



Matthew Weaver/Capital Press

The former Easterday Ranches North Lot cattle feedlot near Eltopia, Wash. Tyson Fresh Meats has gone to bankruptcy court of forcibly acquire the feedlot, previously sold to Agri Beef by Cody Easterday.

Easterday: Feedlot is estimated to be worth \$20 million

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Tyson supported the sale to Farmland, which operates in Washington as AgriNorthwest, but says it was blindsided by the pre-bankruptcy sale of North Lot.

Tyson uncovered Cody Easterday's fraud in December and discussed acquiring the feedlot to begin making amends. Easterday estimated the lot's worth at \$20 million, according to Tyson.

In late January, on a Friday, Tyson executives learned in a conference call with Easterday and his financial adviser, Pete Richter of Paladin Management Group, that Easterday planned to sell the lot within a few days.

Easterday and Richter declined to identify the buyer. Over the weekend, Tyson prepared to go to court to stop the sale, but learned that Monday that the sale had closed the previous Friday.

Besides claiming it was duped, Tyson also criticizes how the \$16 million was distributed.

According to a spreadsheet sent to Tyson by Easterday's lawyer, Richard Pachulski, more than \$11.7 million went to Easterday Farms and the English Hay Company, two other companies owned by Easterday family members.

Pachulski's Los Angeles law firm got \$600,000, while Richter's management group got \$625,604.

Creditors got only \$2.1 million, leaving some bills unpaid.

Six unpaid balances shown on the spreadsheet topped six figures, including \$804,000 owed one business for veterinarian services. None of the money shown distributed went to Tyson.

Pachulski's law firm was later retained as lead counsel for Easterday's Chapter 11 bankruptcy, and Richter and another Paladin partner were retained as co-chief restructuring officers.

Tyson claims Pachulski's law firm and Paladin have conflicts in reconsidering the pre-bankruptcy sale to Agri Beef. Efforts to reach Pachulski and Richter were unsuccessful.

A post-sale appraisal valued North Lot at \$9 million. Tyson calls the appraisal self-serving and flawed, considering Tyson's standing offer to pay \$25 million.

In the face of Tyson's bid to obtain the feedlot, Agri Beef went ahead Tuesday and paid the bankrupt Easterday Ranches \$1 million for trucks, tractors and other equipment at North Lot.

Bankruptcy Judge Whitman Holt in Yakima approved the equipment sale. Agri Beef certainly owns the rolling stock, but Tyson's bid to acquire the ground will be decided later, the judge said.

If Tyson prevails, "it creates a logistical issue. You (Agri Beef) have to come and get your stuff off the property," Holt said.

Oregon officials discuss new hemp regulations with growers

HB 3000 signed by Gov. Brown on July 19

By **GEORGE PLAVERN**
Capital Press

SALEM — The Oregon Department of Agriculture is set to unveil new rules for hemp producers that will bring the state's Hemp Program into compliance with the USDA.

Sunny Summers, cannabis policy coordinator for ODA, said the agency will release draft rules for public comment by no later than Sept. 1. Changes won't go into effect until Jan. 1, 2022, leaving the current rules intact through this fall's harvest.

"Everything that we're talking about now will be for the new licensing year," Summers said during a webinar Tuesday, hosted by the Oregon Industrial Hemp Farmers Association.

Summers was one of three speakers invited to discuss House Bill 3000 with growers. The bill, signed by Gov. Kate Brown on July 19, has multiple components aimed at regulating cannabis products and cracking down on illegal marijuana operations.

Part of the legislation also granted ODA new authorities — including the ability to conduct background checks — required by the USDA to govern hemp production.

Hemp was legalized as an agricultural commodity in the 2018 Farm Bill, though the USDA did not publish its final hemp rule until January.

Oregon has had a pilot program for hemp in place since 2015, though ODA must update its rules to comply with the USDA. Apart from background checks, Summers said the federal rule stipulates a 30-day pre-harvest testing window to ensure the crop does not exceed 0.3% tetra-



Hemp plant

hydrocannabinol, or THC.

By definition, hemp cannot legally exceed that 0.3% THC limit, though industry groups are lobbying for the USDA to raise the threshold to 1%.

If that happens, Summers said ODA would be allowed under HB 3000 to change the definition of hemp in its own program without having to return to the Legislature.

HB 3000 also approved ODA's budget request for eight new positions, Summers said, including the department's first full-time hemp program manager. Previously, hemp was licensed and inspected by the state alongside nurseries and Christmas tree farms.

Meanwhile, ODA was granted broader authority under the bill to revoke hemp licenses and require the destruction of crops that fail to meet standards. Specifically, Summers mentioned growers who might apply for a hemp license as a cover for producing illegal marijuana.

"The state and the industry are not going to continue to support this kind of activity," she said.

Growers who violate their hemp license may be banned from reapplying for up to two years, Summers added.

The newly renamed Oregon Liquor and Cannabis Commission has also approved temporary rules under HB 3000, and

will work with ODA to test hemp fields across Oregon to determine if the grows are legitimate or illegal.

Steven Crowley, a compliance specialist for OLCC, discussed the agency's role during the webinar, which includes regulating cannabis intoxicants and restricting sales of "adult-use cannabis" to minors.

OLCC is defining "adult-use cannabis" as hemp products with 0.5 milligrams of THC. That includes Delta-9 THC — the main component in cannabis that gets users high — and Delta-8 THC, a chemically similar compound.

According to OLCC, Delta-8 THC can be produced from hemp and used to make products with higher potency levels than marijuana while being sold outside of Oregon's regulated market and in stores where anyone could buy it.

"For regulating cannabis intoxicants, that's one of the places where OLCC has a little bit more of an active role," Crowley explained.

Finally, HB 3000 establishes a task force to address future regulations and marketing of growing cannabis in Oregon.

Courtney Moran, president of the Oregon Industrial Hemp Farmers Association, and Mary Anne Cooper, vice president of public policy for the Oregon Farm Bureau, said the industry has secured seats on the task force for both hemp growers and handlers.

Moran said HB 3000 is, overall, a positive for Oregon hemp growers and may serve as a model for other states going forward.

"It's not perfect," Moran said. "It's definitely a miraculous improvement, I would say, from where we started this (legislative) session. I think we were able to come to a very reasonable and workable solution that addressed the main concerns from all parties."

Lawsuit: Judge dismissed claims that BLM relied on improper data about sage grouse numbers

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have plummeted from historic levels.

While studies completed after the project's approval provided new information about population counts and the effects of transmission lines, the judge said they're "not significant or seriously different" enough to warrant a supplementary analysis.

"The new information about the declining population of greater sage grouse is not significantly new or different circumstances from what is discussed in the FEIS," Simon said.

Likewise, news articles about the financial feasibility of burying transmission lines do not trigger the need for a supplementary environmental analysis because they don't "rise to the level of significant information," as would scientific studies, he said.

The judge dismissed claims that BLM relied on improper data about sage grouse numbers and that it was impermissibly vague and confusing in examining the risk of "extirpation" to a local population of the species.

"Although not a model of clarity, the discussion is not indecipherable," he said.

The agency wasn't "arbitrary and capricious" in analyzing the indirect effects on "leaks," where sage grouse congregate during mating season, within three miles of the transmission line, rather than using a longer distance, Simon said.

The judge found that BLM's steps for mitigating the adverse impacts to the species were sufficient because "there can be no construction without a detailed plan."

"This is not a case in which the action will commence before it can be determined whether mitigation will be effective," he said.

The judge said BLM "worked closely" with the Idaho Power utility company on the project and relied on "sufficient evi-

dence" to decide against burying the line near an interpretive center for the Oregon Trail.

The agency wasn't required to update the

FEIS regarding the environmental effects of alternative routes for the transmission line that it ultimately didn't choose, he said.

While the BLM wrongly failed to "consider grazing in the cumulative effects analysis" of the project, that "error was harmless" because it wouldn't have

altered the agency's conclusions, the judge said.

"Plaintiffs do not show how adding grazing to the cumulative effects analysis would have mate-

rially affected the substance of BLM's sage grouse mitigation decision or other decisions relating to sage grouse," Simon said.

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