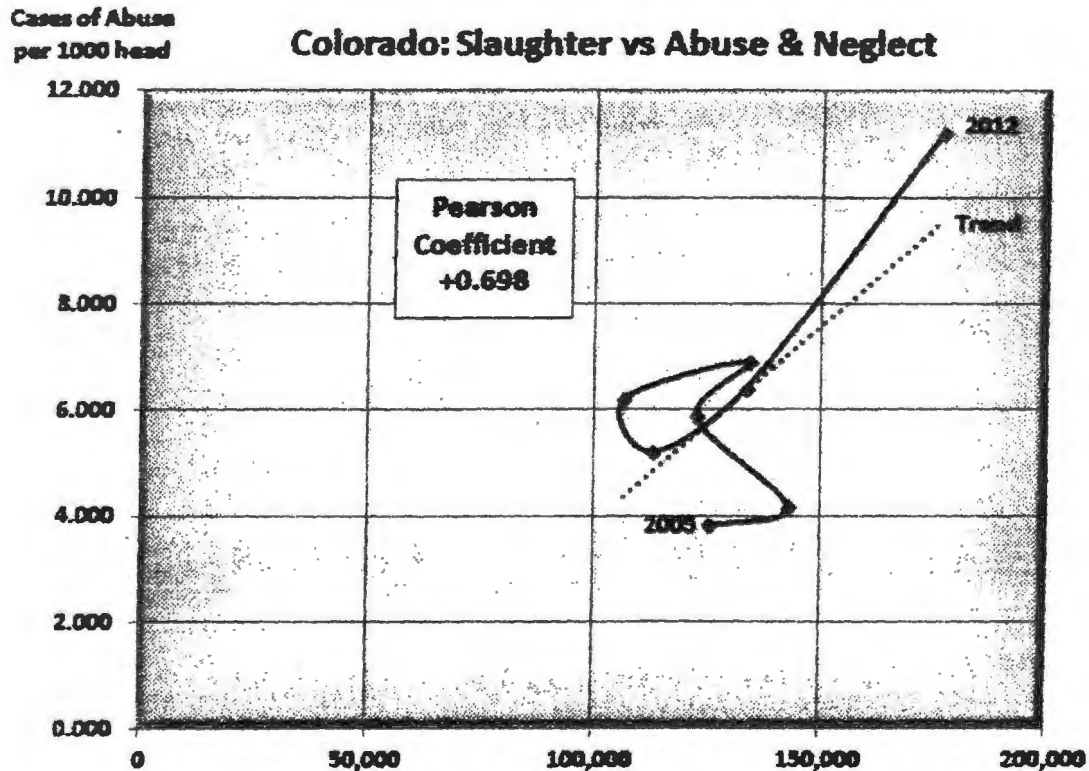
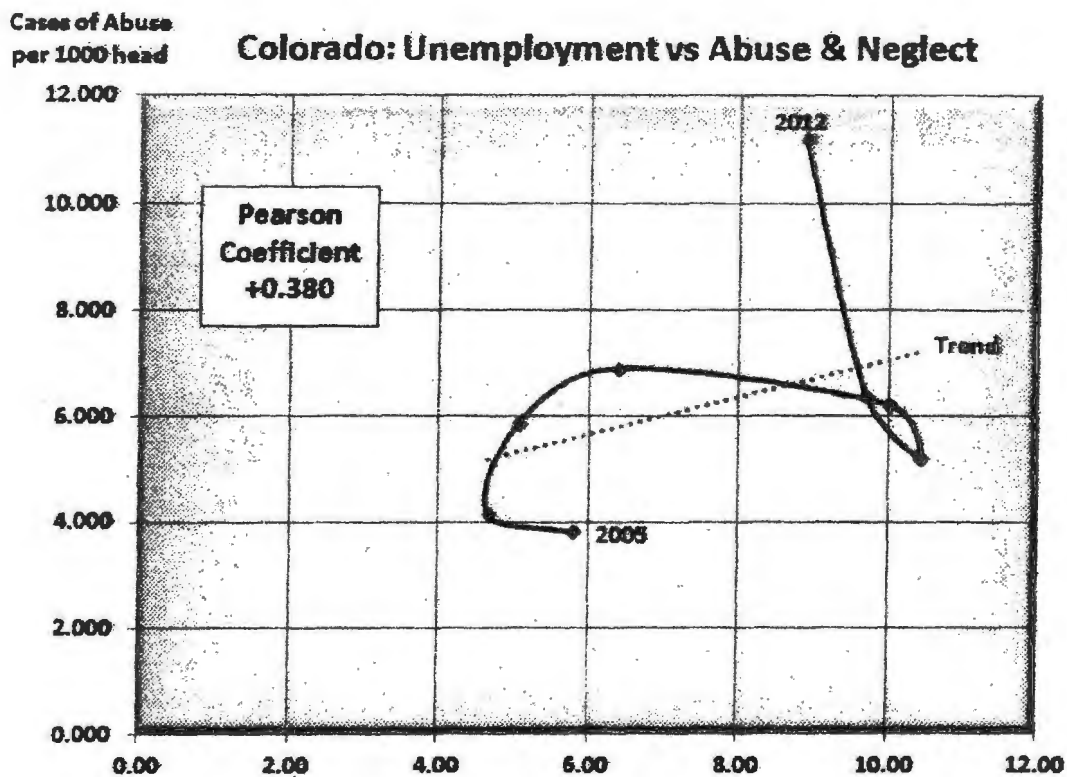


Figure 4 - Slaughter vs. Abuse and Neglect in Colorado

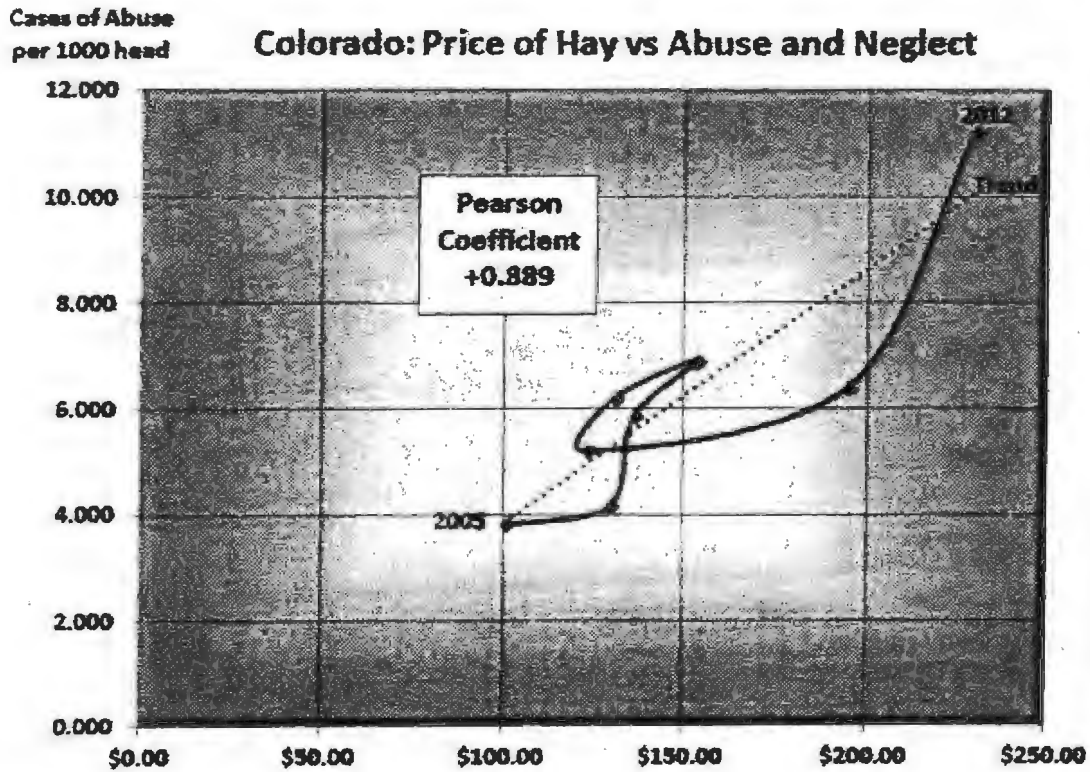
The apparent positive (exacerbating) correlation between the rate of slaughter and neglect in Colorado is strong, as could be seen in Figure 1 when both slaughter and neglect turned up sharply in 2010. This generates a modestly strong positive Pearson Coefficient and implies that *more slaughter is associated with more abuse and neglect*. A single state with so few data points, however, has a wide margin of error.



**Figure 5 - Colorado Unemployment vs. Abuse and Neglect**

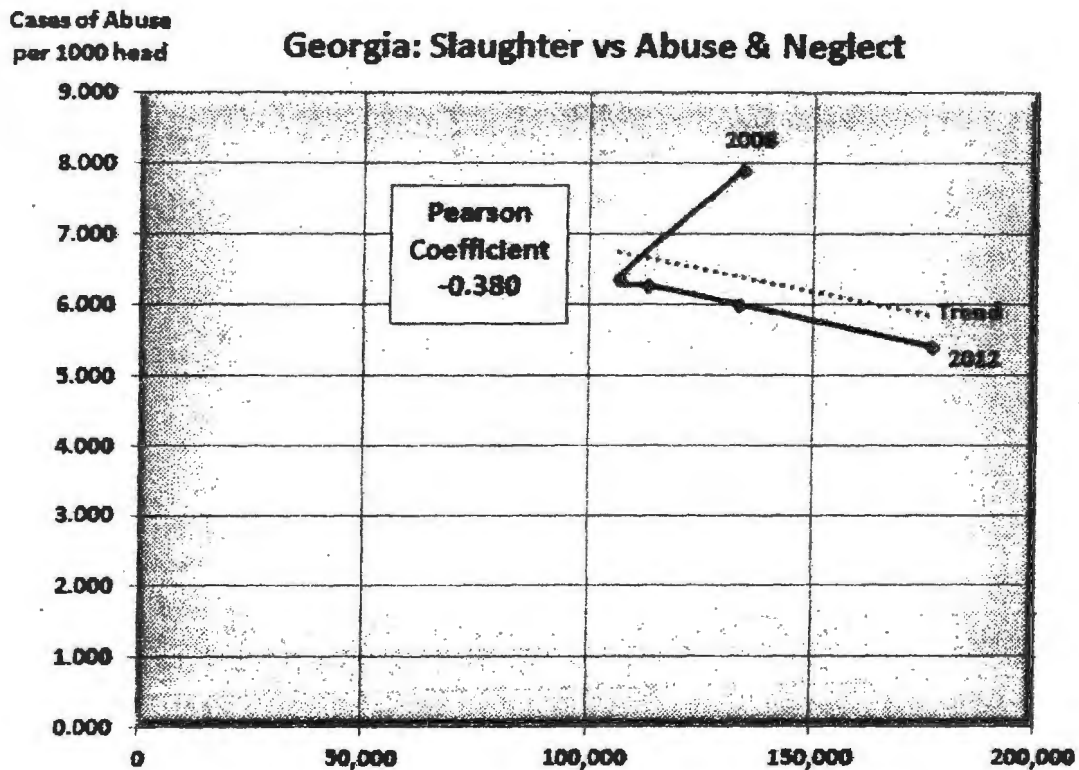
Figure 5 shows that while other factors are clearly at work distorting the curve, there is still a measurable positive correlation between unemployment and neglect in Colorado.

The curve in Figure 6 for hay prices is a very different matter. While there is a tight loop between 2007 and 2009, the data falls largely on a straight line. The high Pearson Coefficient of .889 confirms that the influence of hay prices dominates the effect of both slaughter and unemployment.



## Georgia

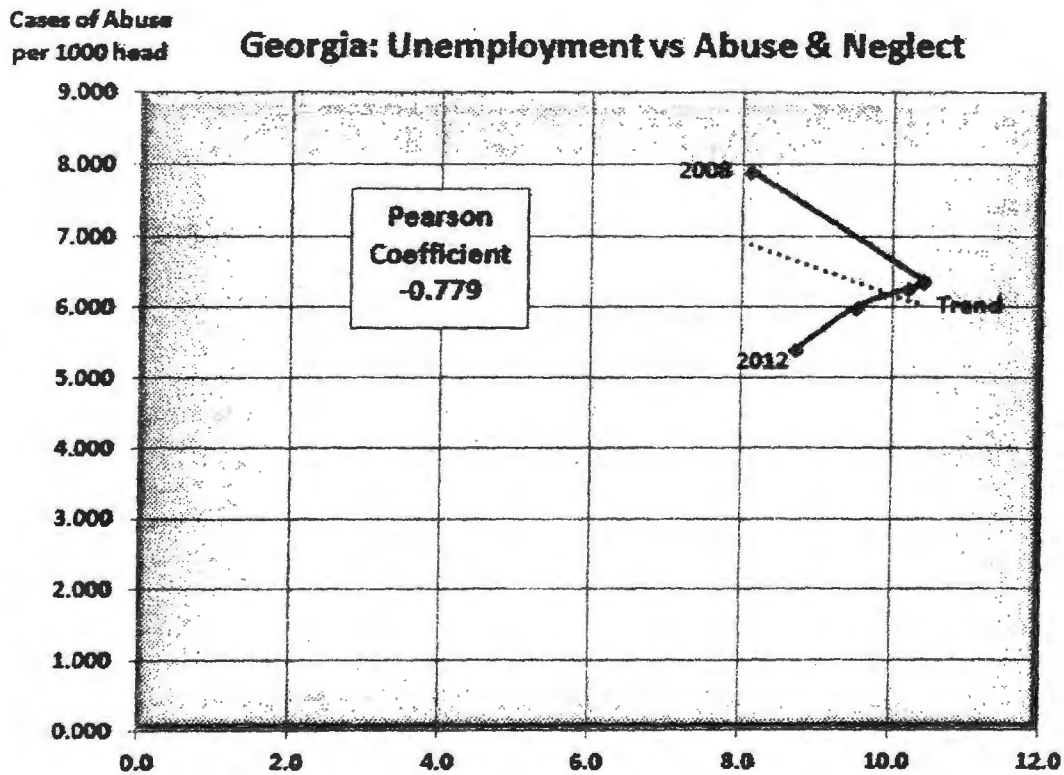
Georgia offers only five years of data, so the margin of error is quite high. For example, if one took only the last five years of Illinois or Colorado, the Pearson Coefficients would be entirely different and similar to that we get for Georgia.



**Figure 7 - Georgia Slaughter vs. Abuse and Neglect**

Notice that the Pearson Coefficient for slaughter vs. abuse and neglect in Georgia is negative. This is the only case where the theory that slaughter reduces abuse and neglect appears to be supported. But if, as appears in Figure 1, the history before 2008 mirrors the other three states, then the coefficient would be positive as well. The effect of the influence of other parameters can easily swamp the relationship being graphed when only five years of data are available.

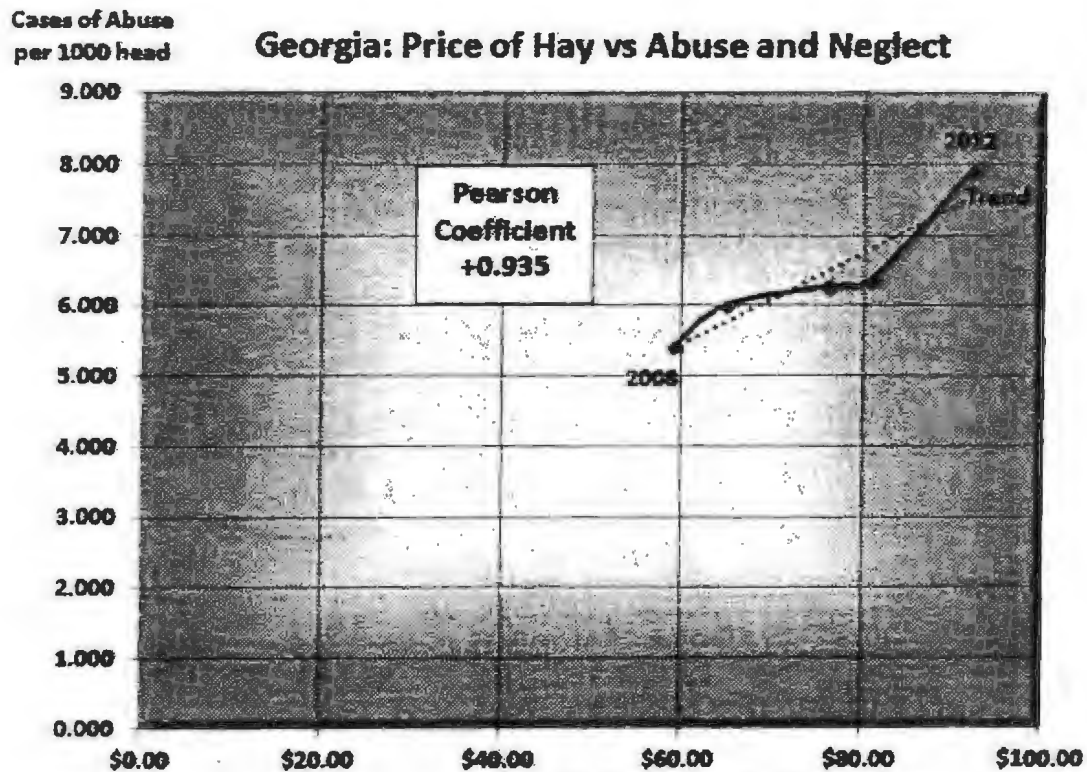




**Figure 8 - Georgia Unemployment vs. Abuse and Neglect**

Figure 8 shows that the influence of unemployment is also distorted by other factors. The Pearson Coefficient is moderately strong, but it indicates that a higher rate of unemployment is related to a *decrease* in abuse and neglect. Clearly this is not a valid relationship, and it is entirely due to the small data set (five years) combined with the impact of the third factor: hay prices.

The remarkable relationship between hay prices and abuse and neglect in Georgia is clearly shown in Figure 9. The result is almost a straight line, indicating that neither slaughter nor unemployment exerted significant influence on the shape of the line. The resulting Pearson Coefficient of +0.935 says it all.



**Figure 9 - Georgia Hay Prices vs. Abuse and Neglect**

## Idaho

The data set for Idaho is truncated at both ends, starting at 2002 and ending at 2011 (when responsibility was turned back over to the localities). Even so, it is a reasonable collection of data.

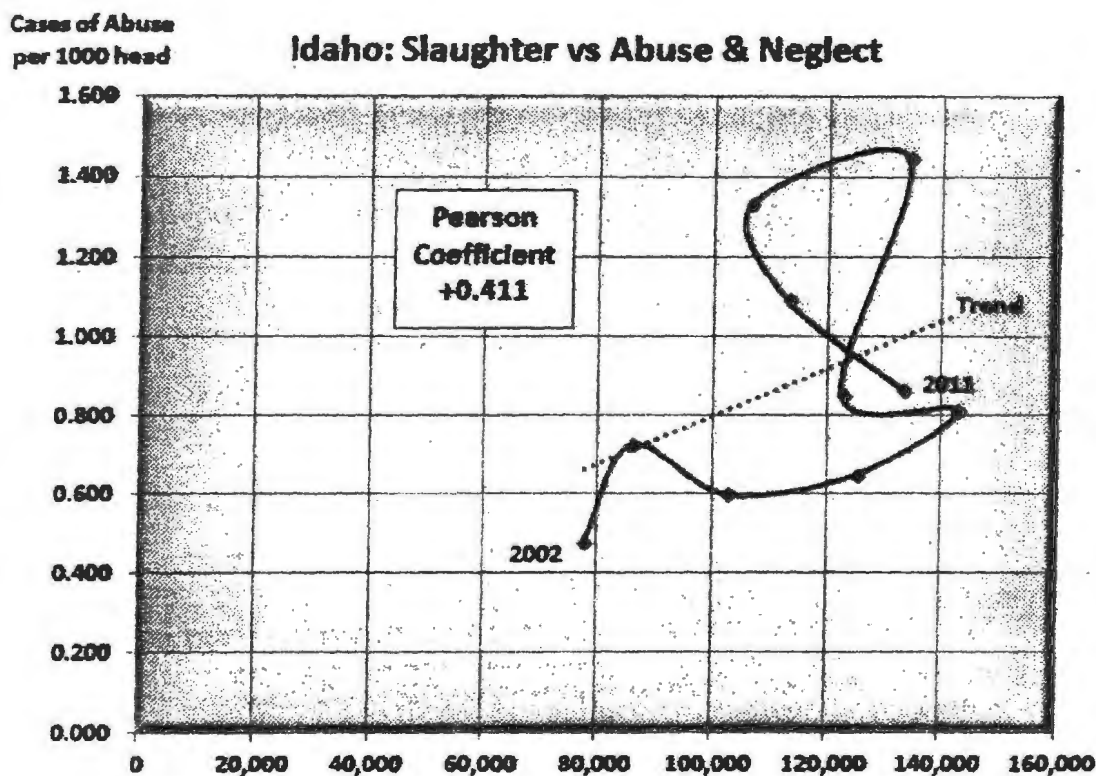
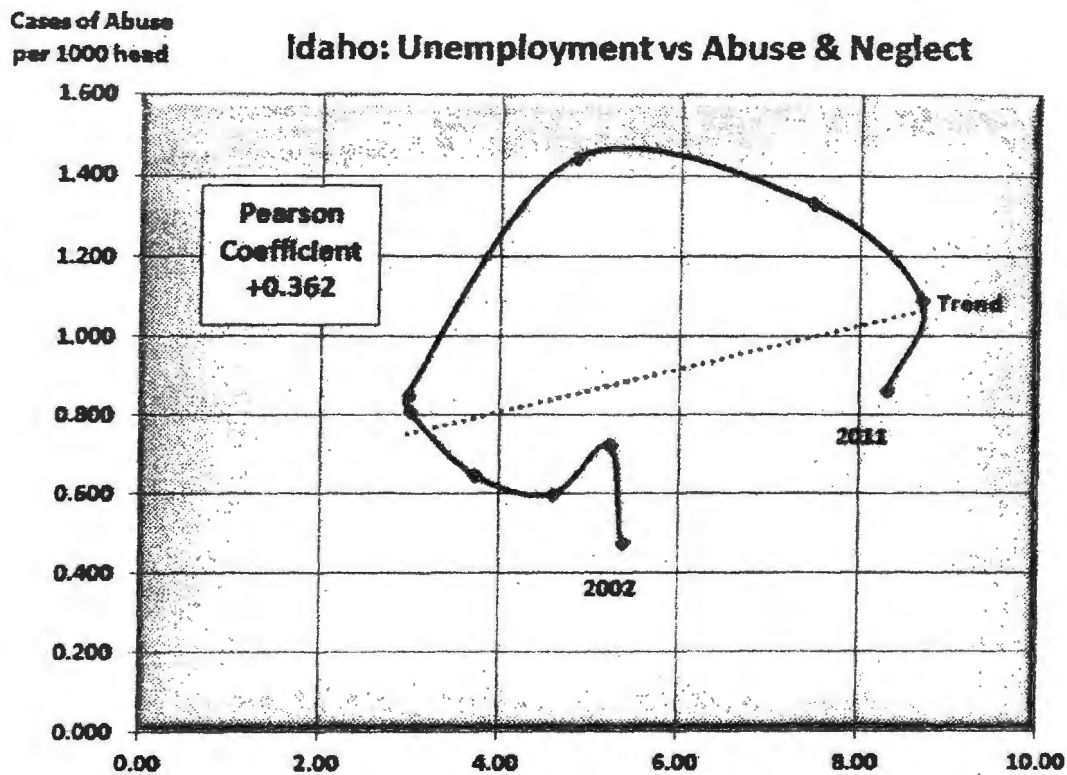


Figure 10 - Idaho Slaughter vs. Abuse and Neglect

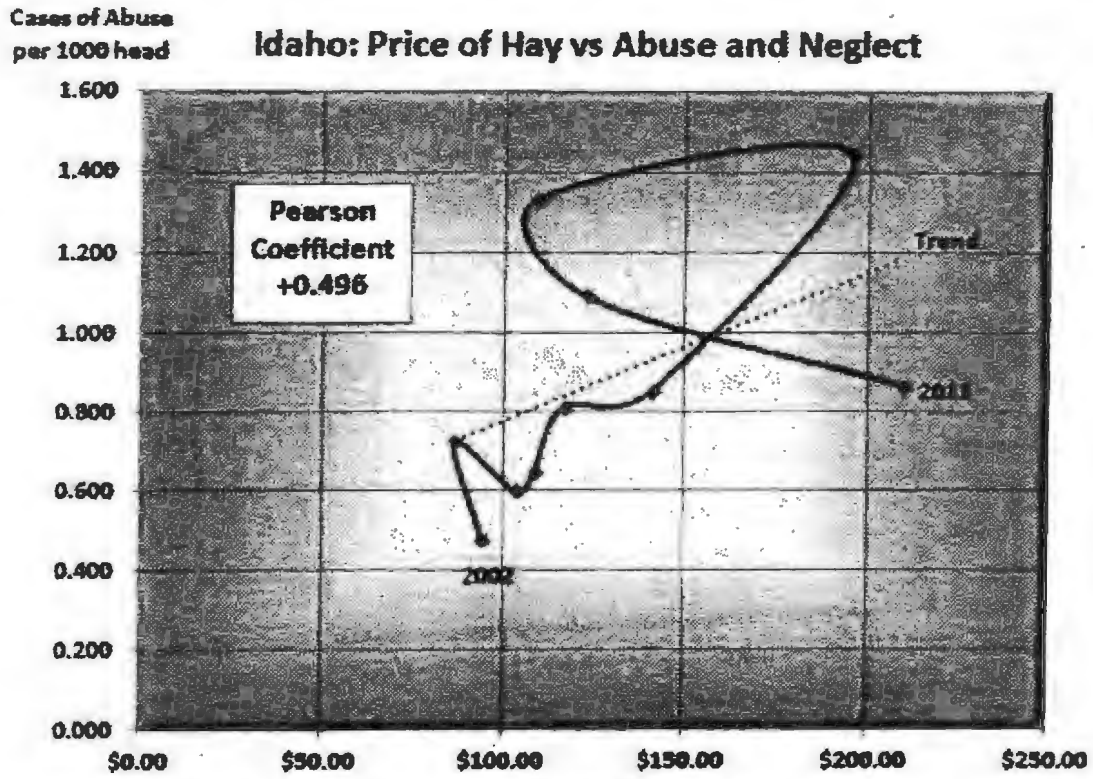
The relationship between slaughter and abuse and neglect is again positive, with more slaughter being associated with *more* abuse and neglect. The data is clearly being distorted by one or more other functions, but the Pearson Coefficient shows a significant relationship.



**Figure 11 - Idaho Unemployment vs. Abuse and Neglect**

The relationship between unemployment and neglect in Idaho (Figure 11) is clearly weak and the curve is therefore widely bulging from other influences. Figure 12 shows that while not as striking as in the previous examples, hay prices none the less dominate once again with a moderate coefficient of +0.496.

Never the less, all three factors have a positive (bad) influence on the rates of abuse and neglect.



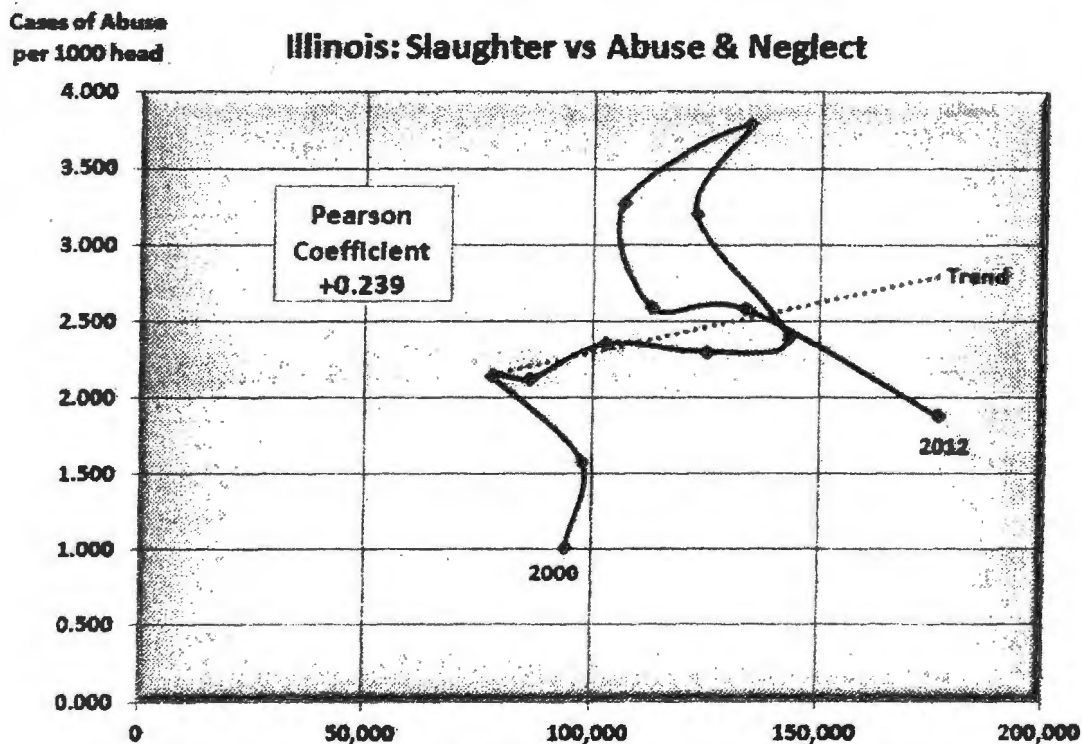
**Figure 12 - Idaho Hay Prices vs. Abuse and Neglect**

## Illinois

Illinois has perhaps the best known history of any state. It was not only the first state to be identified as having statewide figures available; it also had Cavel, the last slaughter plant operating in the US.

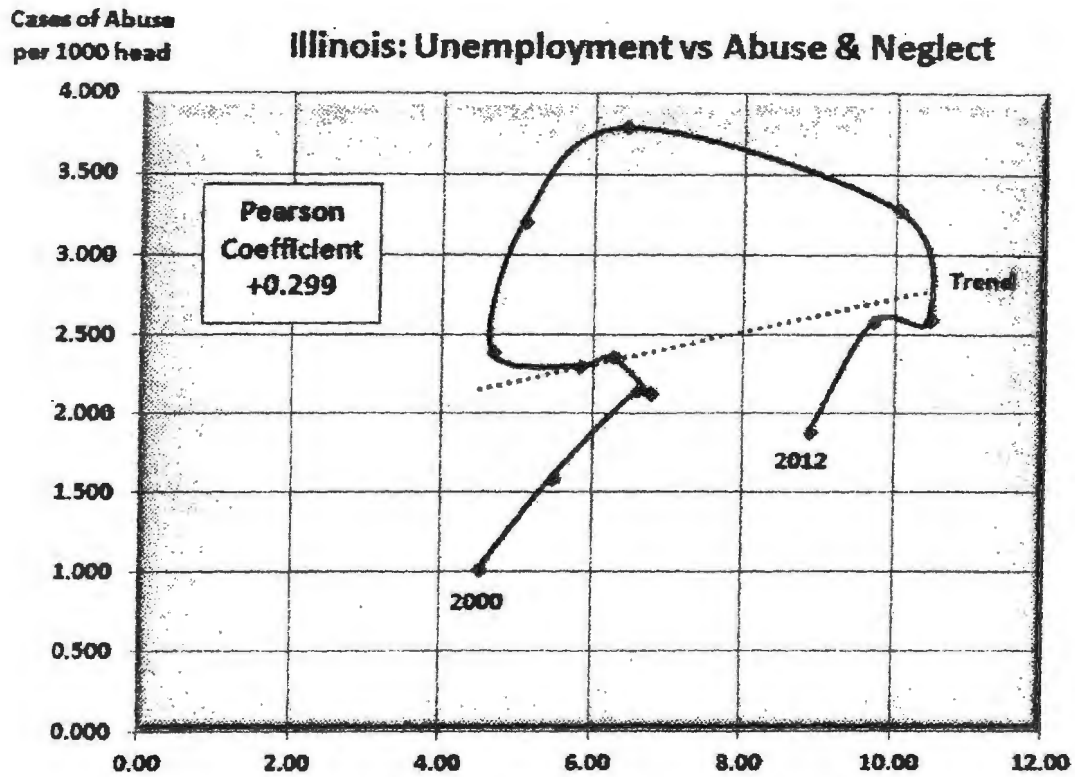
Cavel burned on Easter Sunday of 2002, and was rebuilt by the summer of 2004. During this period, the plant did not operate, nor did the plant's owners or suppliers make immediate arrangements to slaughter their horses elsewhere as they did in 2007 when they were closed by a new state law.

US slaughter decreased by approximately a third from the loss of Cavel but abuse and neglect in Illinois, which had been increasing for three years, declined. The 2002-2004 period has thus been used<sup>vii</sup> to dispute the theory that decreasing slaughter will result in more horses being abandoned and neglected.



**Figure 13 - Illinois Slaughter vs. Abuse and Neglect**

Data that has become available since that period shows that the relationship, while still positive (slaughter makes abuse and neglect worse), is not as simple as a one to one relationship (Figure 13). The relatively weak Pearson coefficient shows that other forces are also at work.



**Figure 14 – Illinois Unemployment vs. Abuse and Neglect**

Likewise Figure 14 shows that unemployment has a modest effect on abuse and neglect, with a Pearson Coefficient very close to that of the slaughter relationship.

The dominant factor is once again the price of hay as shown in Figure 15. The Pearson Coefficient for hay prices in Illinois is +0.529, nearly the sum of the other two factors combined.

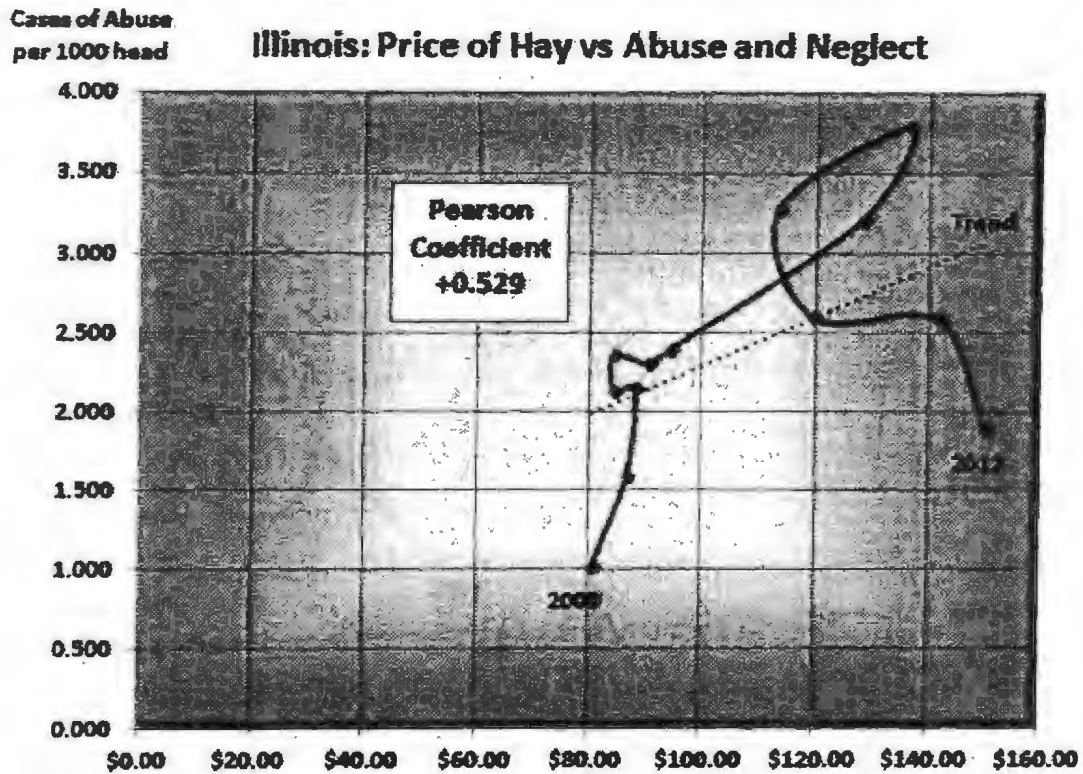
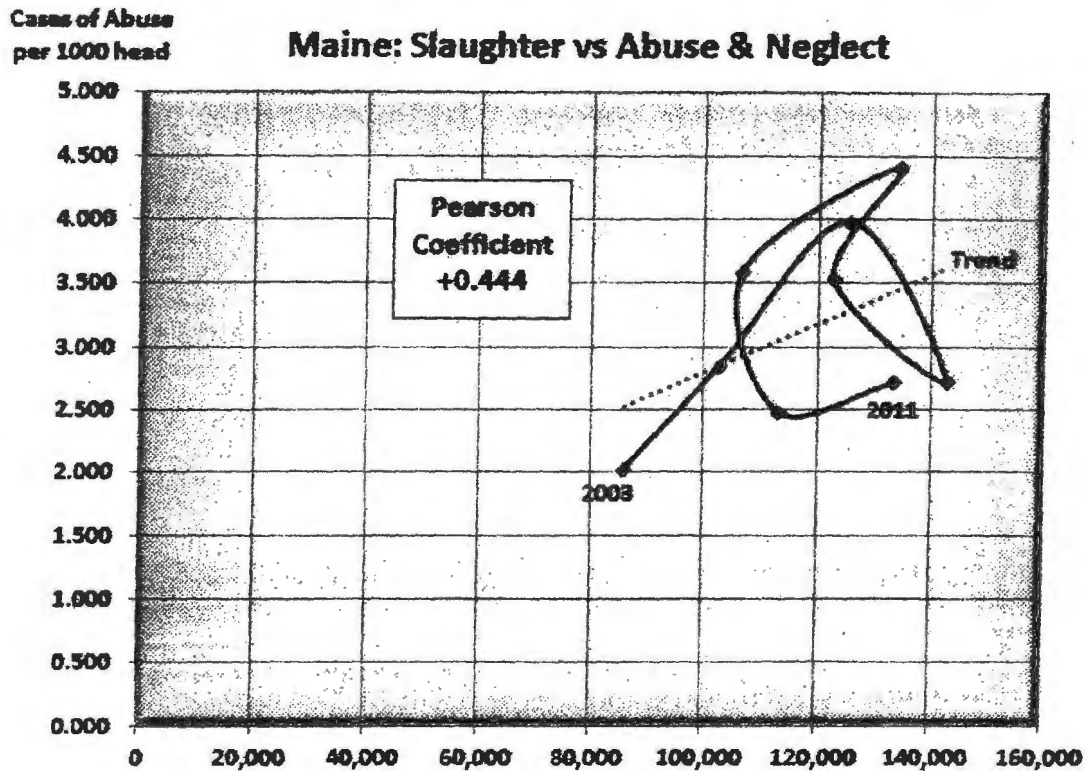


Figure 15 - Illinois Hay Prices vs. Abuse and Neglect



## Maine

The abuse and neglect cases for Maine are amazingly similar to those for Illinois and similar in shape to all the other states (Figure 1) except for a bump in the year 2005. Maine is still keeping data, but 2012 rates had not yet been tabulated because the state only does so every two years.



**Figure 16 - Maine Slaughter vs. Abuse and Neglect**

The correlation between the level of slaughter and the level of abuse is again positive for Maine at a moderate +0.444.

The Unemployment curve in Figure 17, however, shows virtually no correlation between unemployment and cases of abuse and neglect.

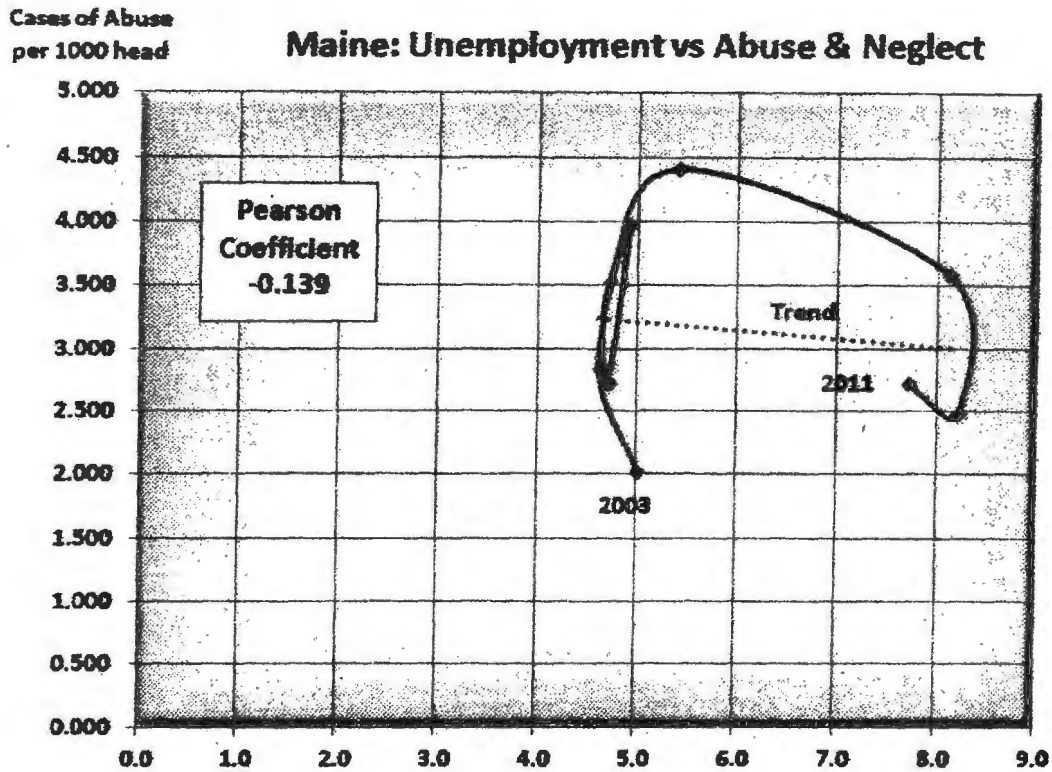


Figure 17 - Maine Unemployment vs. Abuse and Neglect

Figure 18 shows that once again the price of hay has the highest correlation to abuse and neglect rates, with slaughter running a respectable second.

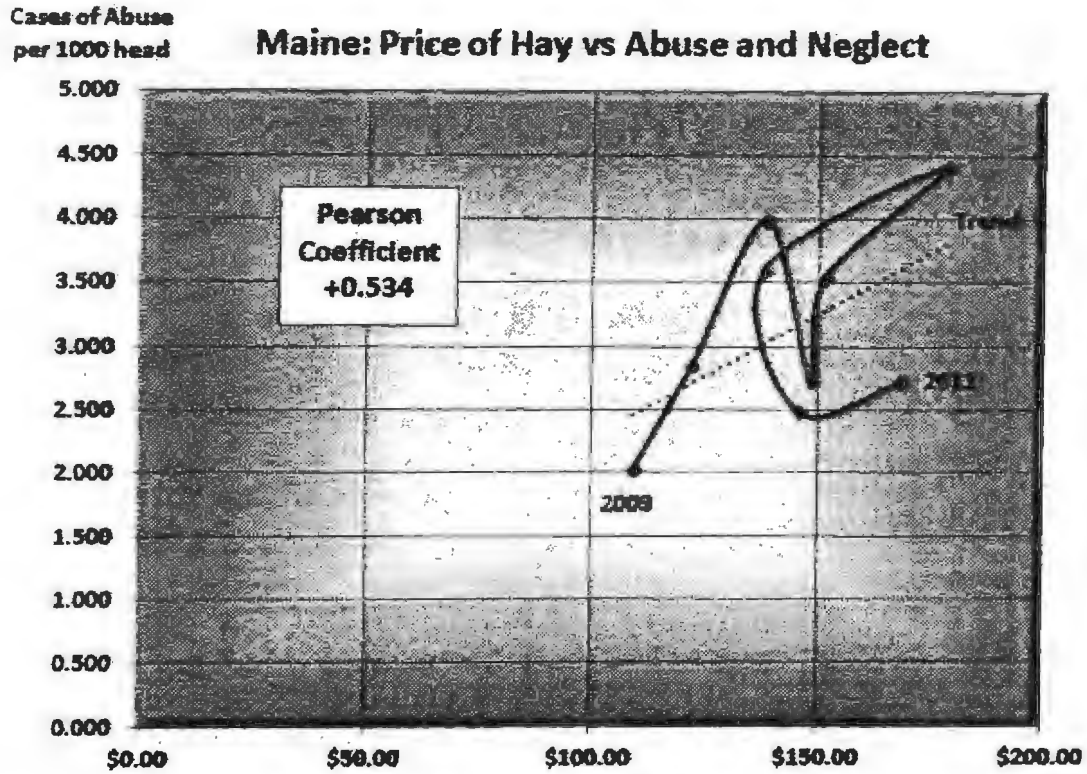


Figure 18 - Maine Hay Prices vs. Abuse and Neglect

## Oregon

Oregon has a split jurisdiction over equine abuse investigations between the Oregon Humane Society and the municipalities. The data used here is from the Oregon Humane Society. The relatively low rates are due to the fact that only a fraction of the cases are being captured, but since we are looking for trends this is no problem.

Cases of Abuse  
per 1000 head

### Oregon: Slaughter vs Abuse & Neglect

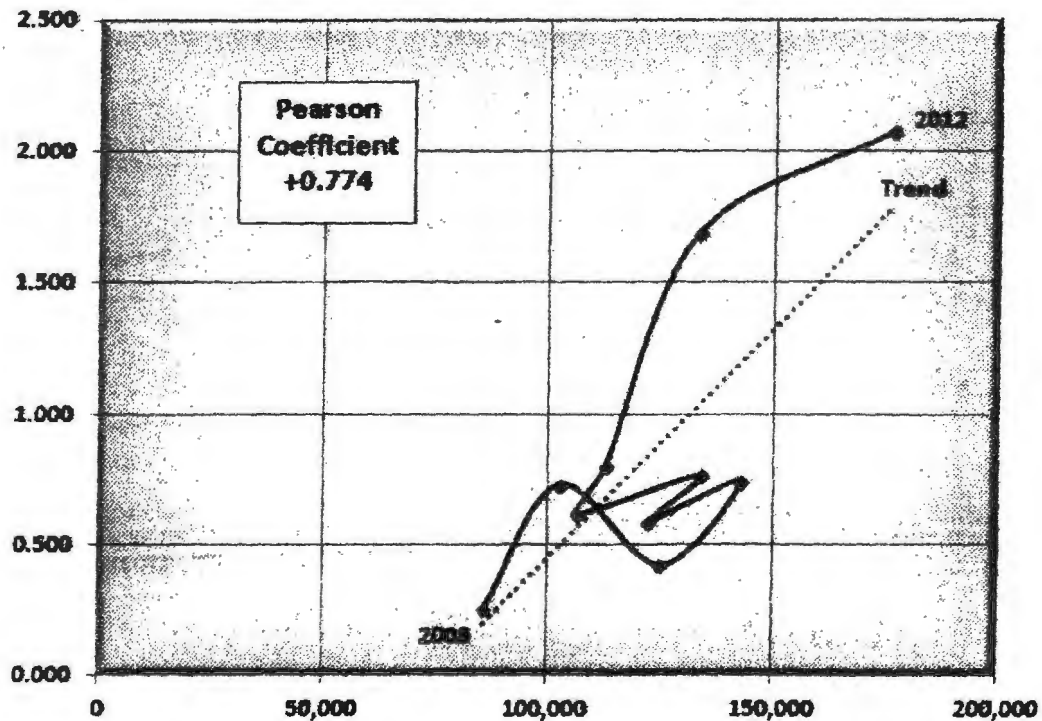
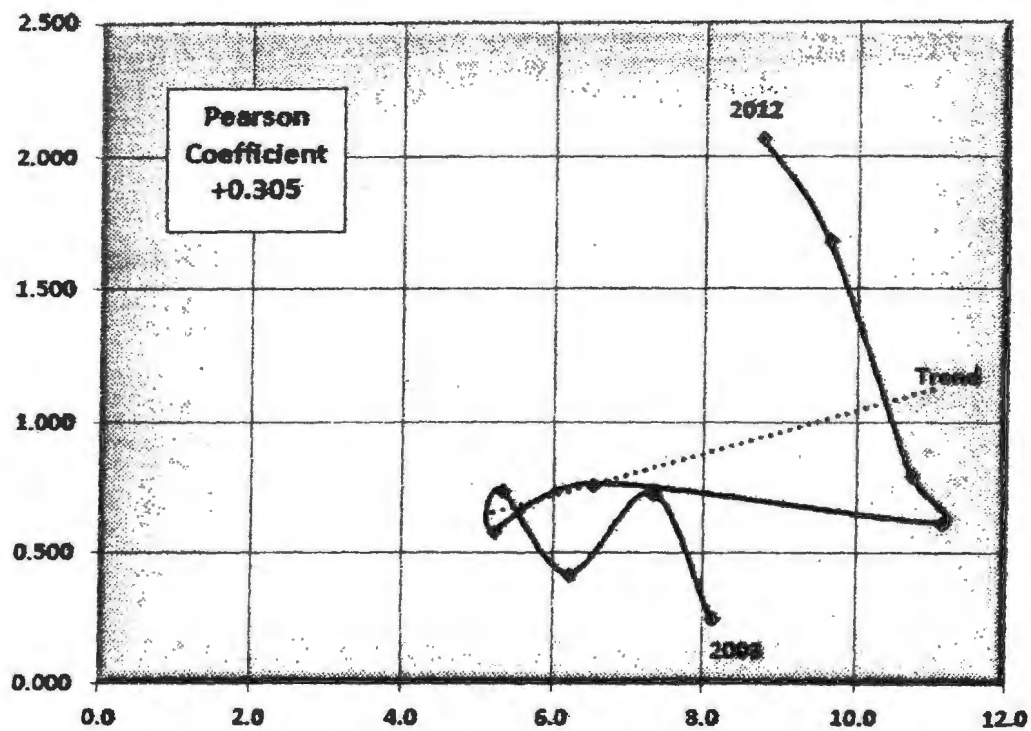


Figure 19 - Oregon Slaughter vs. Abuse and Neglect

The correlation between abuse and neglect and slaughter for Oregon is the highest of any state at +0.774. Even so, it is still below the correlation with hay prices (Figure 21).

Cases of Abuse  
per 1000 head**Oregon: Unemployment vs Abuse & Neglect****Figure 20 - Oregon Unemployment vs. Abuse and Neglect**

Yet again, there is only a very modest correlation between unemployment in Oregon and the rate of abuse and neglect.

Once again the price of hay is the biggest factor in determining the rate of abuse and neglect. The curve in Figure 21 shows a very clean relationship between the two, but again the relationship with slaughter is a very close second.

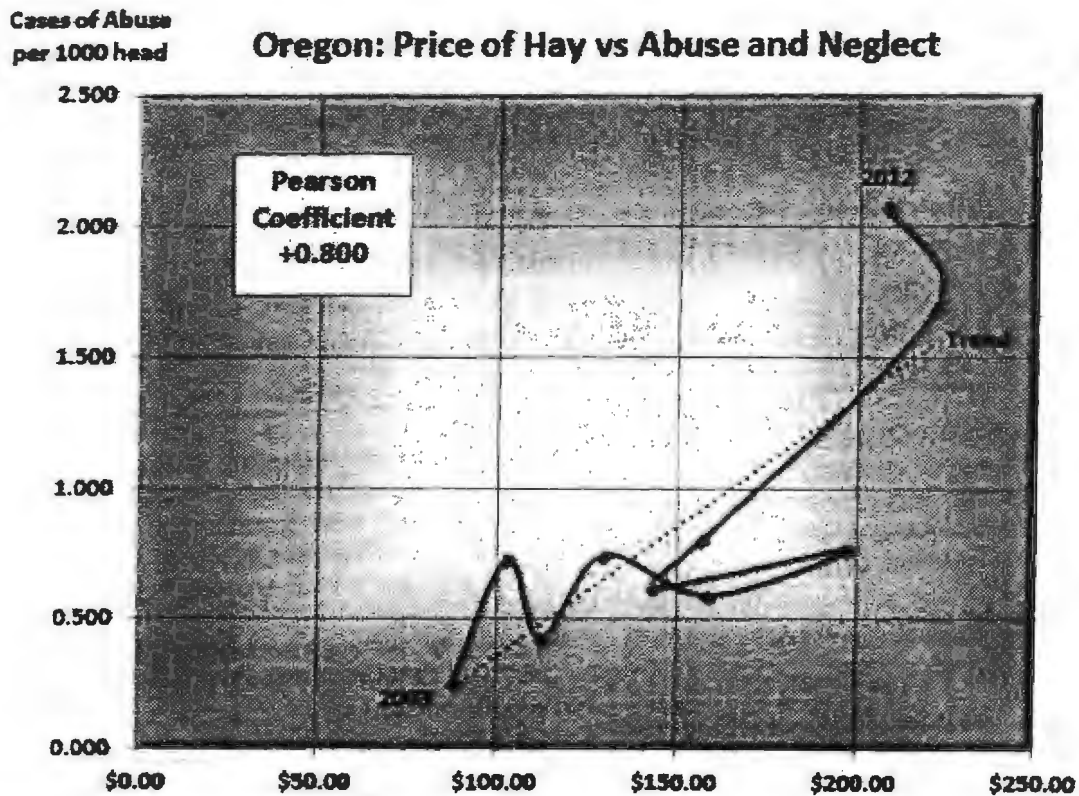


Figure 21 - Oregon Price of Hay vs. Abuse and Neglect

## Conclusions

The following table summarizes the Pearson Coefficients found for each of the three factors in each state. There can be no question that the dominant factor is the price of hay. The impact of the cost of hay leads the impact of the other two factors in every state.

State	Slaughter	Unemployment	Hay Price	Data Points
Colorado	+0.698	+0.380	+0.889	8
Georgia	-0.380	-0.779	+0.935	5
Idaho	+0.411	+0.363	+0.496	10
Illinois	+0.239	+0.299	+0.529	13
Maine	+0.444	-0.139	+0.534	9
Oregon	+0.774	+0.305	+0.800	10

Slaughter and unemployment were both positively correlated to abuse and neglect for every state except Georgia (with its small data set) and Maine (where slaughter was positive but unemployment was essentially unrelated to abuse). In Colorado, Idaho, Maine and Oregon, the correlation with slaughter was greater than that of unemployment and in Illinois the two coefficients were nearly equal.

The following conclusions can thus be drawn from the currently available data:

- The most important factor by far is the cost of hay
- Slaughter is the second most important correlation to abuse and neglect
- Unemployment is the least significant contributor

The mechanism by which slaughter and abuse and neglect are linked is not as obvious as for the other two factors, and it deserves some discussion. It is important to realize that correlation is not causation. The fact that two variables correlate can mean one is dependent on the other, or that both are dependent on a third variable.

Here it should be mentioned that "abuse and neglect" are really two different offences that are lumped together. Neglect is a passive act, while abuse can be active and intentional. Thus there is the strong probability that one reason slaughter contributes to the total abuse and neglect is that the individuals involved in this business are prone to be physically abusive to their equines. There are ample examples of this.

We must, however, also consider the possibility that to some extent the rate of slaughter is driven by the price of hay, and therefore appears to correlate with abuse which we have already established to be dependent on the price of hay.

By examining a wide range of data and studies<sup>viii</sup>, we know that slaughter is fed largely by young horses coming off very short careers in racing and rodeo. Very few slaughter horses come from the recreational and individual owners; with the exception of Amish work horses. Unfortunately this often means that these privately owned horses are left to fall into neglect, and we can say definitively that slaughter does nothing to prevent such neglect.

The sport horse industry is not as sensitive to hay prices as are individual horse owner because hay is a relatively smaller part of their operating budgets. However they burn through a steady stream of horses. When they present these horses for sale at low end "loose horse" or slaughter auctions there are two main classes of potential buyers: slaughter and recreational owners.

The mechanism by which hay prices might affect slaughter is therefore that with fewer recreational owners present at the auctions to support prices, more horses fall into the price range of slaughter (typically \$300 or less).

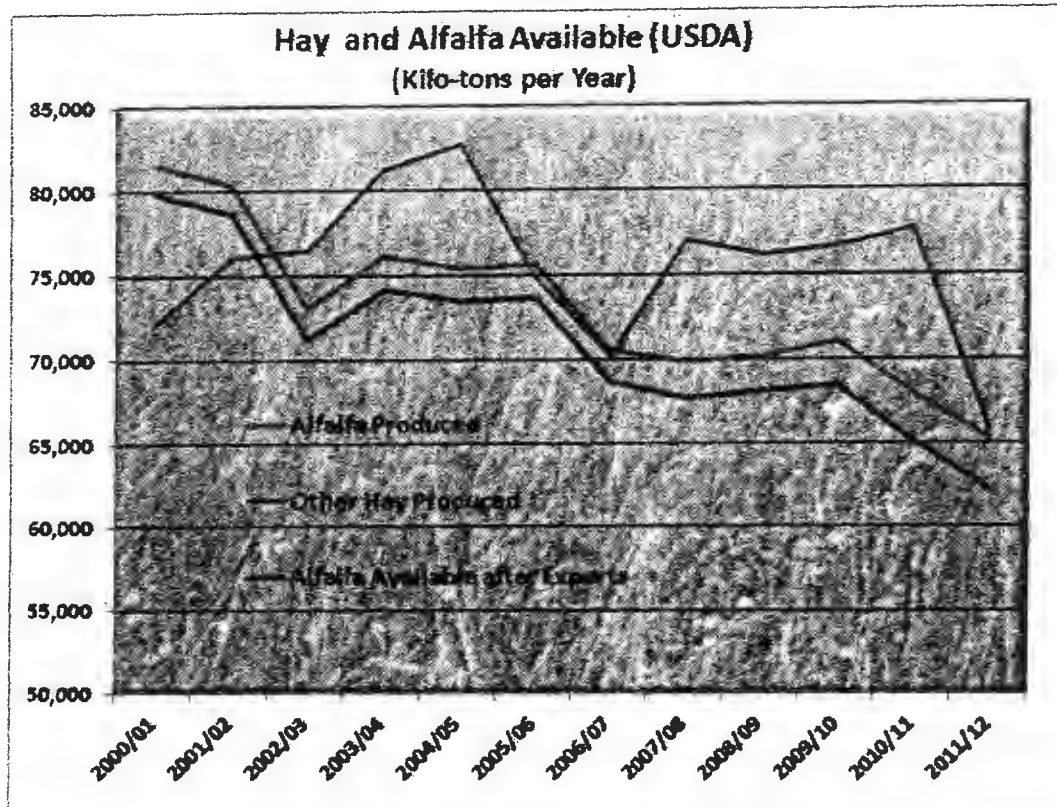
In all probability both of these mechanisms are at work. One test of which of these explanations is dominant is to examine an example when causation is known. The one piece of data available to do this is the period between 2002 and 2003 when slaughter declined by approximately 30% for a known reason (the burning of Cavel). Before that period abuse and neglect had been increasing rapidly, but after the burning the rate actually declined. Moreover, the price of hay was remarkably stable in Illinois over that period as was the rate of unemployment.

*One can conclude, therefore, from all available data, that slaughter is in fact a positive contributor to the rate of abuse and neglect to at least some extent, and that in no case is it shown to reduce abuse and neglect.*

Likewise, unemployment can place horse owners in a position where they are unable to afford the costs of properly keeping their horses. Thus unemployment most probably contributes to the "neglect" side of the abuse and neglect cases.

There is some good news in this, and that is two of the three contributors to abuse and neglect are to some extent controllable through government policies. The subsidizing of ethanol in gasoline, high sugar cane tariffs and high gas prices lead to a massive increase in corn prices starting in 2006<sup>x</sup>. This in turn caused a huge change in land use away from hay and alfalfa production and to corn production, reducing the supply of hay (Figure 15) and increasing its cost.





**Figure 22 - Hay and Alfalfa Available in the US**

When this constriction of the hay and alfalfa crop was combined with government promoted export of these commodities, the amount of available hay declined precipitously (Figure 22). As droughts then occurred from the Southeast to the Western states, they had a devastating effect on the already struggling horse owners.

The spike in abuse and neglect in 2008 was undoubtedly the result of the spike in hay prices across much of the country (Figure 2) due to the massive 2007-2008 drought in the Southeastern US. The GAO report did not even mention this event or the resulting hay prices, instead blaming the increased abuse and neglect on shift of slaughter to Canada and Mexico after the closing of the US plants, and the resulting longer hauling distances.

Both the subsidy of ethanol in gasoline and the tariff on sugar cane for ethanol were removed by Congress in 2012. Hopefully this will result in more land allocation to hay and alfalfa.

Finally, Congress can easily halt the slaughter of US horses. Bills (HR.1049 and S.541) are presently before Congress that would accomplish this.

Hopefully, the true effect of slaughter shown in this study will help members in making this decision.

According to the American Horse Council study of 2005, the horse industry in the US was estimated to generate \$39 Billion in direct revenues and \$102 billion in indirect revenues. This impact to the economy alone should be reason enough to take make an effort to understand and mitigate the factors eroding horse welfare and ownership.

**Appendix I – Source code for Pearson Coefficient Calculator**

```

Private Sub CmdCalculate_Click(ByVal sender As System.Object, ByVal e As
    System.EventArgs) Handles CmdCalculate.Click

    Dim i As Integer      'Pointer index
    Dim n As Integer      'Number of points
    Dim X As Double
    Dim Y As Double
    Dim SumX As Double = 0
    Dim SumY As Double = 0

    Dim SumXY As Double = 0
    Dim SumXsq As Double = 0
    Dim SumYsq As Double = 0
    Dim r As Double 'Pearson coefficient

    n = DataGridView1.Rows.Count - 1

    For i = 0 To n - 1
        X = DataGridView1(1, i).Value
        Y = DataGridView1(2, i).Value

        SumX = SumX + X
        SumY = SumY + Y
        SumXY = SumXY + (X * Y)

        SumXsq = SumXsq + (X ^ 2)
        SumYsq = SumYsq + (Y ^ 2)
    Next

    r = ((n * SumXY) - (SumX * SumY)) / Math.Sqrt(((n * SumXsq)
    - (SumX ^ 2)) * ((n * SumYsq) - (SumY ^ 2)))

    LblR.Text = Format(r, "0.000")

End Sub

```

---

<sup>i</sup> Government Accountability Office (GAO) 2011, *HORSE WELFARE Action Needed to Address Unintended Consequences from Cessation of Domestic Slaughter*, GAO-11-228

<sup>ii</sup> American Horse Council Foundation (AHCf). 2005, *The economic impact of the horse industry on the United States*. Washington, D.C.: AHCf.

<sup>iii</sup> United States Dept. of Labor (USDOL), Bureau of Labor Statistics (BLS),  
<http://data.bls.gov>

<sup>iv</sup> US Dept. of Agriculture (USDA), National Agricultural Statistics Service (NASS),  
[http://www.nass.usda.gov/Quick\\_Stats/Lite/](http://www.nass.usda.gov/Quick_Stats/Lite/)

<sup>v</sup> US Dept. of Agriculture (USDA) on line reports

Weekly Domestic Slaughter,  
[http://www.ams.usda.gov/mnreports/sj\\_ls711.txt](http://www.ams.usda.gov/mnreports/sj_ls711.txt)

Weekly Exports to Mexico,  
[http://www.ams.usda.gov/mnreports/al\\_ls635.txt](http://www.ams.usda.gov/mnreports/al_ls635.txt)

Foreign Agricultural Service (USDA/FAS) Weekly Exports to Canada and Japan,  
<http://www.fas.usda.gov/ustrade/USTExFatus.asp?QI=>

<sup>vi</sup> University of California San Diego (UCSD), The Correlation Coefficient (Pearson's r),  
<http://weber.ucsd.edu/~aronatas/corr.html>

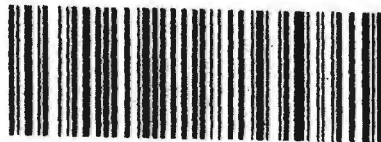
<sup>vii</sup> Animal Law Coalition (ALC), A Study of Equine Slaughter/ Abuse Patterns Following Closure of Horse Slaughter Plants in US; Jacobson, Holland, Charlton,  
<http://animallawcoalition.com/a-study-of-equine-slaughter-abuse-patterns-following-closure-of-horse-slaughter-plants-in-us/>

<sup>viii</sup> Colorado State University, Survey of Trucking Practices and Injury to Slaughter Horses,  
Dr. Temple Grandin

<sup>ix</sup> Victoria McCullough, Veterinary evaluation of 394 horses purchased at a slaughter auction over two days in 2007 (every equine at sale).

<sup>x</sup> Kentucky Journal of Equine, Agricultural and Natural Resources Law (Vol 5. No.2),  
John Holland, Laura Allen, *An Analysis of Factors Responsible for the Decline of the U.S. Horse Industry: Why Horse Slaughter is not the solution.*

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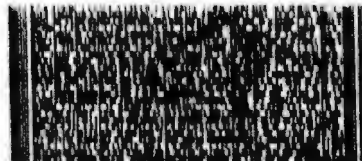
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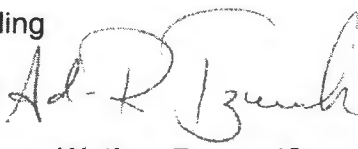


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This referral relates to  
the allegations made  
in case file G-13-0395-HL-MN

redacted material is exempt under 4 CFR 81.6(f)

U. S. Government Accountability Office  
Office of Inspector General

Date: September 11, 2013  
To: Chief Quality Officer - Timothy P. Bowling  
From: Inspector General - Adam R. Trzeciak   
Subject: Second Complaint Regarding GAO Horse Welfare Report (Case Number G-13-0310-HL-MR)

On August 29, 2013, the Office of Inspector General (OIG) received a second hotline complaint about the report, *Horse Welfare: Actions Needed to Address Unintended Consequences from Cessation of Domestic Slaughter* (GAO-11-228, June 22, 2011). On August 6, 2013, I referred allegations raised about this report and asked that you furnish me within 60 days a written report containing the findings of your review. I am referring this second complaint for your consideration and review. In addition to the complainant's statement below, I am attaching a copy of an article referenced in the second complaint.

The complaint states:

Anyone actually involved with horses as I am knew this report was incredibly inaccurate at best and actually fraudulent at worst. Considering the conclusions drawn in this report which I myself knew at the time to be completely untrue and echoed the pro-slaughter propaganda put out by Wyoming State Representative Sue Wallis who claims to speak for the horse industry but does not own a single horse and never has. She represents the meat industry, NOT the horse industry.

Now [redacted] and [redacted]  
of the [redacted] – both of whom are known to me to be accurate and truthful in their meticulous research – have seen recently surfacing data that prove it is, in fact, fraudulent and intentionally designed to deceive Congress.

The White Paper: *How the GAO Deceived Congress; And Opened The Way For Horse Slaughter To Return* was written by [redacted] who also produced a video with the same title which details step-by-step how

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this falsification was put together. The white paper has more detail. With charts and graphs proving how data was manipulated by the GAO, there can be no doubt that the purpose was deliberate falsification.

The report was requested by Senators Kohl and Blunt, and Representative Kingston, the same lawmakers who, in conference Committee- late at night and behind closed doors – voted 3 to 1 to strip the Moran Amendment defunding USDA inspection of horse slaughter plants from the 2011 Agriculture budget.

██████ filed a complaint here when he was refused information via FOIA in 2011, but was never answered.

As a citizen of the United States I ask that you read the report at [http://equinewelfarealliance.org/uploads/how\\_the\\_gao\\_deceived\\_congress-final.pdf](http://equinewelfarealliance.org/uploads/how_the_gao_deceived_congress-final.pdf) and also view the video at <http://www.youtube.com/watch?v=BSxUPNgzqn4&feature=youtu.be>

This matter is of grave concern to me as a horse owner whose horses will be put at risk of theft and slaughter if horse slaughter plants are reopened in the US, and as a citizen who does not want my tax money spent to fund USDA inspections of horse slaughter plants.

The implications of this fraud go far beyond the issue of horse slaughter. If special interests as reviled and marginal as the horse slaughter lobby have been able to subvert the GAO to their ends, what hope will we have of hearing the truth when Congress asks the GAO about issues concerning more powerful special interests?

If the integrity of the GAO matters, please review this. I am asking for a retraction of this disinformation which the pro-slaughter faction has used to influence Congress to reopen horse slaughter plants on US soil and fail to act on H.R. 1094/S. 541, the Safeguard American Food Exports (SAFE) Act which will ban horse slaughter in the US and ban transport across borders for the purpose of slaughter.

If during your review potentially criminal misconduct is identified, please stop your review and immediately refer this matter back to us. Also, you are advised that this document remains the property of the OIG. You are responsible for protecting this information from unauthorized disclosure. Release or disclosure of the contents should be restricted to GAO officials with a need to know.

If you have any questions or require additional information, contact Assistant Inspector General for Investigation, Marie Ingol, or myself at (202) 512-5748.

Attachment

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# How the GAO Deceived Congress; And opened the way for horse slaughter to return

---

By: [REDACTED]

GAO report 11-228 is titled HORSE WELFARE Action Needed to Address Unintended Consequences from Cessation of Domestic Slaughter. It was issued in June of 2011.

This document has been the main claim to legitimacy of those who wish to bring horse slaughter back to the United States. It has been quoted by the national press, and referenced in virtually every political debate on the issue. It was even sighted as evidence in *Valley Meats vs. the United States Department of Agriculture*, and countless other documents.

But GAO-11-228 is completely devoid of supporting data and is constructed of fraudulent misrepresentation and hocus-pocus analysis stuck together with the unsubstantiated opinions of anonymous "officials".

The report has been widely criticized since its release, but only recently has data surfaced to prove it is, in fact, fraudulent and intentionally designed to deceive Congress. The report's inaccuracies begin with its title, and by the end of the first page the case for its deceit is sealed.

A companion video to this report is available on [youtube](#) under the same title.

## Background

In 2006, Congress passed the agriculture budget with the "Ensign/Byrd" amendment that removed the funding for horse slaughter inspectors. The defunding was delayed by a conference committee until March, 2007, and then by court challenges. By the time the defunding was in place, all the US plants had already been shut down by state laws, but the defunding assured no new plants would open in the US.

In January of 2011, six months before the report was released, Charles Stenholm of the horse slaughter lobby firm Olsson, Frank and Weeda announced to a pro-slaughter conference in Las Vegas that the report would be favorable to them. This leak was first acknowledged and then refuted by the GAO.

In June, 2011 the report was finally issued and within months it had the desired impact. The Senate did not include the defunding language in its version of the agriculture budget. Since the House did have such language (the Moran Amendment), the matter was decided in conference committee. The vote was 3 to 1 in favor of stripping the language and restoring funding for

inspectors. The three members voting to strip it were Senators Kohl and Blunt, and Representative Kingston<sup>1</sup>. These were the very individuals who had requested the report!

## Why the GAO did the study

The GAO works for Congress as a fact finding organization. It established an exemplary reputation in the past for finding and analyzing data that could assist Congress in its decisions. We will show that reputation is no longer deserved. The first page of report 11-228 contains all the information needed to completely discredit it if the reader has access to the data cited.



Highlights of GAO-11-228, a report to congressional committees

### Why GAO Did This Study

Since fiscal year 2006, Congress has annually prohibited the use of federal funds to inspect horses destined for food, effectively prohibiting domestic slaughter. The U.S. Department of Agriculture (USDA) is responsible for overseeing the welfare of horses transported for slaughter.

Congress directed GAO to examine horse welfare since cessation of domestic slaughter in 2007. GAO examined (1) the effect on the U.S. horse market, if any, since cessation; (2) any impact of these market changes on horse welfare and on states, local governments, tribes, and animal welfare organizations; and (3) challenges, if any, to USDA's oversight of the transport and welfare of U.S. horses exported for slaughter.

There are three sections on the first page of the report: Why GAO Did This Study, What GAO Found, and What GAO Recommends. This is as far as most readers venture. The evidence of the report's deceit can be found in the first two sections, making the third irrelevant.

Notice in the second paragraph of *Why GAO Did This Study* it states "Congress directed GAO to examine *horse welfare* since the cessation of domestic slaughter in 2007." Indeed, the report itself is titled "HORSE WELFARE".

### *The GAO ignored its mandate*

The very next sentence says GAO examined the effect on the US horse market (i.e. horse prices at auctions) and any impact these changes had on horse welfare.

In other words, GAO ignored its mandate to study welfare and instead studied prices. They then attempt to link the two with the opinions of anonymous veterinarians.

Thus the first half of the title of the report is inaccurate, since it does not study horse welfare.

The reason for this complete disregard for its assigned task will become obvious when we analyze the section *What GAO Found*.

## What the GAO Found

Paragraph 1 of *What the GAO Found* begins by admitting that the number of horses slaughtered did not diminish, but that their slaughter merely shifted to Canada and Mexico:

### What GAO Found

Since domestic horse slaughter ceased in 2007, the slaughter horse market has shifted to Canada and Mexico. From 2006 through 2010, U.S. horse exports for slaughter increased by 148 and 660 percent to Canada and Mexico, respectively. As a result, nearly the same number of U.S. horses was transported to Canada and Mexico for slaughter in 2010—nearly 138,000—as was slaughtered before domestic slaughter ceased. Available data show that horse prices declined since 2007, mainly for the lower-priced horses that are more likely to be bought for slaughter. GAO analysis of horse sale data estimates that closing domestic horse slaughtering facilities significantly and negatively affected lower-to-medium priced horses by 8 to 21 percent; higher-priced horses appear not to have lost value for that reason. Also, GAO estimates the economic downturn reduced prices for all horses by 4 to 5 percent.

At this point the study could have concluded, saying that with no change in slaughter, there could have been no impact. Thus the second half of the title is also inaccurate since there could have been no consequences, intended or not.

Yet the report goes on to make the case that there was a negative impact. In making this case the authors expose their deceit.

*The second paragraph contains proof of fraudulent intent*

### What GAO Found (paragraph 2)

Comprehensive, national data are lacking, but state, local government, and animal welfare organizations report a rise in investigations for horse neglect and more abandoned horses since 2007. For example, Colorado data showed that investigations for horse neglect and abuse increased more than 60 percent from 975 in 2005 to 1,588 in 2009. Also, California, Texas, and Florida reported more horses abandoned on private or state land since 2007. These changes have strained resources, according to state data and officials that GAO interviewed. State, local, tribal, and horse industry officials generally attributed these increases in neglect and abandonments to cessation of domestic slaughter and the economic downturn. Others, including representatives from some animal welfare organizations, questioned the relevance of cessation of slaughter to these problems.

This paragraph alone contains proof of the fraudulent intent of the report's authors. It begins by complaining that national data is lacking but claiming they were told by various organizations that horse neglect and abandonment had been increasing.

The second sentence contains *the only statistic about equine welfare in the entire report* and it is not only demonstrably misleading, but it also shows that the GAO knew full well that there was state data available about abuse and neglect and that they chose to ignore the data and study prices instead.

### ***Hidden in plain sight***

The deceit is hidden in plain sight in the second sentence. It says "For example, Colorado data showed that investigations for horse neglect and abuse increased more than 60% from 975 in 2005 to 1,588 in 2009."

The example of Colorado is supposed to demonstrate the impact of the closings, but the plants closed in 2007, not 2005 and the GAO had access to data through 2010. By fudging the dates, the GAO blamed two years of increasing abuse on something that had not even happened yet and conveniently got rid of one year of declining abuse by omitting 2010!

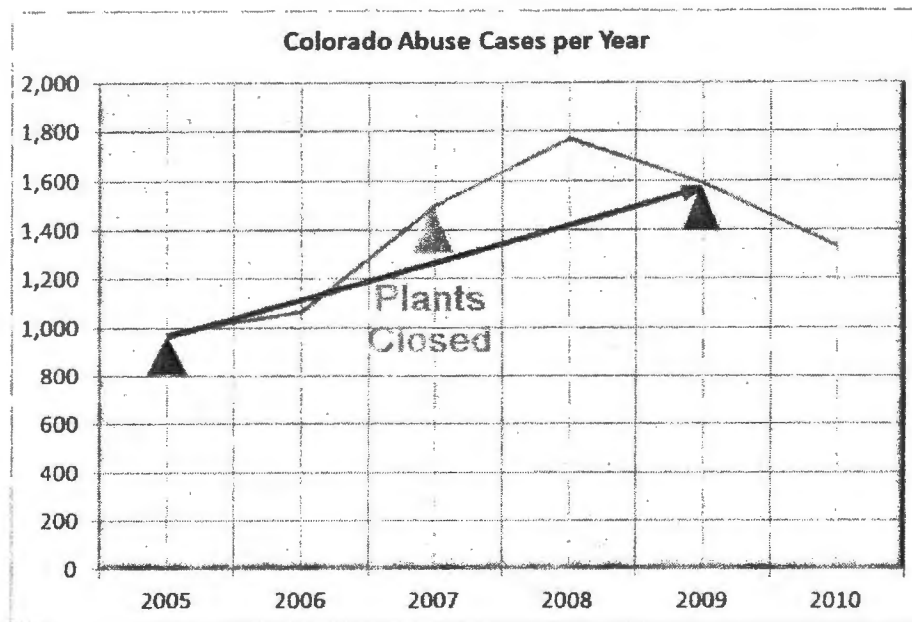
### ***Press falls for the bait and switch***

The intent of this one "example" was clearly to provide the reader an impression of the scale of the supposed increase in abuse and neglect and to offer at least some statistical proof of their claims. In doing so, they counted on nobody having access to the full Colorado data.

The AP's Jeri Clausing (and other reporters) paraphrased the finding:

*"In Colorado, the GAO report states, investigations for abuse and neglect increased more than 60 percent after horse slaughter was banned domestically, from 975 in 2005 to 1,588 in 2009."*

The insertion of the phrase "after horse slaughter was banned domestically" was, of course, not true; but it is exactly what the GAO intended the reader to think the report had said.

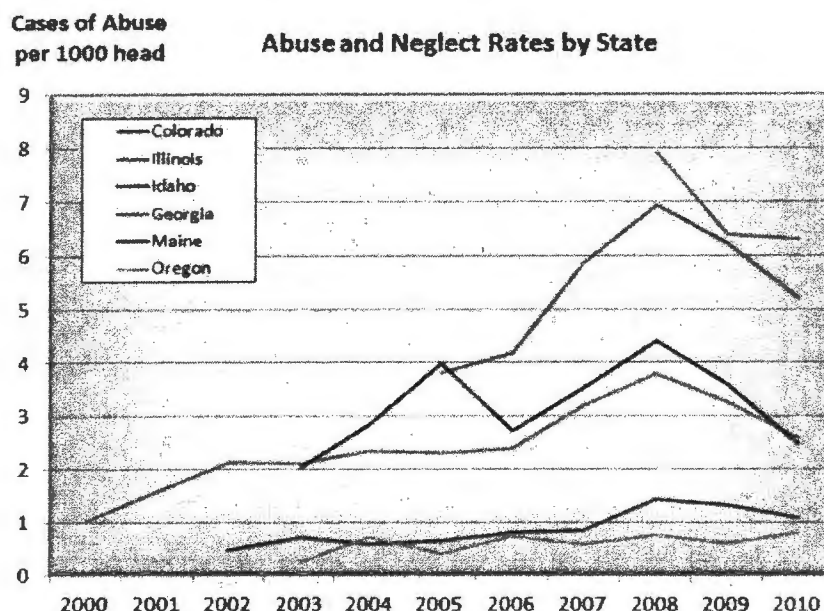


**Figure 1 - Colorado Dept of Agriculture data**

By using only two data points, the GAO made it sound like abuse and neglect had continued to increase after the closings and hid what was really happening in Colorado and many other states. Abuse and neglect had been increasing between 2005 and 2008, when it peaked and began a decline. And we know the GAO study included data from 2010 since they said so in their discussion of the number of horses that were slaughtered.

***Report claims abuse increasing when it was decreasing***

This paragraph proves that the GAO knew that at least some states kept records of the number of cases of abuse and neglect. At the minimum, they knew Colorado had the numbers, and they acknowledged to EWA that they had looked at data from Illinois on the EWA website. Data was also available from at least four more states, and all of it disagreed with the claim *"state, local government and animal welfare organizations report a rise in investigations for horse neglect..."*



**Figure 2 - Data from Agriculture departments of 6 states**

So by misrepresenting the Colorado data, the report's authors exposed the fact that they knew abuse was in decline in the very state they used as an example of its increasing!

***GAO switched to studying prices because the abuse data did not fit "findings"***

The claim that *"Comprehensive, national data are lacking"* cannot be used to excuse the switch from studying real abuse and neglect data to studying horse prices because real abuse data was available from at least six states and their subsequent study of horse prices included only three auctions. So clearly the GAO switched to studying prices because the abuse data did not fit their desired findings.



## GAO misses the fact that horses eat hay

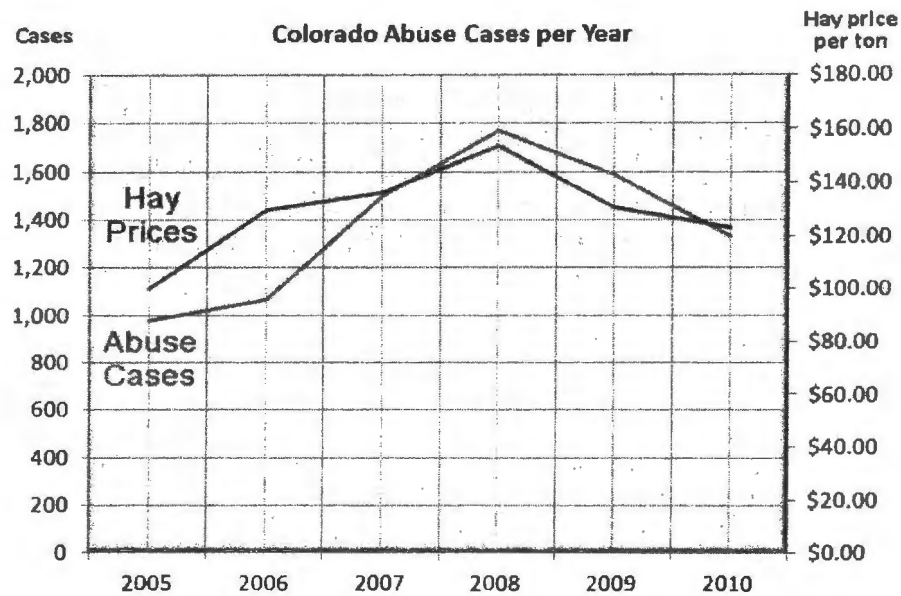
Even in the analysis of horse prices, the GAO got it wrong. EWA has published a study<sup>ii</sup> that correlated various possible causes to the rates of abuse and neglect on a state by state basis. These included; unemployment, the rate of slaughter and the local price of hay. The correlations conclusively showed that the price of hay is always the dominant cause in determining the rate of abuse and neglect. If, as the GAO claims, horse prices are a barometer of neglect, then the price of hay should have at least been considered.

Report 11-228 quotes anonymous “officials” 86 times and anonymous veterinarians 33 times and not one mention is made of the price or availability of hay. Drought and “the cost of feeding” are mentioned only once in passing:

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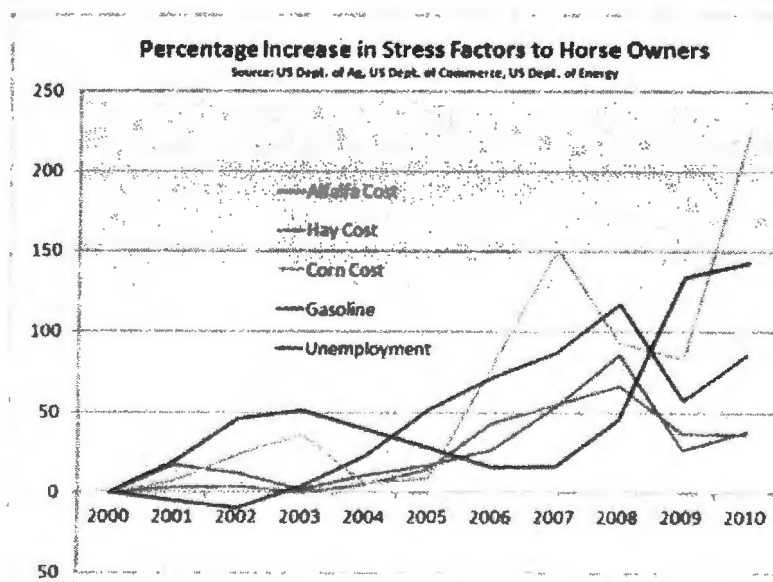
We also asked the 17 State Veterinarians whether horse welfare, in general, had improved, declined, or remained about the same in their states over the last 5 years. Without exception, these officials reported that horse welfare had generally declined, as evidenced by a reported increase in cases of horse abandonment and neglect. They most frequently cited two factors that contributed to the decline in horse welfare—the cessation of domestic slaughter in 2007 and the economic downturn—although they generally were careful not to pin the decline on any single factor. Other factors that they generally cited include poor weather conditions (e.g., drought in western states); the cost of horse disposal methods (e.g., veterinarian-assisted euthanasia); the increasing costs of feeding and caring for horses; and the lack of auction markets to sell horses.

And yet, the hard data was again ignored in favor of relying on anonymous (and easily manipulated) opinions. For example, the peak in abuse and neglect in Colorado is closely matched with a spike in hay prices as shown in Figure 1. Seldom does one see such tight relationships, yet the GAO completely missed or ignored this.



**Figure 3 - USDA hay prices vs CDA abuse and neglect cases**

There were other stress factors as well. In a peer reviewed study in *The Journal of Equine, Agricultural and Natural Resources Law*<sup>iii</sup>, stress factors on horse owners were studied for the period surrounding the GAO analysis as seen in Figure 4.



**Figure 4 - Stress factors affecting horse owners (national)**

Recalling the peak in abuse in virtually every state that occurred in 2008 (Figure 2), it should be noted that the cost of hay, alfalfa, and gasoline all peaked that same year. Again, the GAO completely missed these factors or decided to ignore them in favor of their theory that the longer trips for horse kill buyers were the cause of lower horse prices.

All the data on stress factors was readily available on government web sites. Moreover, the claim made later in the report that the kill buyers were paying lower prices for horses at auction because they had higher expenses is completely nonsensical.

A buyer does not get something cheaper at auction because he has higher operating expenses; he gets it cheaper because the other bidder has higher expenses.

The obvious reason for lower horse prices was that recreational horse owners had dropped out of the bidding because of the huge escalation of the cost of horse ownership. This was also the reason horse neglect spiked in 2008 as proven by our correlation study.

## Word Games

Finally, the report plays word games designed to disparage those who disagree with its findings. For example in paragraph 2 (above) the report states “State, local, tribal, and horse industry officials generally attributed these increases in neglect and abandonments to cessation of domestic slaughter and the economic downturn.”

It then states “Others, including representatives from some animal welfare organizations, questioned the relevance of cessation of slaughter to these problems.”

Notice that those who agree with the report’s findings are “officials”, while those who disagree are merely “representatives”. And notice that “cessation of domestic slaughter” becomes just “cessation of slaughter”, something that never happened.

## GAO Stonewalls

Shortly after the release of the report, EWA submitted a FOIA for the pricing data and calculations. The FOIA was denied on the basis that the GAO did the report for Congress, and Congress is not covered by the Freedom of Information Act.

The EWA followed up with a complaint to the GAO Inspector General. The GAO ignored the complaint and did not respond.

### ***The GAO insists "Vetting process infallible"***

At the request of a helpful Congressman, the GAO did participate in a conference call over these concerns on July 18<sup>th</sup>, 2013. The response to each complaint was "thank you for voicing your concern", and a reiteration of the assurance that the report had gone through a thorough vetting process before it was issued, virtually assuring its accuracy.

These same arguments were repeated for the infamous example of the Colorado data. Thus we are left with two possibilities: Either GAO's reporting *and* quality control systems have both been compromised, or 2007 did in fact occur before 2005.

### **Conclusions**

Were it not for the misrepresentation of the Colorado data, the report might be deemed simply incompetent. However, given that we know the report's authors knew of at least some of the ample data that proved abuse and neglect was declining and misrepresented that very data as indicating abuse was increasing; there was a clear intent to deceive. We therefore charge the report to be not just inaccurate, but in fact fraudulent.

### ***What hope will we have of hearing the truth?***

The implications of this fraud go far beyond the issue of horse slaughter. If special interests as reviled and marginal as the horse slaughter lobby have been able to subvert the GAO to their ends, what hope will we have of hearing the truth when Congress asks the GAO about issues concerning more powerful special interests?

### **Postscript**

This report has dealt only with events that occurred prior to the release of GAO 11-228. To have mixed in data from after that time would have been irrelevant to determining the accuracy of the GAO report. However, it is interesting to look at what happened in 2011 and 2012.

Of the six states studied, all but two continued to show flat or declining rates of abuse and neglect. The exceptions were Colorado and Idaho.

Those who wish to discredit this analysis will undoubtedly seize on the resurgence of abuse and neglect in Colorado to claim the GAO had been right all along. Nothing, however, could be further from the truth.

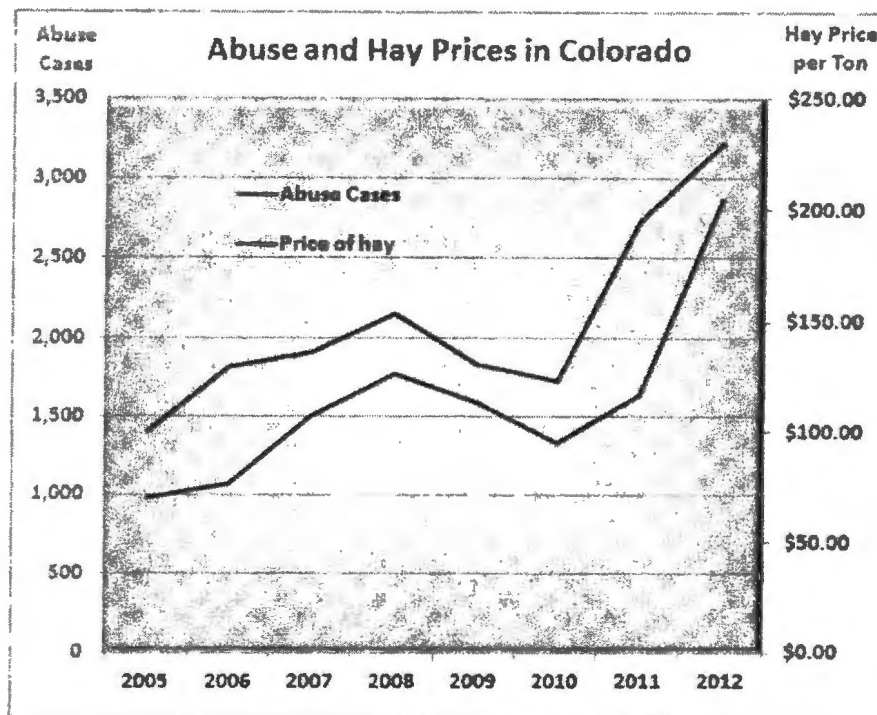


Figure 5 - Hay and Abuse in Colorado after GAO Study Period

Figure 5 shows what happened between 2010 through 2012, when drought again gripped Colorado. Hay prices soared, pastures turned to dust and abuse and neglect skyrocketed.

The Colorado data once again shows that the GAO missed the linkage between neglect and the price and availability of hay, and instead presented a ridiculous case for abuse being caused by longer trips for the kill buyers.

<sup>i</sup> Blunt and Kingston are probably best known for their so called "Monsanto Protection Act", a highly controversial rider on a continuing spending resolution in March of 2013 which effectively granted Monsanto immunity to legal challenges that may result from their Genetically Modified Organisms.

<sup>ii</sup> The History and Causes of Equine Abuse and Neglect: A Statistical Analysis, Holland

<sup>iii</sup> An Analysis of Factors Responsible for the Decline of the U.S. Horse Industry; Why slaughter is not the answer, Vol. 5, No. 2, Laura Allen and John Holland

YouTube video report: <http://www.youtube.com/watch?v=BSxUPNgzgn4&feature=youtu.be>





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United States Government Accountability Office

Date: September 30, 2013

redacted material is exempt under 4 CFR 81.6(f)

To: Inspector General – Adam Trzeciak

From:

Subject: Case Closing Memorandum Regarding Case Number G-12-0310-HL-MR

This memorandum presents the findings of my investigation. No further actions or referrals are necessary to close this matter.

On June 5, 2013, OIG received a hotline complaint regarding a 2011 GAO report entitled, *Horse Welfare: Actions Needed to Address Unintended Consequences from Cessation of Domestic Slaughter* (GAO-11-228). [redacted] alleged that [redacted] worked closely with GAO Analyst [redacted] while [redacted] was composing the report, but [redacted] disregarded all of his information and crafted a report that he described as “deeply flawed.” [redacted] then leaked the report six months early to agriculture magazines, after which [redacted]’s phone was disconnected and [redacted]’s e-mail ceased working. According to the complaint, [redacted] deliberately composed an inaccurate report in order to benefit the agricultural industry. In addition, [redacted] has since conducted a peer-reviewed study in a law journal, which he says “debunks” the initial report, and has requested to meet personally with representatives of the GAO in order to present his information. A copy of the information provided by [redacted] is attached to this memorandum for your reference.

On August 6, 2013, this matter was referred to Timothy Bowling, Chief Quality Officer, for his review and any action he deemed appropriate to address the allegations raised in the complaint. Bowling was asked to provide the OIG a response to these allegations within 60 days of receipt of the referral letter.

On September 27, 2013, Bowling submitted a response to the OIG’s referral indicating that his office had conducted an independent review of the allegations to determine if the referenced report is inaccurate or misleading to the extent that GAO should issue an erratum or retract the report. Based on the work performed, Bowling’s office concluded that GAO does not need to issue an erratum or retract the report.

As a result of the information discussed in this memorandum, the allegations were unsubstantiated. No further investigation or action is required.

  
Adam Trzeciak  
Inspector General

9-30-13  
Date

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