

MARKETING LIVESTOCK WITH THE OKLAHOMA  
LIVESTOCK MARKETING ASSOCIATION

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LIVESTOCK MARKETING ASSOCIATION

By

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<sup>1/</sup> Personal Interview, Mr. A. W. Lucas, Secretary-Treasurer, Oklahoma Livestock Marketing Association, Secretary-Treasurer, National Livestock Commission Company, Secretary-Manager, National Credit Corporation, President, National Feeder Service Corporation, President, National Wool and Mohair Association. Interviews will be hereinafter cited as "Personal Interview, Mr. A. W. Lucas."



CHAPTER I  
INTRODUCTION

Cattle were first introduced into the United States by the early colonists. Columbus, on his second voyage, mentions cattle being brought to the New World for the purpose of beasts of burden and to furnish milk.<sup>1/</sup> During the Spanish Colonization period, various breeds of cattle were introduced and under favorable climatic and grazing conditions prevailing in this region, the cattle multiplied rapidly until vast herds of semi-wild animals roamed the Southwest.

When the colonists settled along the Atlantic Seaboard, they brought cattle of different breeds, each bringing the cattle he was accustomed to in the old country. These cattle were again used as beasts of burden and occasionally for milk, being butchered after they became too old for other purposes. This was a change from wild turkey, venison, or prairie chicken, but was a none too wholesome delicacy in supplementing the pioneer bill-of-fare.

As the pioneer pushed westward into the Ohio Valley, the farmers found grass, both in quantity and quality, such as they had never dreamed of before. The Coastal Plain, on the other hand, in order to be farmed, had to be cleared of the forests and even then it was oftentimes none too fertile and yielded neither grass nor crops beyond the basic needs of the people. Consequently, it proved unprofitable to keep more cattle than enough to till the soil.

Beyond the Piedmont and Coastal Region, there were large areas of land, unhampered by the forest shade which would grow abundant

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<sup>1/</sup> Snapp, Roscoe R., Beef Cattle: Their Feeding and Management in the Corn Belt States, John Wiley and Sons, New York, 1930, p. 3.

grass or excellent crops, and because of lack of transportation and marketing facilities these surplus crops were fed to farm animals. This was the beginning of the beef cattle industry.

In a few years, herds of considerable size were owned by settlers in the Ohio Valley and it was at this time that the marketing problem presented itself. In order to solve the marketing problem the pioneers conceived the idea of driving or "trailing" their cattle over the mountains to the eastern markets, a distance ranging from 350 to 500 miles, averaging about 15 to 20 miles per day. The cattle grazed on the luscious grass west of the mountains and in the mountains and arrived at the Coastal Plain with little shrinkage. This practice of trailing continued until around 1850. Numerous losses were experienced because of an unorganized market and the hazards of the drive. Despite all this, the industry grew to gigantic proportions, oftentimes, 2,000 head being driven weekly from Illinois to the central markets; the same thing was true of the Corn Belt States.

The decade following 1850 gave rise to rail transportation to cattle. Cattle from the Blue Grass region of Kentucky were driven to Cincinnati, loaded on cars, and shipped by rail to Cleveland. They were sent from Cleveland to Buffalo by lake steamer, driven overland for a short distance to Canadaigua, again loaded on cars, shipped to Albany, and thence by boat to New York.<sup>2/</sup> This was expensive, averaging around \$14.00 per head, but the cattle were in better condition and made the trip in about two weeks in comparison to four to six weeks by trailing. In a short time, or by 1860, no section of the cattle country east of the Mississippi River was more than a few days drive from a

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<sup>2/</sup> Ibid. p. 6.



shipping point. Trailing practically disappeared north of the Ohio River, but continued in Texas and in the Southwest.

Upon the admission of Texas into the Union in 1845, many people with capital moved into this region and began to expand the beef cattle industry, by bringing in new breeding stock or reducing to a state of semi-domestication, the cattle brought to the New World by the missionaries and early explorers. These Texans enjoyed a good market at Mobile and New Orleans for a limited number of cattle which were shipped from Texas ports. However, with the outbreak of the Civil War all movements of cattle were stopped and many herds were abandoned some of which sold for \$4.00 to \$6.00 per head.

In the North, the beef cattle industry flourished and choice steers often sold for \$100 per head. At the close of the war there was a wide disparity between the market price of cattle in Texas and those of the northern states. This resulted in intense activity on the part of the cattle men to purchase the cheap Texas cattle and move them to the high northern markets. These cattle were transported from the southern states to the North by trailing over part of Texas and through or around the Indian Territory (Oklahoma) to Sedalia, Missouri, and later to Abeline, Kansas. This method of marketing was not without its hazards both by natural causes and bands of cattle rustlers, who often-times took the cattle and shot the owners. Despite these unpleasant conditions of the beef cattle industry, many extravagant stories were told of the profits to be made in ranching.<sup>3/</sup> These stories caused the

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<sup>3/</sup> Dale, Edward Everett, The Range Cattle Industry, University of Oklahoma Press, Norman, Oklahoma, 1930, p. 13.

cattle numbers to increase until the Texas fever of 1867, and the severe winter of 1886.<sup>4/</sup>

With the invention of the barbed wire many ranchers inclosed their own land and part of the public domain, pushing beef cattle industry into the Southwest and into the Indian Territory (State of Oklahoma). This in some instances was contrary to the wishes of the federal government and without the sanction of the Department of Interior.<sup>5/</sup> One instance is noted where troops would drive the cattle from the reservation only to find them back again in a few days.<sup>6/</sup>

In 1885, President Cleveland ordered all cattle from the ranges and fences removed declaring all leases null and void.<sup>7/</sup> However, the cattle began to come back on the reservation irregardless of proclamations and it was grazed to some extent until the opening in 1892. One by one the remaining Indian lands were finally opened and ranching on such a gigantic scale may be said to have come to an end. There was a certain amount of grazing on Indian land belonging to members of the five civilized tribes or the Osage for a number of years. When Oklahoma came into statehood, the large grazing areas had almost disappeared and livestock and crops had reached an equilibrium. Ranching is still one of the most important agricultural pursuits in the State, and is a major enterprise in many of the counties.

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4/ Ibid. p. 133.

5/ Ibid. pp. 103-145.

6/ Ibid. p. 144.

7/ Ibid. p. 139.

The methods of marketing in the above transitional period have been characterized by several different developments. Ranching in Oklahoma has about five distinct phases of marketing, some of which still are in operation, while others have passed from the scene. The first phase was the large scale ranching in which marketing was accomplished by long drives to distant railroad points. The second phase came about the turn of the century when railroads developed a system of interconnecting roads which pushed westward and brought the far flung ranches to a drive of a day or two to the shipping point, and thence to the central market. This phase was later broken down into the development of cooperative shipping associations, eliminating the services of several men in most small towns and increasing the net returns to the consumer. The third phase came with the invention of the motor car and truck. In this manner, cattle were moved directly from the farm to the central market, usually traveling at night. The fourth phase of marketing was the local auction which began around the turn of the century and increased its pace in 1930.<sup>8/</sup> The fifth phase is the development of the Cooperative Commission Company, characterized by the Oklahoma Livestock Marketing Association of Oklahoma City.

Oklahoma City with the Oklahoma Livestock Marketing Association and all the other firms, constitutes the largest terminal markets of Oklahoma. This organization, which is a cooperative, does business with ranchers and farmers rather than with speculators or middle men. The cooperative terminal market seems to fit the needs of the farmer in being able to minimize speculation, correlate the production of livestock

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<sup>8/</sup> Connel, Julious Valentine, A Study of Community Livestock Auctions In Oklahoma, unpublished thesis, Department of Agricultural Economics, Oklahoma Agricultural and Mechanical College, 1941, p. 7.

to market requirements, and encourage the orderly marketing of livestock. The Oklahoma Livestock Marketing Association maintains these functions and in addition has reached a high state of specialization in marketing cattle.

### PURPOSE AND OBJECTIVES OF THE STUDY

The purpose of this study is as follows: (1) To study the Oklahoma Livestock Marketing Association as a business unit, and (2) To determine the nature, structure, and methods of operation of the organization.



## SURVEY OF LITERATURE

Cooperative marketing of livestock is not a new field but has been carried on in the United States for about 150 years.<sup>1/</sup> A number of studies have been made in the corn belt states on cooperative marketing, however, these studies concerned auctions, trucking of livestock to market, methods of buying, cooperative shipping associations, and other studies. One of the most complete studies of livestock marketing was made by the Corn Belt Livestock Marketing Research Committee.<sup>2/</sup> This study is concerned with assembling detailed information on how livestock was marketed by the Corn Belt States and makes available basic information on marketing methods and practices.

The field has also been explored quite extensively by the Farm Credit Administration. Their most outstanding study is a detailed description of the Illinois Marketing Association<sup>3/</sup> which is a terminal marketing cooperative. This is treated from a critical standpoint, giving basic information on the organization and operation of this business. Other studies traced the development of the cooperative movement in livestock marketing to the development of terminal cooperatives of which this thesis is concerned.

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1/ Mann, L.B., Cooperative Marketing of Range Livestock, Bulletin No. 7, August, 1936, Farm Credit Administration, 134 pp.

2/ Agricultural Experiment Stations of Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Wisconsin, and Bureau of Agricultural Economics, United States Department of Agriculture cooperating, Marketing Livestock in the Corn Belt Region, Bulletin No. 365, November, 1942, Agricultural Experiment Stations, South Dakota, State College, Brookings, South Dakota, page 7.

3/ Hulbert, H. H., Organization and Operation of the Illinois Livestock Marketing Association, Bulletin No. 5, May, 1936, Farm Credit Administration, Washington, D. C., Cooperative Div. 140 pp.

The Oklahoma Agricultural and Mechanical College through the Current Farm Economics, edited by the Department of Agricultural Economics has given information and pertinent data, since 1931. Dr. Adlowe L. Larson has been the leading contributor of articles, together with Dr. Peter Nelson, and other members of the staff.

## METHOD OF GATHERING DATA

The data of this study were secured from records of the Oklahoma Livestock Marketing Association and added information was obtained from personal interviews with staff members. Mr. A. W. Lucas, manager, gave the history of the organization from its founding up to the present time. Other historical information was secured from library files.

## CHAPTER II

### HISTORY AND DEVELOPMENT OF OKLAHOMA LIVESTOCK MARKETING ASSOCIATION

During the period from 1927 to 1930, the beef cattle industry was in one of its short-lived favorable periods, the first since 1920. Ranchmen and livestock operators were expanding their business units and increasing their cattle numbers.

Along with these conditions, the financial collapse of 1929 was beginning to be felt in the prices paid for agricultural products. Needless to say ranchers, as well as other farmers, had expanded their business with higher prices and were paying off their fixed indebtedness with a shrinking income. As early as 1930 some banks were going bankrupt, others were curtailing their loan policy, while others were trying desperately to call in all the good loans. All business was hit hard, many firms going bankrupt daily. Some ranchers owed money on their herds and with falling prices, many of them could not pay the loans. Some of these herds were bought or capitalized at \$80 to \$90 per head in early 1929 and fell to \$18 to \$25 per head in 1931. For this period, the operation of one rancher in Caddo County is well known by the author, and it is as follows: Steers were bought in the spring of 1929 at Oklahoma City for \$85 per head, grazed during that season, fed shocked alfalfa hay and bundle feed during the winter of 1929-1930, grazed during the season of 1930, and fattened on grain and alfalfa in dry lot during the fall of 1930. These steers had approximately doubled their weight but the owner received only slightly more than he paid for them, losing most of his time, feed, and a portion

of the interest on the investment. Under such conditions anyone who owed money on cattle capitalized at a high price was in danger of losing heavily.

Conditions were going from bad to worse with the farmers and ranchers. Good loans were being liquidated and there <sup>were</sup> ~~was~~ very few loans renewed. The far cry of the Oklahoma rancher was for a more lenient form of credit.

Mr. Clarence Roberts, Editor of the Oklahoma Farmer-Stockman and other business men were in favor of introducing a cooperative marketing agency in Oklahoma City which could make new loans and refinance old ones. If money could be raised the Farm Board under the Agricultural Marketing Act of 1929 would recognize an organization for lending money and the government would advance two or three million dollars. Osage County alone had a large acreage of grass land and it was imperative that many of these loans be refinanced or the owners would lose everything. <sup>1/</sup> Mr. Roberts and others got in touch with the central office of the Farm Board, located in Chicago, and they agreed to rediscount paper if \$10,000 capital could be raised in Oklahoma City. The scheme was as follows: Stock was to be issued at \$10.00 per share for preferred stock and \$1.00 for common stock. Only \$498 worth of <sup>(common)</sup> cotton stock was sold by the opening date of October 19, 1931, but men from all over the State lined up in front of the live-stock exchange to borrow money, the only requirement was that they would meet the conditions for the loan and purchase \$1.00 worth of common stock.

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<sup>1/</sup> Personal Interview, Mr. A. W. Lucas.



All of these conditions were met by ranchers and business men of Oklahoma City and on October 19, 1931, the Oklahoma Livestock Marketing Association opened its doors for business.

The only subsidiary at this time was the National Livestock Commission Company. Its purpose was "...to promote, foster, and encourage the orderly production and marketing of livestock through cooperation...."<sup>2/</sup>

The cooperative did not have a building and in the end an old line firm was purchased, the National Livestock Commission Company with R. C. Ridley as Manager.<sup>3/</sup> The cooperative was to act as a holding company for the National Livestock Commission Company and all profits in excess of necessary reserves were to go to the payment of patronage dividends to members of the association.<sup>4/</sup>

The Oklahoma Farmer-Stockman gave much publicity to the organization and stressed the fact that the association was a business organization and expected to collect every dollar loaned to ranchers. The object of the association as expressed by Mr. Roberts was "to make it possible for the livestock men in Oklahoma to secure credit at reasonable rates and on terms to fit the needs."<sup>5/</sup>

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<sup>2/</sup> Appendix B, page 61.

<sup>3/</sup> Personal Interview, Mr. A. W. Lucas.

<sup>4/</sup> Oklahoma Farmer-Stockman, November 1, 1931.

<sup>5/</sup> Ibid. August 1, 1931, page 432.

The Oklahoma Livestock Marketing Association was to be a long time plan for cattlemen of the State and was to be handled as any other business enterprise—it was not designed as a blanket relief to the beef cattle industry.

A number of statements like the above were published in newspapers explaining the purpose and object of the cooperative so as to avoid some of the pitfalls other cooperative enterprises of the State had fallen into in years past.

Later, on May 3, 1932, the Oklahoma Livestock Credit Corporation, a special subsidiary for lending money was incorporated with offices located in the Livestock Exchange Building. Mr. A. W. Lucas was named manager and this organization was to continue the same kind of work at the Oklahoma Livestock Marketing Association started in October. Loans made by the corporation were rediscounted with the Intermediate Credit Bank at Wichita, Kansas, and loans could be made up to two million dollars.<sup>6/</sup>

The next subsidiary of the Oklahoma Livestock Marketing Association was the Wool and Mohair Association which began business in April, 1941. It was set up, as explained in Chapter V of this thesis, with \$10,000.00 capital stock, as all the other subsidiaries.

The Colbert Feed Pens were taken over as an extra service under a lease contract in October, 1943. Ranchers may feed cattle to overcome shrinkage from a hard trip or finish livestock on grain and thereby raise the quality of beef. The ranchers pay a small fee for the service, plus the actual cost of the feed consumed by the cattle.

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<sup>6/</sup> Personal Interview, Mr. A. W. Lucas.

The last subsidiary was the National Feeder Service Corporation, which was established February 1, 1944. This last unit completes the list of subsidiary organizations. The purpose of the National Feeder Service is to buy livestock for members both in the country and in the city. It is a specialized branch of service for members of this cooperative which was originally carried on by the National Livestock Commission Company.

## CHAPTER III

### THE NATIONAL LIVESTOCK COMMISSION COMPANY

#### HISTORY

The National Livestock Commission Company was the first subsidiary of the Oklahoma Livestock Marketing Association. Originally, this company was a private concern which operated on the Oklahoma City Livestock Market. The Oklahoma Livestock Marketing Association began by buying out this old line company under a five year purchase contract lease, which called for a five year lease on the office space and yard equipment. During this time, one-half of the profits were to go to the old line company and the other one-half of the profits were to apply toward retiring preferred stock, which was sold in forming the Oklahoma Livestock Marketing Association. During this same five year period, the Corporation agreed to keep the same secretary of the Commission Company, and at the end of the five year lease period the organization as a whole was to become the property of the Livestock Commission Company. The personnel of the private concern was absorbed, and used as the personnel of the new organization.

The purpose of the National Livestock Commission Company is to sell livestock for the members and non-members. At the inception, this organization carried on practically all of the work now done by the other three subsidiaries.<sup>1/</sup> After some years growth, the organization expanded to where greater specialization was necessary.

#### VOLUME

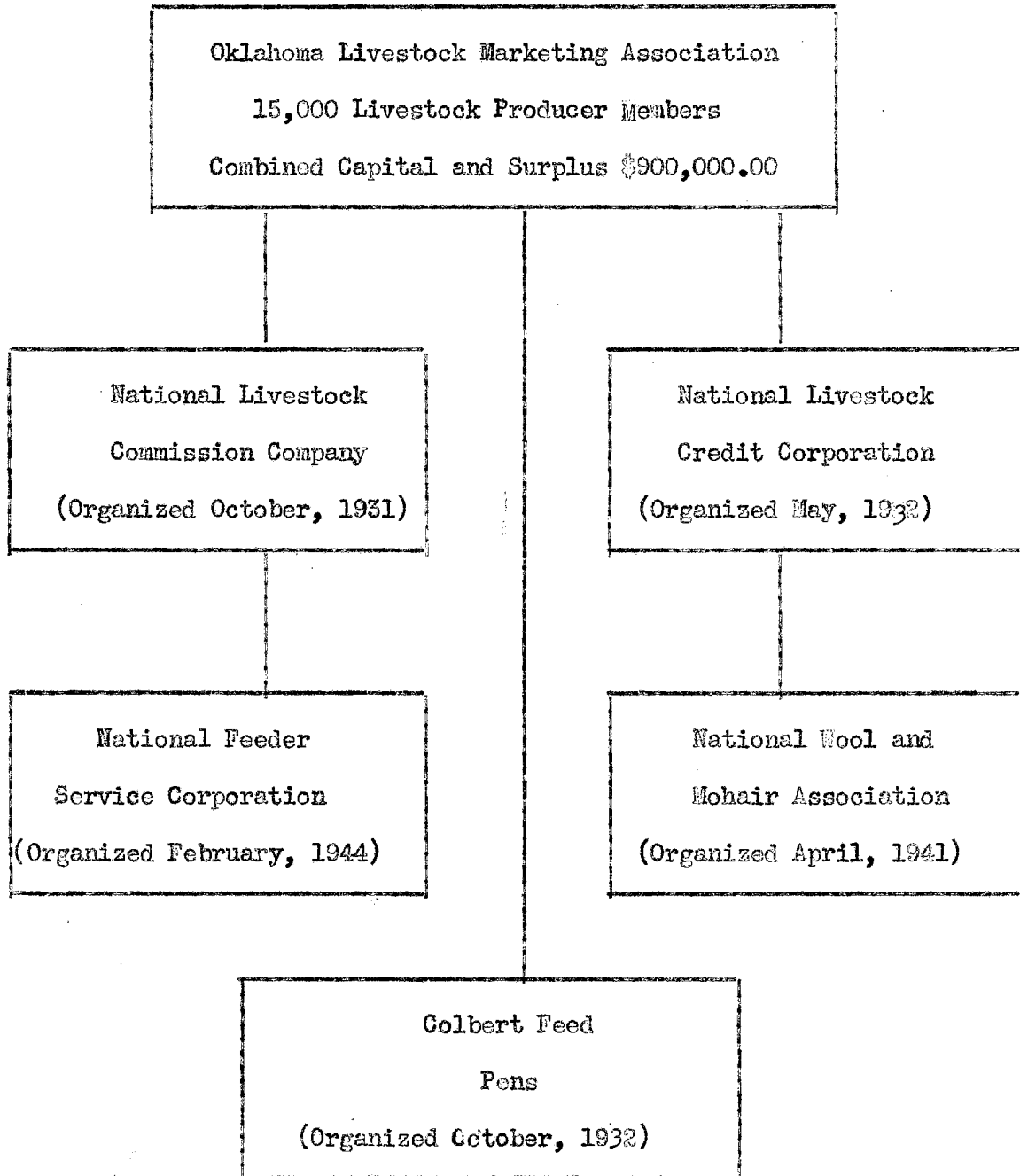
The National Livestock Commission Company marketed 22.7 percent of the livestock handled at the Oklahoma City stockyards in a

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<sup>1/</sup> Chart No. 1, page 17.

## Chart No. 1

## Organization of the Oklahoma Livestock Marketing Association





37 month period ending December, 1944 (Table I). In a more detailed study the National marketed 17.8 percent of the cattle and calves, 19.6 percent of the hogs, and 55.8 percent of the sheep (Table II). These receipts were in competition with 16 other firms on the Oklahoma City market. The nearest competitor was the United Commission Company whose receipts showed 12.6 percent of the total. Wright Halliburton was a high competitor with 8.6 percent of the total while R. O. Wright received 8 percent of the total.

The National Commission Company marketed approximately one-fourth of all the livestock during the period studied. They were also helpful with fairs and shows in marketing club livestock. In addition, they have been instrumental in extending the agricultural program by making loans to 4-H Club boys and girls and Future Farmers of America.

The National Livestock handled the largest percentage of receipts of any firm operating on the Oklahoma City market during the period of December, 1941 to December, 1944 (Table I). The proportion of receipts by the National Livestock Commission Company showed little change during this period.

#### SELLING

When cattle come into the stockyards, they are consigned to some company after which the alley boy makes a ticket giving a rough description and the number of head. This is known as the "drive in company," or the company that checks the cattle in and drives them to their respective pens for sale. Each man's cattle is marked with a colored crayon, so as to distinguish his from other cattle on the yard. The cattle are next shaped up, according to class and grade, it being advantageous to sell a pen full of stockers or feeders,

Table I. Total Percentage Receipts By Commission Firms  
of The Oklahoma City Market

(37 month period, December 1941-December 1944)

Name	: Total Receipts : (All species) :	Percentage of Total Percent
	<u>Number</u>	
American	272,596	5.8
Brown	135,986	2.9
Cassidy	243,165	5.3
Drovers	100,353	2.2
Farmers	306,343	6.5
Ingram	80,411	1.8
Interstate	64,013	1.3
National	1,055,030	22.7
J. D. Sims	122,207	2.7
Scannell-Cochran	289,777	6.2
Stribling	246,806	5.2
United	591,891	12.6
Volz	56,919	1.2
R. O. Wright	372,262	8.0
Wright-Halliburton	400,236	8.6
D. A. Wright	116,314	2.5
Oklahoma	213,689	4.5
Total	4,667,997	100.0

SOURCE: Records of National Livestock Commission Company.

Table II. Total Receipts by Commission Firms, Oklahoma City, Oklahoma  
(37 month period, December, 1941 to December, 1944)

Name	: Cattle and Calves :		Hogs :		Sheep :		Total	
	: Number	:Percent	: Number	:Percent	: Number	:Percent	: Number	: Percent
American	175,113	7.0	83,143	5.6	14,340	2.7	272,596	5.8
Brown	53,518	2.1	73,696	4.5	8,772	1.7	135,986	2.9
Cassidy	132,705	5.2	94,705	5.7	15,755	3.0	243,165	5.3
Drovers	67,803	2.7	26,935	1.6	5,615	1.1	100,353	2.2
Farmers	163,867	6.5	124,529	7.6	17,947	3.5	306,343	6.5
Ingram	48,930	2.0	28,527	1.7	2,954	0.6	80,411	1.8
Interstate	50,624	2.0	11,745	0.7	1,644	0.3	64,013	1.3
National	444,662	17.8	320,851	19.6	289,517	55.8	1,055,030	22.7
J. D. Sims	82,413	3.3	28,587	1.7	11,207	2.2	122,207	2.7
Scannel Cochran	188,445	7.5	90,691	5.5	10,641	2.0	289,777	6.2
Stribling	136,564	5.4	88,418	5.3	21,824	4.2	246,806	5.2
United	261,232	10.4	275,541	16.8	55,118	10.6	591,891	12.6
Volz	41,906	1.7	11,379	0.7	3,634	0.7	56,919	1.2
R. O. Wright	279,099	11.1	83,456	5.0	9,707	1.9	372,262	8.0
Wright Halliburton	171,416	6.9	198,434	12.0	30,386	5.8	400,236	8.6
D. A. Wright	62,095	2.5	43,771	2.6	10,448	2.0	116,314	2.5
Oklahoma	147,823	5.9	56,453	3.4	59,413	1.9	213,689	4.5
Totals	2,508,215	100.0	1,640,861	100.0	518,922	100.0	4,667,998	100.0

SOURCE: Records of the Oklahoma Livestock Marketing Association.

rather than two head of cattle from a dozen or more pens. However, this is not always the case; sometimes an entire truck load belonging to one man, or several ranchers, is placed in a pen and sold out by twos or half-dozens, according to grade. When the cattle are moved from the drive in alley into the National receiving pens, a tabulation is made of the exact number in each pen, together with the description and the owner's name, thereby having a double check on the cattle. Next, the buyers, either from the Feeders Service, or other firms in the yard, come and look over the cattle, trying to bring the price to a sharp focus as quickly as possible. Next, the cattle go to the scales and are weighed, and another tabulation is made giving the weight, price per hundred, and the names of the seller and buyer.

The last receipts go into the office where the clerical personnel makes an official record of the transaction and a check for the total amount. Most of these cattle start their trip the night before and are received at the stockyards during the night, where they are fed and watered, and are then ready to be sold very early next morning. The commissions charged are a percentage of the total price and vary with different terminal markets and with different species (Tables III and IV).

#### EXPENSES

The expenses for the period studied show a definite rise which covers a period from 1940 to 1944. The expenses in 1940 were \$88,959.16 and rose to a peak of \$136,830.78 in 1943 but decreased to \$127,144.68 in 1944 (Table V). This is accounted for by the increase in the labor rate, additional personnel, and increased numbers of livestock being marketed. Also, other items, such as printing and

Table III. Standard Charges at Oklahoma City Market

Species	: Yardage : : per : : Head :	Delivery : : per : : Head :	Insurance : : per : : Head :	Livestock : : Meat Board : : per Head 1/:	Inspection : : per : : Head 1/:	Total : : per : : Head :
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Cattle	40	4	1/2	1	1/3	45.50
Calves	27	2	1/2	1/3		29.83
Hogs	14	1	1/4	1/3	1	16.83
Sheep	10	1	1/5	1/5		11.40

1/ Optional, never over 25 cents to any one customer.

2/ Never over 25 cents for any one shipment.

Table IV. Commission Charges at Oklahoma City Market

Number of Head	:	Cattle : per Head <u>Dollars</u>	:	Hogs : per Head <u>Dollars</u>	:	Sheep : per Head <u>Dollars</u>
Over 400 pounds						
1		1.00		0.50		0.35
2 or more		0.70		0.25		0.20
Under 400 pounds						
1		0.50				
2 or more		0.35				

SOURCE: Records of the Oklahoma Livestock Marketing Association.

office supplies have increased during this period. The most important item of the expenses is salaries and traveling expenses which approximately doubled in volume during the period of 1940 to 1943. This can be explained by the increase of personnel and the rise of salaries to meet higher living costs. In addition, the National Wool and Mohair Association was organized in April, 1941, the Colbert Feed Pens in October, 1943, and the National Feeder Service Corporation in February, 1944, all of which came during the period studied (Chart No. 1). This expansion absorbed some of the National Livestock Commission Company income but had practically no effect on the increasing expenses. Traveling expense decreased from 1943 to 1944, which is explained by governmental restrictions and priorities due to war-time conditions. During this time, the field men cut down on their traveling and used each trip for the transaction of as much business as possible.

Table V. Expenses, Gross Income, and Earnings of the National Livestock Commission Company, 1940-1944

Year	Expenses	Gross Income	Earnings
	Dollars	Dollars	Dollars
1940	88,959.16	111,794.37	22,835.21
1941	105,110.48	131,616.46	26,505.98
1942	118,935.81	169,883.68	50,947.87
1943	136,880.78	197,185.95	60,305.17
1944	127,144.68	128,828.88	1,684.20
Totals	577,030.91	739,309.54	162,278.43

SOURCE: Records of the National Livestock Commission Company.



## GROSS INCOME

The gross income of the National Livestock Company in 1940 was \$111,794.37. This income was composed chiefly of commissions from purchases and sales on the Oklahoma City markets together with the country commissions. The largest single item is the country commission which was \$17,937.85 in 1940 but fell to \$192.00 in 1944. The purchase commission was \$10,414.85 in 1940 but fell to \$1,536.27 in 1944. The selling commission is the only item which increased during this period; it rose from \$81,675.29 in 1940 to \$126,545.73 in 1944, which was enough rise to offset the other losses. This continued to rise until it hit the peak of \$197,135.95 in 1943, but dropped down to \$128,328.38 in 1944 (Table V). The gross income for 1944 was only slightly above that of 1940, showing a stable condition of the beef cattle industry and a large number of sales which was in line with the large beef cattle numbers both in the United States and in Oklahoma.

## EARNINGS

The earnings of the National Commission Company show a rise until 1943 and then an abrupt break. The average earnings per year during the period 1940 to 1944 are approximately \$30,000.00. However, this will be further broken down for classification: The earnings for 1940 were \$22,835.21, and rose to over \$60,000.00 in 1943, but fell to \$1,684.20 in 1944 (Table V). This is accounted for by a slight rise in income while at the same time the expenses were rising at a faster rate. In 1944 the expenses approximately equaled the gross income which left very little for earnings. This can also be accounted for by the fact that in 1944 a new subsidiary was formed--The National

Feeders Service (Chart No. 1). The National Livestock Commission Company showed considerable earnings from commission on purchases until 1944. After 1944 the commission on purchases is credited to the National Feeders Service and therefore decreased the earnings of the National Livestock Commission Company.

#### SUMMARY

The National Livestock Commission Company was the first subsidiary of the Oklahoma Livestock Marketing Association. Its specialty is selling cattle. The National Livestock Commission Company marketed approximately one-fourth of all livestock at the Oklahoma City market from 1940 to 1944, the period studied in this thesis.<sup>2/</sup> When cattle arrive at the yards they are checked in by the Drive In Company and driven to the National pens, where they are sold and the office writes the check which completes the transaction.

The income of this company shows a trend upward until 1944 which was only slightly above the 1940 mark. The expenses show an upward trend with only a slight decline for 1944. The earnings show an increase until 1944 and then a sharp decline due to the formation of another subsidiary--The National Feeders Service Corporation.

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<sup>2/</sup> This is exclusive of packers, order buyers, and traders.

## CHAPTER IV

### NATIONAL LIVESTOCK CREDIT CORPORATION

#### HISTORY

The National Livestock Credit Corporation is a specialized branch of the Oklahoma Livestock Marketing Association for the purpose of lending money to ranchers for operations in the cattle business. On May 3, 1932, this Association was incorporated for business, about seven months after the opening of the present organization. This subsidiary of the Oklahoma Livestock Marketing Association received a subscription of \$10,000 capital stock from the parent organization which gives them control of the Credit Corporation. The territory includes the State of Oklahoma, parts of Texas, New Mexico, Colorado, and Kansas. The charter would permit business in any state but compliance with existing state laws makes this unprofitable in some states.<sup>1/</sup>

Loans are made principally on commercial livestock, cattle, sheep, and hogs for a term usually not to exceed one year and to mature when the livestock are ready for the market or in the fall of the year, whichever time comes first.

The loans of the Livestock Credit Corporation at the time this study was made in 1944, showed the loans to be concentrated in the central third of the State. No loan was found east of Osage County on the north which had a total of eleven loans at that time; Okfuskee County in the center which had one loan; and Pittsburg County in the center which had one loan. The greatest number of loans

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<sup>1/</sup> Personal Interview, Mr. A. W. Lucas.

was found in Osage, Johnston, Blaine, Caddo, Comanche, Carter, and Oklahoma counties. No loans were in operation in the three Panhandle counties (Chart No. 2).

There is a low correlation between the cattle numbers in each county and the loans of the National Livestock Credit Corporation. One reason for lack of loans in the eastern third of the State is because of the low quality of grass, the pests and parasites, and the stock laws. In many of the eastern counties stock is allowed to roam at large on the public domain or private property in the case it is not fenced. These conditions cause slow gains on the grass in the spring, a high death loss from pests and parasites, or moving vehicles, and the inability to improve blood lines. Another disadvantage which is the barrier of distance to Oklahoma City. Many of the eastern operators prefer to sell their cattle at the community auction or a private sale on a dollars per head basis.

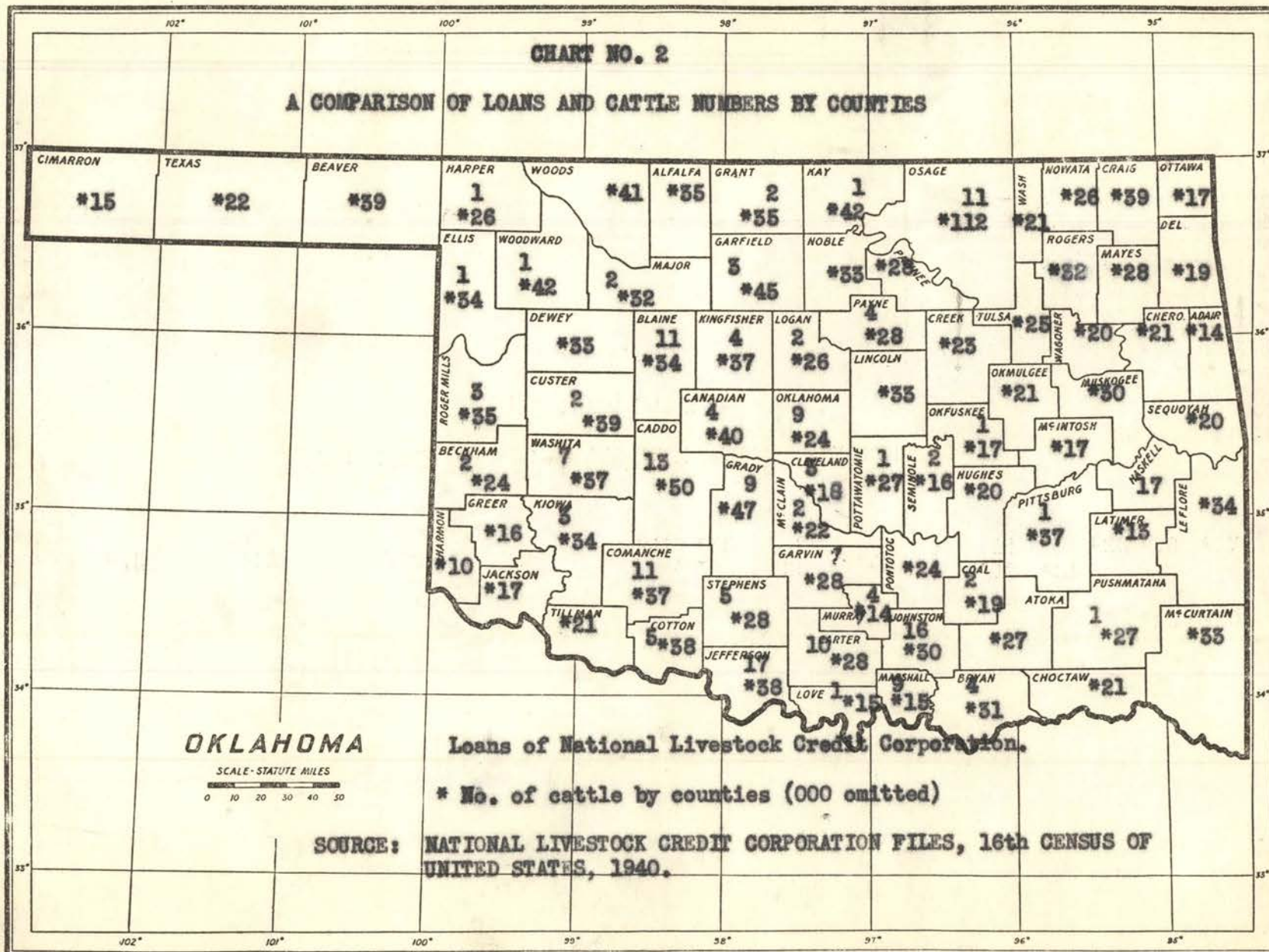
#### MEMBERSHIP

A cattle man becomes a member of the Oklahoma Livestock Marketing Association when he buys livestock, borrows money, ships cattle, or sells through any of the subsidiaries and pays a membership fee of \$1.00. He is then a legitimate member of that company which is a part of the parent holding company and is entitled to one vote.<sup>2/</sup> This dollar share of stock with its one vote privilege is shared alike by a small or large operator regardless of business. When a rancher does business with another subsidiary he becomes a member of that organization and shares in the dividends but is not required to

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<sup>2/</sup> Chart No. 1.





pay an additional membership fee. In reality a farmer is a member of the Oklahoma Livestock Marketing Association rather than one of these subsidiaries. The dividends of each organization are figured on a pro rata basis depending upon the business any member may give that organization.

The patronage dividends could be paid through the parent organization but the management feels that the wool and mohair people have no right to share with the dividends of the credit corporation or the commission company. After sufficient reserves have accumulated in each subsidiary, the management makes a list of the customers and the business of each customer; the dividend is paid through the Oklahoma Livestock Marketing Association. In this way a member is not only a member of the company with which he does business but also of the Oklahoma Livestock Marketing Association through which the dividends are paid. The share of stock holds a membership for an indefinite period. The growth has increased from 487 members at the beginning to approximately 7,000 at the present time. Many club boys and girls obtained finances to carry on their project program through this organization and in this manner become a bona fide member.

The average amount of business per member would have little meaning due to the wide variation in size of loan. A club boy's loan of \$50 to \$200 averaged in with a \$100,000 loan and again averaged with a small loan sufficient to buy ten feeder steers would have little or no meaning. The size of operational unit also varies in such the same manner. The setup for \$100,000 loan would be on a much larger scale than for the ten steer business or the club calf. A



member is entitled to patronage dividend of the organizations through which he does business although he is a member of the holding company, the Oklahoma Livestock Marketing Association.

#### VOLUME OF LOANS

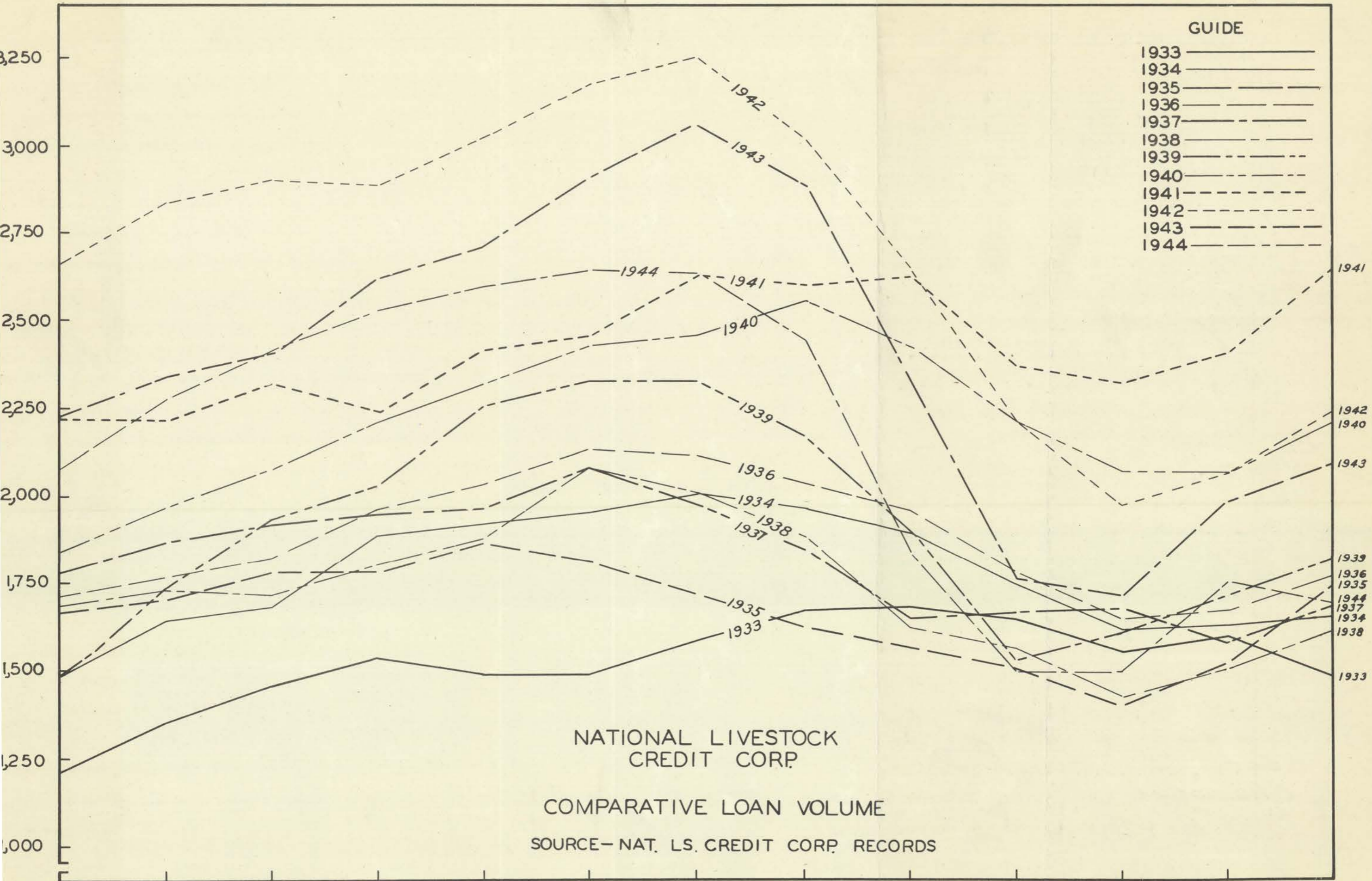
The volume of the National Livestock Credit Corporation has shown a steady growth in the 13 years of its history. The first season the loans rose to approximately \$1,200,000 ending at \$1,500,000 on December, 1933. In 1934 they rose to \$1,625,000 and in 1935 to \$1,700,000. The rise of 1935-1936 was approximately \$50,000 and it was followed by a decrease in 1937 to slightly more than the 1934 mark of \$1,625,000. In 1938 there was a further decline of volume down to slightly below the 1934 level. From that date to 1941, there was a sharp and rapid rise, the volume in 1939 being approximately \$1,800,000. The 1940 volume started at \$1,800,000 and rose to \$2,500,000 in July, but fell to almost \$2,000,000 by the end of the year. The year 1941 saw no such high rise from January 1 to July 1, but there was considerable activity in December of that year (Chart No. 3).

The effect of the two droughts, 1934 and 1936, can be seen by the loan volume. The response to range conditions and depression pessimism showed a decrease in the loan volume. By 1940 this condition had vanished and coupled with this, war conditions and the rise of the national income gave increased beef consumption which in turn stimulated beef production and increased the loan volume.

Usually the loan volume begins to increase around October and continues to rise until March. At this time some livestock are being moved from wheat pastures to the market but more ranchers are borrowing money for stockers so the line flattens out during an

GUIDE

- 1933 \_\_\_\_\_
- 1934 \_\_\_\_\_
- 1935 \_\_\_\_\_
- 1936 \_\_\_\_\_
- 1937 \_\_\_\_\_
- 1938 \_\_\_\_\_
- 1939 \_\_\_\_\_
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NATIONAL LIVESTOCK CREDIT CORP.

COMPARATIVE LOAN VOLUME

SOURCE - NAT. LS. CREDIT CORP. RECORDS

interval of March and April. Around June, on the other hand, grass cattle begin to come on the market and the volume drops until October and again begins to increase or rise showing the beginning of another cattle borrowing cycle (Chart No. 3).

#### FINANCING OPERATIONS

The financing or loaning of money to ranchers by the National Livestock Credit Corporation is a relatively simple matter. The rancher usually comes to the Oklahoma City office and makes application for a loan. An inspector goes to his ranch and evaluates the business unit, paying close attention to grass, water, and feed conditions. An evaluation is made of the man himself, whether he would be a good moral risk, although the business unit might be profitable, the loan is turned down. If the unit is profitable and the owner is considered a good risk, money is loaned but no definite percentage or amount is granted. The policy of the Credit Corporation has been to value cattle at a low price and lend money accordingly. It is the opinion of the officers of the organization that even if cattle prices should break abnormally, most of the loans would be sound and could be paid off without any undue hardship to the borrower.

When and if the loan is approved, the papers including the mortgage on the livestock are sent to the Intermediate Credit Bank at Wichita, Kansas, for rediscount. The interest rate charged borrowers is not more than 3 percent per annum above the credit bank rediscount rate of  $1\frac{1}{2}$  percent, which makes a total of  $4\frac{1}{2}$  percent interest on



livestock loans.<sup>3/</sup> The total interest rate is not fixed but its maximum is determined by the interest of the Federal Intermediate Credit Bank.

Loans run from six to twelve months or maturity coincides with the sale of livestock. It does not lend deposit money but obtains its funds from Federal Intermediate Credit Banks which in turn raise their funds through sale of debentures to private investors. The note can be renewed if the collateral is in good condition and there seems to be a need for an extension. The Livestock Credit Corporation was organized to bring credit to the stockmen of Oklahoma which was not obtainable elsewhere at that time. Whenever a loan is rejected, no fee is made for the inspection of a ranchers collateral.

At the inception of the organization there was a time elapse of about two weeks from time of application for a loan until the farmer received his money, because it was necessary for most mortgages to be rediscounted with the Federal Intermediate Credit Bank. At the present time, a rancher in good standing, who has done business previously with the organization, will be able to get his money much sooner. Permission is given some farmers to write a sight draft on the Corporation before all the legal matters are ironed out, thus speeding up the money-lending process.

#### EXPENSES

The total expenses range from \$12,190.24 in 1932 to \$38,970.38 in 1944, which was an increase of over 200 percent (Table VI).

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<sup>3/</sup> The 11th Annual Report of the Farm Credit Administration, 1943-1944, p. 8.

Table VI. Loan Volume and Expenses of the National  
Credit Corporation, 1932-1944

Year	Loan Volume 1/ Dollars	Total Expenses Dollars	Expense per Dollar Loaned Cents
1932	1,200,000	12,190.24	1.015
1933	1,487,500	21,629.93	1.454
1934	1,650,000	24,344.99	1.475
1935	1,725,000	26,844.99	1.556
1936	1,761,000	22,859.89	1.298
1937	1,675,000	25,139.24	1.500
1938	1,615,000	29,426.67	1.822
1939	1,835,000	32,356.88	1.763
1940	2,225,000	38,467.20	1.728
1941	2,650,000	47,084.89	1.776
1942	2,240,000	34,644.51	1.546
1943	2,090,000	29,882.12	1.429
1944	1,650,000	38,970.38	2.361

SOURCE: The records of the National Livestock Credit Corporation, 1932 to 1944, inclusive.

1/ Approximate loan volume as of December 31, respectively.

The most important item and the one with the most variation in the expense column, was that of salaries, which ranged from \$5,408.77 in 1933 to \$19,984.00 in 1944. This shows a steady rise which can be accounted for by two reasons: (1) The increase and expansion of the personnel, and (2) An increase in the volume of business.

The total expenses bear a close correlation to the loan volume, showing most of the expenses to be variable and proportionate to the loan volume (Table VI). For each dollar loaned, approximately 1.5 cents goes for expenses. This was true until around 1940, when the loan volume decreased a great deal, due to prosperous cattle conditions, ranchers liquidating their loans, and a large majority of farmers and ranchers able to finance their own operations. Seasonal variations show that the fall of the year is the liquidation period, December 1, on until early spring is the financing period when people borrow or use a lot of money. The loan volume is usually largest between May and July. In the latter month some grass fed cattle begin to come to the market.

Another item of significance is bad debts. The National Livestock Credit Corporation had relatively small losses from bad debts which totaled only a few thousand dollars in the history of the organization. One instance was reported where a bill of sale on approximately 2,000 head of cattle was given to clear a debt in one of the drought years. These cattle were moved to good grass and returned a profit to the Corporation of around \$5,000 showing the results of beef cattle management.<sup>4/</sup> The total expense during the

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<sup>4/</sup> Records of National Livestock Credit Corporation.



life of the Corporation ranged from \$21,629.93 in 1933 to around \$38,970.38 up to the end of this study in 1944 (Table VI). Again there is general upward trend of expenses, ranging from a depression to prosperous times.

#### GROSS INCOME

The financing of loans is carried on through the Federal Intermediate Bank of Wichita, Kansas, referred to on page 32. However, in recent years, the Corporation has accumulated large reserves and for a certain percentage of their loan volume, can use their own money, rediscounting later, if the occasion arises. The difference of the interest the farmer pays and the interest the Corporation pays to the Intermediate Credit Bank is the net earned discount, or the gain from a lower rate of interest than the farmer pays.

The three most important income items are: (1) Net earned discount, (2) Interest on bonds, and (3) Inspection fees. The net earned discount and inspection fees are directly proportional to the loan volume. Interest on bonds is determined by the number of interest bearing bonds owned by the corporation.

The total income varied from \$66,510.96 in 1933 to \$123,103.38 in 1942 the latter being the peak year for the gross income, expenses, and earnings (Table VII). This shows an upward trend of the income, a similar trend in expenses and a high correlation between the two. Up until 1942 the Credit Corporation income advanced at a slightly higher rate than the expenses. The gross income increased 85 percent while the expenses increased 60 percent. From 1942 to 1944 gross income was approximately cut in half while expenses increased approximately \$4,000.00. According to the

Table VII. Expenses, Gross Income, and Earnings of the  
National Livestock Credit Corporation, 1933-1944

Year	Expenses	Gross Income	Earnings
	Dollars	Dollars	Dollars
1933	21,629.93	66,510.96	44,881.03
1934	24,344.99	96,991.24	72,646.25
1935	26,844.99	72,696.81	45,851.82
1936	22,859.89	77,693.52	54,834.63
1937	25,139.24	71,708.97	46,569.73
1938	29,426.67	70,789.93	41,363.26
1939	32,356.88	75,721.39	43,364.51
1940	38,467.20	85,511.77	47,044.57
1941	47,084.89	104,251.48	57,166.59
1942	34,644.51	123,103.38	88,459.77
1943	29,882.12	85,729.59	55,847.47
1944	38,970.38	76,603.05	37,732.67
Totals	371,651.69	1,007,312.09	635,762.30

SOURCE: The National Credit Corporation Records, 1933 to 1944, inclusive.

management, these same conditions increased geometrically during 1945.<sup>5/</sup> The rise in the salary and wage scale is largely responsible for this variation.

#### EARNINGS

The earnings of the National Livestock Credit Corporation have only a slight variation from 1933 to 1944. The earnings for 1943 was \$44,881.03 while that of 1944 was \$37,732.67, slightly less than the beginning year. During the peak year of 1942, the earnings were \$88,459.77, or approximately double the beginning year of 1933. The earnings of the Credit Corporation are determined by the gross income and the expenses and the rate at which these two items advance or decrease. The gross income, up until 1942, advanced at a faster rate than the expenses thereby making a favorable balance for earnings. From 1942 until 1944, the gross income decreased while the expenses increased making an unfavorable balance for the earnings (Table VII).

#### SUMMARY

The National Livestock Credit Corporation is a subsidiary of the Oklahoma Livestock Marketing Association.

The Corporation has shown a steady growth during the twelve years of its history. In 1942 the loans amounted to over three million dollars but because of prosperous conditions the loan volume gradually decreased in 1943 and 1944. The loan volume has an annual variation resembling a cyclical movement—this move can also be noticed over a period of years.

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<sup>5/</sup> Personal Interview, Mr. A. W. Lucas.



The expense and income of the corporation has shown a definite upward trend. Approximately one and one-half percent of each dollar loaned goes for expenses. There is a high correlation between loan volume and total expense. The organization seems to be under excellent management, bad debts being practically nil. The earnings of the Corporation increased until 1942 but decreased during 1943 and 1944.

## CHAPTER V

### NATIONAL WOOL AND MOHAIR ASSOCIATION

#### HISTORY

Sheep seem to have a definite place in the agriculture of Oklahoma in the central and western half of the State. Occasional flocks are found in the eastern counties, but for the most part, sheep and fall sown grain go hand in hand.<sup>1/</sup> The lamb industry is concentrated in Alfalfa, Blaine, Canadian, Garfield, Grady, Grant, and Kingfisher counties. The trend of sheep and lamb production has tended to increase especially up until 1940. The reason for this increase and concentration of counties is because of the purchasing power indices and because the above counties constitute one of the most important cash-grain sections in the State. The abundance of wheat pasture in years of favorable weather conditions often make it profitable for the farmer to raise or purchase feeder lambs for fattening on these pastures.

The Wool and Mohair Association was set up by the Oklahoma Livestock Marketing Association with a capital stock of \$10,000.00 to handle the expanding conditions in Oklahoma. The wool handling feature was designed as separate from other marketing facilities in case it did not pay off it would not become a burden to the rest of the organization. However, through careful management the organization has shown a profit since its beginning, April 1, 1941 (Appendix C, page 86).<sup>v</sup>

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<sup>1/</sup> Hill, Marjorie, "Oklahoma's Sheep Industry," Current Farm Economics, Oklahoma Agricultural Experiment Station Series 49, Vol. 12, No. 4, August, 1939, pages 101-106.

The large ranchmen have gone out of the sheep business principally because of lack of labor. Back at a time when they could get plenty of labor they raised large flocks of sheep, but now they cannot take care of them, the large operators do not care to personally play nursemaid to a bunch of sheep. When the labor supply became scarce thereby forcing owners to do more of the work themselves, they refused to do it and sold off their flocks (Table IX). The wool in Oklahoma market the past two years has been principally from small farm flocks as a few sheep handled correctly make a farmer some money. A ewe costs six to seven dollars, has a wool clip in Oklahoma of seven to nine pounds averaging about 40 cents for the past season. In addition one has to have over 100 percent lamb crop, the lamb weighing about 100 pounds at 16 cents per pound, or \$16.00. In other words, a ewe costing around seven dollars to ten dollars will produce a gross return of approximately \$20.00. Due to the fact that seven sheep and fourteen lambs are necessary for an animal unit, the feed and space required would be small compared with other livestock.

At the present time all the 1943, 1944, and 1945 wool clip bought through this association is in storage, excepting two carloads. This wool was bought through and under the supervision of the Commodity Credit Corporation which carries blanket insurance on all warehoused wool and pays the Wool and Mohair Association 15 cents per month per sack, each sack varying in weight but usually running about 85 pounds.

The reason for the large carryover in storage is that the wool manufacturer can buy raw foreign wool approximately 20 cents per pound cheaper than American wool, coupled with the fact that the



foreign wool is hand sorted as it is sheared from the sheep. The American wool, on the other hand, is not sorted as sheared, thereby causing the manufacturers additional expense in sorting it after it arrives at the mill.

Country buyers all over the State can buy wool but are allowed to make a profit of one and one-half cents per pound. If a buyer gets wool for 20 cents per pound and it sells for 40 cents per pound he would make the regular one and one-half cents per pound as established by the government, the difference between 20 cents buying price plus 1.5 cents goes to the buyer, the remainder goes to the Commodity Credit Corporation. If there is a loss in the transaction, the buyer paying too much, the Commodity Credit Corporation will not make up the loss. County Agents and farmer's organizations pay a great part in designating who will buy the clip.

#### VOLUME

The story of the volume of wool and mohair in Oklahoma from 1942 to 1944 is in favor of the small operator (Table VIII). This shows a reduction in the volume but over four times more consignments. The volume decreased from 536,678 pounds in 1942 to 411,529 pounds in 1944. The large operator was forced out of business due to labor conditions, and shifted to beef cattle, or reduced the size of his flock, while the number of small operators, men who were able to do their own work began to go into the business.

#### EXPENSES

One item of expense during this period was placing a concrete floor in the storage room of the Oklahoma Livestock Exchange building. The Wool and Mohair Association do not own the building but have a reasonable assurance that the lease will be continued.

Table VIII. Volume and Handling Costs of the National Wool and Mohair Association, 1942-1944

Marketing Expense per Hundred Pounds		Dollars
Commodity Credit Corporation		1.125
National Wool Marketing Corporation, Boston, Massachusetts		1.750
National Wool and Mohair Association, Oklahoma City, Oklahoma		1.750
Grading		.750
Marketing Service Expense		5.375
Freight, Oklahoma City, Oklahoma to Boston, Massachusetts		1.7819
Trucking at Boston, Massachusetts		.10
Net Inbound Freight to Oklahoma City, Oklahoma		.10
Total Handling Cost to Producer		7.35

Table IX. Volume, Number of Consignments, and Handling Costs of the National Wool and Mohair Association, 1942-1944

Volume Handled		Number of Consignments		Handling Costs	
	Pounds		Number		Dollars
1942	536,678	1942	356	1942	5.75
1943	430,521	1943	720	1943	7.52
1944	411,529	1944	1,445	1944	7.35

SOURCE: Records of the National Wool and Mohair Association.

The handling costs per hundred pounds of wool have increased from \$5.75 in 1942 to \$7.35 in 1944. This is explained by an increase in the number of consignments and an increase in the general wage rate. The average net price paid to producers in 1934 was \$0.3496, and the total handling costs to the producer was \$0.00735 per pound (Table VIII).

#### GROSS INCOME

One of the most important items of income to the National Wool and Mohair Association is the refund on freight rates. This means that although the wool is shipped by way of Oklahoma City, traveling part of the distance in reaching Boston, a freight refund is made which equals the freight rate via the shortest distance, all in excess of this amount is refunded. The Commodity Credit Corporation buys all wool and mohair at the present time, allowing only a narrow margin of profit to any country buyer. This eliminates the problem of profiteering and cut throat competition of some dealers. This small margin of profit has also eliminated practically all the dealers from trading in the wool market. The buying of wool for the most part is carried on by farmer's organizations such as the county agent's office, Farmer's Union, and cooperatives. The wool is shipped into Oklahoma City where it is graded, tagged, and stored for the Commodity Credit Corporation at 15 cents per month per bag.

At such a time when sufficient quantity of ungraded wool is received at the warehouse it is then graded. A tabulation is kept of each rancher's wool together with the grade and price. The Commodity Credit Corporation has established a price for all grades. This price ranges from around 30 to 50 cents per pound. The grade



is determined by the length of the wool, fineness of the yarn, and whether the clip is bright or dirty, or contains burs or other foreign material.

#### EARNINGS

When the wool and Mohair Association was first organized, the management felt sceptical about the earnings. It was set up as a specialized branch of the Oklahoma Livestock Marketing Association so that it could be dissolved if it showed too great a loss. To the contrary, the association has realized earnings since it was started. The earnings for the first period of auditing was \$1,337.09; the second period \$7,748.85; and the third period \$3,708.25. The total earnings for the three year period averaged over \$4,000 per year (Table X).

Table X. Expenses, Gross Income, and Earnings of the National Wool and Mohair Association

Year	Expenses Dollars	Gross Income Dollars	Earnings Dollars
1942	11,056.91	12,394.00	1,337.09
1943	6,869.50	14,618.35	7,748.85
1944	15,721.01	19,429.26	3,708.25
Totals	33,647.42	46,441.61	12,794.19

SOURCE: Records of the National Wool and Mohair Association.

## SUMMARY

The National Wool and Mohair Association was organized on April 1, 1941, as a subsidiary of the Oklahoma Livestock Association. The wool and mohair industry is concentrated in the small grain area where there is an abundance of winter pasture. In this region an ewe with careful management yields a gross return of around \$20 per year.

The County Agents Offices, together with various farmer organizations handle most of the wool buying in the state. At the present time, the wool clip for 1943-1945, bought through the wool and mohair association, except two carloads, is in storage with this association, the Commodity Credit Corporation paying storage 15 cents per month.

The story of wool producers for the last three years shows a reduction in the number of pounds handled while the consignments quadrupled.

The gross income has shown a steady trend upward during the three periods of auditing. The earnings have shown an average of around \$4,000 from 1942 to 1944.



CHAPTER VI  
COLBERT FEED PENS  
HISTORY

The Colbert Feed Pens have been in operation as a part of the Oklahoma Livestock Marketing Association since October, 1943.

(Chart No. 1). The purpose of these pens is to furnish the facilities whereby grass cattle can be finished on grain in order to raise the quality of beef. At the present time the pens are leased on an annual basis to the Oklahoma Livestock Marketing Association who have a five year option. The Colbert Feed Pens are spoken of as a subsidiary of the Oklahoma Livestock Marketing Association although this is not literally true. They are a privately owned organization leased by the Oklahoma Livestock Marketing Association.

In the past two years it has operated at a loss which may be due to government control which has caused the cattlemen to get the cattle in as good shape as possible on grass and sell at the market price. Cattle brought into these pens are fed from one to three weeks to add finish to the carcass. Also, cattle that are hauled long distances may be fed for a few days to overcome travel shrinkage. The heaviest runs of cattle through these pens usually comes in the winter months.

VOLUME

The capacity of the Colbert Feed Pens is around 7,000 head of cattle at one time. A picture on the office walls portrays the pens in full operation. Figures were unavailable as to the number going through the pens for any years except 1944, which was 1,764 head, a small percentage of capacity.

### SALE OF FERTILIZER

The sale of fertilizer was a profitable part of the business before the labor shortage. It was first delivered for \$2.00 per ton to any part of the city but later was sold for 80 cents per ton, the buyer loading and hauling the fertilizer. This past spring, the Oklahoma Livestock Marketing Association had countless requests for fertilizer which they could not fill and the people making the requests lacked facilities for loading and hauling. This fertilizer is a mixture of river sand and feed excretions, making an excellent organic nutrient for lawns, gardens, and vegetable growing. It is also used for leveling and landscaping.

### INCOME AND EXPENSES

The profit and loss statement for the organization, from September, 1943 to December, 1944 shows a loss of \$55.55. However, this is very small, and is more than offset by the service rendered to members of the Oklahoma Livestock Marketing Association. Its purpose in the beginning, was not to make money, but was an added service and convenience of the members. This policy will be continued unless the loss is so heavy as to offset the advantages.

The most outstanding item of expense is salaries, which is slightly over half of the total (Appendix C, page 90). The rent on pens is the next item, which amounts to approximately one-seventh of the total expenses. The reason for this high item of salaries, is because of the large amount of labor involved in feeding cattle. Many times, ten to twelve wagons, together with men and teams working all day were necessary to feed the cattle.

## RENT ON PENS

The rent for livestock being fed in the pens is four cents per head per day, plus the actual cost of the feed consumed, the livestock being fed according to the owner's wishes. If a steer weighs 800 pounds on entering the feed lot and would bring ten cents per pound, and was then fed to 1,000 pound weight, and sold for twelve cents per pound, there would be a gain of two cents per pound on the original 800 pounds or \$16.00 gain in value. The 200 pound gain would have a gross value of \$24.00 offset by the feed consumed, plus four cents per head per day rental. The \$24.00 would probably not pay for the feed and the rancher might either receive a small margin of profit, or even show a loss for having fattened them in dry lots. If any money is to be made under the present feed costs, it is the gain in grade on original beef at the beginning of the feeding period.

## SUMMARY

The Oklahoma Livestock Marketing Association has a lease on the Colbert Feed Pens with a five year option. It has operated at a loss for the last two years but is a service to cattlemen.

The chief expense was salaries and the chief source of income was a gain in the feed account. In 1944 only 1,764 head of cattle went through the pens. Very little income was received from the sale of fertilizer due to labor shortage.

The rent on pens is four cents per day per head plus the actual value of the feed consumed. Cattle brought to these pens are fed according to the owner's wishes.



## CHAPTER VII

### NATIONAL FEEDERS SERVICE CORPORATION

#### HISTORY

The National Feeders Service Corporation was organized February 1, 1944. Prior to that time the services of this organization were handled by the National Livestock Commission Company, in addition to their other duties. The chief purpose of this organization is to buy livestock for the members. The National Feeders Service is the youngest of the subsidiaries of the Oklahoma Livestock Marketing Association. This study includes 15 months of continuous operation from the time of its organization, February 1, 1944, until April 30, 1945.

The theory or philosophy of the organization since its beginning was that the same man could not buy and sell with equal efficiency, consequently, a special association was started for this purpose. If cattle are bought in the country they are shipped direct to the buyer, mostly by rail but can be trucked if a reliable man can be found in the community. Many of the eastern packers and dealers buy by brand, that is, a large outfit as Diamond A or Four Sixes may be known for a distance of a thousand miles. A packer or feeder in the corn belt or New York oftentimes buys by brand and never sees the cattle until they arrive at the destination.

#### VOLUME

Cattle. The highest volume of cattle purchases was during June, July, August, September, and October of 1944, with August hitting the high peak of 17,012. This activity is chiefly among stockers and feeders which explains the activity during the early fall

months with the possibility of marketing around 100 days after being placed on full feed. Feeders in Oklahoma are usually placed in dry lot shortly after the small grain harvest, around July or after the harvesting of the summer or fall crops in September, therefore, producing prime and choice beef by January first.

The sheep purchases show the greatest number during October and March. The September and October purchases show the movement of feeder lambs or flocks to the wheat pastures, while the peak for March shows the movement to native grass pastures.

Hogs. The largest volume of purchases for hogs was in February and July. Farmers making a purchase in July of feeder pigs can put the finished hogs on the market by September or October. February purchases would work well with either stocker or feeder hogs, feeders going to the market around May or stockers being bred and farrowed sometime during the summer or early fall months.

Buying. The commission on country buying is 50 cents per head, whereas the commission in the yards is at the rate of \$20.00 per carload. There are two different sizes of cattle cars. A 36 foot car holds a minimum of 22,000 pounds and the 40 foot car holds a minimum of 24,500 pounds of beef. In numbers this would average 19 head of heavy cattle to 60 head of calves. In buying cattle, the commission is figured on a percentage basis, if one half car is purchased, \$10.00 will be the commission charges.

Usually there are two buyers, except at the peak seasons, one buyer for the country and one for the yards. During the peak loads, there might be a number of buyers on the yards.



In order to learn the business the men who are thought to be potential sales material start from the bottom of a business as drover boys, alley boys, scale boys, and weighers, serving apprenticeship in each capacity, determining qualifications for salesmen. If it is thought they are qualified they are given an opportunity to sell some bulls or other odd lots of cattle. If they handle this transaction satisfactorily they might be given other selling assignments to further test their ability and are then taken out into the country with a buyer in order to broaden their experience.

Selling. Selling cattle to ranchers through commission or consignment together with selling outright in their own name is carried on by the National Feeders Service Association. They may take title to the livestock, or act as an agent on a commission basis. On the transaction of a commission assignment of livestock, when they are delivered to the buyer, usually to a rancher, in case the livestock are not satisfactory he is not obliged to accept them. The National Feeders Service, acting as an agent, but not having title to this consignment has two alternatives if the cattle are not accepted: (1) They may sell at the current market price at the destination, or (2) They may ship back to Oklahoma City.

To illustrate this, three carloads of cattle were shipped to Denver, Colorado, the owner refused to accept them and the Feeder Service sold them on the Denver market at a loss rather than pay the freight bill back to Oklahoma City.<sup>1/</sup> The legal aspect of this situation has not been tested in the courts to the satisfaction of

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<sup>1/</sup> Data obtained from the records of the National Feeders Service Corporation at Oklahoma City.

the Association or other similar organizations. Up to the present time, it has been left to the honesty, integrity, and intentions of both the buyer and seller, which is established principally on a personal basis.

Past records show that as a group both buyers and sellers of livestock have a high sense of loyalty and honesty though not bound by contract. They try to state in plain words all the different aspects of the situation before it is made and they want to retain the respect of the commission firm as well as others in similar business. This is a carryover from the early days of cattle industry when cattle were driven from Texas to northern markets where the buyer had to rely on the word of the seller as to the condition of the cattle, whether or not they were his, or any other phase of the transaction that might arise.

#### EXPENSES AND INCOME

The expenses and income for the National Feeder's Service Corporation for this study is for the fifteen months February 1, 1944 to April 30, 1945. This is too short a period to draw any conclusions or establish any trends, but it will show whether or not the management was successful for this short period. The chief source of income for the National Feeders Service Corporation is the commission charged on their transactions, buying in the yards and in the country. The commission in December, 1944 from the various sources were as follows: On cattle bought and sold on Oklahoma City Market, \$26,571.15; on country transactions, \$7,149.50; on hogs, \$4,391.36; and on sheep, \$3,121.20. The most outstanding item in the expense account was the salary of employees connected with cattle, amounting

to \$12,092.31 or approximately one-half of the total expense for an eleven month period. Earnings for the eleven month period amounted to \$14,409.31, a ratio of approximately one to three, expense to income.

#### OTHER SERVICES

Another service of the National Companies is the Market Letter every Thursday, which contains such information as the subsidy paid by the government direct to the cattle feeders. In addition, there is a summary of the cattle, sheep, and hog prices for the previous week in addition to certain information concerning the production of wool and mohair. From time to time, this letter will give other types of information valuable to the livestock producer. The daily radio program sponsored by the Oklahoma Livestock Marketing Association includes five minutes in the morning and fifteen minutes during the noon hour. This service is for two reasons: (1) Information, (2) Additional service to livestock and grain producers of the State. The morning program includes: (1) Estimates of receipts at principal markets, and (2) Market outlook, a brief summary of previous day's livestock and grain market. The fifteen minute noon hour program includes current livestock and grain markets each day, Monday through Friday. At other times, there are special programs, such as Christmas Programs, Bond drives, or other civic or community services.

## SUMMARY

The National Feeders Service Corporation was organized February 1, 1944, as a separate and distinct service of the Marketing Association. The philosophy of this organization was that the same men could not buy and sell the same cattle with equal efficiency. The Feeders Service buys in the country at 50 cents per head commission and at the rate of \$20.00 per carload in the yards. Some of the eastern packers buy by brand from the western ranchers and never see the cattle until they arrive at the destination.

## CHAPTER IX

### SUMMARY AND CONCLUSIONS

#### Introduction

Cattle were first introduced by the early colonists. These cattle were used for milk and beasts of burden. In the Ohio Valley the first herds appeared and it is here that big cattle industry began. Their first problem was marketing, which was accomplished by "trailing" their cattle to the eastern markets.

Around 1850 the marketing of cattle was handled by rail shipments to the eastern markets which was expensive but the cattle arrived in much better condition than from trailing. The beef cattle industry continued to flourish until the Civil War when many of the southern herds were abandoned, others sold for as low as \$4.00 to \$6.00 per head. In the north some choice steers sold for as high as \$100 per head. As soon as hostilities ceased there was intense activity on the part of northern traders to purchase these cheap cattle. The Texas herds were driven across Oklahoma to Sedalia and later to Abeline, Kansas and there shipped by rail to the northern terminal markets. The methods of marketing during the above transitional period have been characterized by the following phases: (1) trailing of livestock to central markets, (2) trailing to the shipping point and thence by railroad, (3) trucking by motor to central markets, (4) auction sales, and (5) development of cooperative marketing associations.

#### OKLAHOMA LIVESTOCK MARKETING ASSOCIATION

The Oklahoma Livestock Marketing Association was organized in 1931 to meet the needs farmers and ranchers in financing and marketing livestock. It is a cooperative governed by an eleven-man board



of directors who direct the policies of the organization. The association is designed after the cooperative principle of one member, one vote.

The Oklahoma Livestock Marketing Association is composed of the following subsidiaries: The National Livestock Commission Company, The National Livestock Credit Corporation, The National Wool and Mohair Association, The Colbert Feed Pens, and The National Feeders Service Corporation. These subsidiaries perform a specialized work and are interrelated with the parent or holding company, the Oklahoma Livestock Marketing Association.

The purpose of this cooperative is to market livestock efficiently and render to the rancher the highest net returns, thereby eliminating any profits of speculation. Orderly marketing, services to ranchers and payment of patronage dividends have been some of the outstanding items for the success of the organization.

#### THE NATIONAL LIVESTOCK COMMISSION COMPANY

The National Livestock Commission Company was the first subsidiary of the Oklahoma Livestock Marketing Association which dates its formation with that of the parent organization. This subsidiary marketed approximately one-fourth of all livestock at the Oklahoma City market from 1940 to 1944. When cattle arrive at the pens they are checked in by the drive-in company and driven to the firm under which the farmer consigns the livestock, where they are sold and the office involved writes the check which completes the transaction.

The income of this company shows a trend upward until 1944 which was slightly above the 1940 mark. The expenses show an upward trend with only a slight decline for 1944. The earnings show an increase until 1944, and there a sharp decline due to the formation of

another subsidiary--The National Feeders Service Corporation.

#### THE NATIONAL LIVESTOCK CREDIT CORPORATION

The National Livestock Credit Corporation, the second subsidiary was organized in 1932, whose purpose is to loan money for buying cattle.

The corporation has shown a steady growth during the twelve years of its history. The loan volume has averaged over two million dollars.

The expenses and income of the corporation have shown an upward trend. Approximately  $1\frac{1}{2}$  percent of each dollar loaned goes to expenses. The earnings of the corporation increased until 1942 but decreased during 1943 and 1944.

#### THE NATIONAL WOOL AND MOHAIR ASSOCIATION

The National Wool and Mohair Association was organized in 1941 as the third subsidiary of the Oklahoma Livestock Marketing Association. The sheep business is concentrated in the winter small grain area. During the last three years there has been a reduction in number of pounds handled but an increase in consignments. The gross income has shown a steady trend upward and the earnings have averaged around \$4,000 from 1942 to 1944.

#### THE COLBERT FEED PENS

The Colbert Feed Pens is the fourth subsidiary of the Oklahoma Livestock Marketing Association. It is operated on a five-year lease option contract. It has operated at a loss of \$55.55. The rent on pens is four cents per day plus the actual value of the feed consumed.

#### THE NATIONAL FEEDERS SERVICE CORPORATION

The National Feeders Service Corporation is the fifth and last of the subsidiaries of the Oklahoma Livestock Marketing

Association. The purpose of this organization is to buy livestock for members; the charges are 50 cents per head in the county, and \$20.00 per carload on the yards. The earnings for the eleven-month period studied were \$14,409.31

APPENDIX A



# ANNUAL REPORT

1944

## Oklahoma Livestock Marketing Association

## National Wool and Mohair Association

Statement as of December 1, 1944

ASSETS	
Cash in Bank.....	\$ 13,701.68
Advances on Wool.....	1,226.75
Advances on Freight.....	54.12
Bag, Twine and Supplies.....	4,131.20
Prepaid Insurance.....	785.00
Freight Refund Advanced.....	969.42
Accrued Storage.....	1,726.95
	<hr/>
	\$22,595.12
LIABILITIES	
Capital.....	10,000.00
Surplus and Profit.....	12,595.12
	<hr/>
	\$22,595.12

Our wool marketing association has completed its third year of operation, with approximately a half million pounds marketed for the Oklahoma and Texas wool grows again terhis year. The wool was all appraised in the warehouse here in Oklahoma City, and full settlements have been made to the growers. The handling charges averaged less to the NATIONAL consignors this year than through any of the other handling agencies, which has definitely shown to us that our Oklahoma wool can be marketed here at home, and at a saving in marketing expense to the producers.

RESULTS  
of  
THIRTEEN YEARS  
of  
COOPERATIVE EFFORT  
by  
LIVESTOCK PRODUCERS

### Subsidiaries

NATIONAL LIVESTOCK COMISSION CO.  
NATIONAL LIVESTOCK CREDIT CORP.  
NATIONAL FEEDER SERVICE CORP.  
NATIONAL WOOL & MOHAIR ASS'N.  
COLBERT FEED PENS

December 15, 1944

### TO OUR MEMBERS:

We are this month paying our 18th ten percent patronage dividend for the business done with the National Livestock Commission Company. This has been a trying year due to the labor and help situation and I know that you can appreciate what I mean. Even in the face of this I feel we have done a fairly good job.

We have made some changes in our personnel. There is a standard toward which we have been working. We have been in business now 13 years and should know by now the type, ability and qualifications necessary to build this organization to the point where each of you could have absolute confidence.

We shall spare no expense to accomplish this aim because you are entitled to the best. Since this organization is set up for service only and without personal profit but rather to serve the industry as a whole we trust you believe we will continue until we have the outstanding organization of its kind.

The whole marketing machinery has become so complex and influenced by so many factors and since it has become almost foreign to the production of livestock, the producer needs an organization strong enough, competent enough, one on which he can lean and depend upon to look after the things or the angles that he is too busy himself to keep up with.

This will not be a happy Xmas season for many of you. We can only hope that they will be coming home soon after which we can get our minds back on the material things.

Yours very truly,

A. W. LUCAS

## Oklahoma Livestock Marketing Association

### Officers and Directors

E. H. Melencamp, Anadarko, Okla.....President  
E. G. Jeffrey, El Reno, Okla.....Vice-President  
A. W. Lucas, Oklahoma City.....Secretary-Treasurer  
H. H. Mundy, Pawhuska.....Fred Chapman, Ardmore  
Henry Price, Addington.....Wayne Rowe, Lawton  
Sid Willis, Kingston.....R. L. Wheeler, Chickasha  
Amos Hastings, Amber.....H. T. Blake, Pawhuska  
Thomas Swanson, Roosevelt

## National Livestock Commission Co.

### Officers and Directors

E. H. Melencamp.....President  
E. G. Jeffrey.....Vice-President  
A. W. Lucas.....Secretary-Treasurer  
Fred W. Heep.....Harold Mathias

## National Livestock Credit Corporation

### Officers and Directors

B. A. Christmas, Las Cruces, N. M.....President  
E. G. Jeffrey.....Vice-President  
A. W. Lucas.....Secretary-Manager  
A. F. Becker.....Treasurer-Assistant Manager  
E. H. Melencamp, Anadarko.....A. D. Brownfield, Florida, N. M.  
J. J. Lane, Roswell, N. M.....Henry Price, Addington  
S. L. Williams, Artesia, N. M.....H. H. Mundy, Pawhuska

## National Feeder Service Corporation

### Officers and Directors

A. W. Lucas.....President  
Leo B. Lewis.....Vice-President  
Fred W. Heep.....Secretary  
Harold Mathias.....Treasurer  
Aubrey Nichols

## National Wool & Mohair Association

### Officers and Directors

A. W. Lucas.....President  
E. H. Melencamp.....Vice-President  
Fred W. Heep.....Secretary-Treasurer  
Dan Arnold

### CATTLE DEPARTMENT

Harold Mathias, Mgr. Gene Rogers.....Johnie Criser  
Leo B. Lewis.....Aubrey Nichols.....G. B. Braden  
Winston Hitchcock.....Floyd Flowers.....Joe Forbes  
Bob Williams.....Rex Netherton.....Wayne Elrod  
Jess Button.....W. Drake.....J. B. Pickens  
Virgil Biffle.....Henry House

### HOG AND SHEEP DEPARTMENT

Fred W. Heep, Mgr. Robert Bogle.....Jack Gritzmaker  
Garland Shipman.....Merle Wheelis

### LOAN DEPARTMENT

A. W. Lucas.....A. F. Becker

### COLBERT FEED PENS

Stella McBirney.....Tim Wagoner

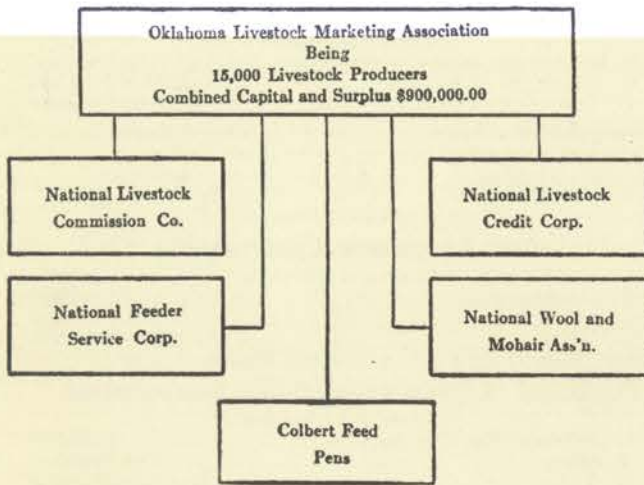
### WOOL DEPARTMENT

Wilson Farrell

### OFFICE

Clara Hughes.....Harley Custer.....E. D. Harman  
E. F. Ross.....Otto Davidson.....Virginia Herndon  
Margaret Rollins.....Bulah Hampton.....Eileen Fitzgerald  
Maurice Tattan.....Carrie Teal.....Merle Moniger





### Oklahoma Livestock Marketing Association

Statement as of December 1, 1944

ASSETS	
Notes Receivable.....	\$ 1,758.69
Cash in Bank.....	6,765.99
Accounts Receivable.....	16,650.00
Automobiles.....	717.82
Cash Advanced to National Feeder Service.....	47,500.00
Investments:	
National Livestock Credit Corporation:	
Common Stock.....	101,000.00
Preferred Stock.....	20,700.00
National Livestock Producers Association.....	8,500.00
National Wool & Mohair Association.....	9,960.00
Wichita Bank for Cooperatives.....	3,800.00
Producers, Kansas City, Mo.....	400.00
Detroit Packing Company.....	2.00
National Feeder Service Corporation.....	10,000.00
National Live Stock Commission Company.....	10,000.00
	<b>\$237,754.50</b>
LIABILITIES	
Notes Payable.....	\$ 73,000.00
Capital Stock.....	13,406.00
Surplus and Profits.....	146,348.50
	<b>\$ 237,754.50</b>

If you will analyze the above statement you will recognize that it is merely a holding company, owning the common stock in the other subsidiary corporations, and the profits made by each subsidiary are reflected in their individual statements, but any patronage dividends paid on business done with a subsidiary is paid through the parent.

### National Livestock Credit Corp.

Statement as of December 1, 1944

ASSETS	
Loans.....	\$ 1,742,805.73
Due from Borrowers.....	120,951.41
U. S. Government Bonds.....	320,000.00
Interest Earned, Not Collected.....	28,069.73
Cash in Bank.....	154,399.43
Treasury Stock.....	29,000.00
	<b>\$ 2,395,226.30</b>
LIABILITIES	
Rediscounts.....	\$ 1,603,613.10
Due Borrowers.....	79,633.47
Social Security.....	12.80
Capitol Stock:	
Common.....	200,000.00
Preferred.....	107,200.00
Surplus and Profits.....	404,766.93
	<b>\$2,395,226.30</b>

We have loaned to our members since organization \$48,892,448.43; the combined capital surplus and profit of this corporation is \$711,966.93. Our loans are down because the boys are getting out of debt. We hoped that each of our members could get completely out of debt, but should you need money we hope you will continue to patronize this corporation because it will be needed sometime in the future, and since it is owned entirely by livestock producers its purpose is to furnish continuous dependable credit at as low a rate as possible, because it does not propose to make a profit as such. It is not a government institution, but is a private enterprise at work.

### STANDING OF FIRMS

December 1, 1943 to December 1, 1944

	Cattle	Hogs	Sheep	Total
1. NATIONAL.....	148,786	100,703	74,890	324,379
2. Firm.....	86,791	95,382	9,920	192,093
3. Firm.....	63,218	64,394	8,328	135,940
4. Firm.....	101,863	25,161	2,460	129,484
5. Firm.....	69,984	27,194	3,255	100,383
6. Firm.....	65,265	27,377	2,585	95,227
7. Firm.....	60,151	28,968	5,782	94,901
8. Firm.....	46,752	39,230	3,736	89,718
9. Firm.....	45,878	28,816	4,224	78,918
10. Firm.....	45,838	15,770	1,771	63,379
11. Firm.....	37,656	8,356	3,101	49,113
12. Firm.....	18,819	22,182	2,834	43,835
13. Firm.....	23,964	12,703	1,337	38,004
14. Firm.....	17,334	10,621	749	28,704
15. Firm.....	15,388	10,495	2,422	28,305
16. Firm.....	23,156	2,842	657	26,655
17. Firm.....	8,158	4,037	856	13,051
18. Firm.....	3,298	296	26	3,620
Total.....	882,249	524,527	128,933	1,535,709

Percentage of total volume handled by NATIONAL:  
Cattle 16.86% Hogs 19.20% Sheep 58.08% Total 21.12%

### National Live Stock Commission Co.

Statement as of December 1, 1944

ASSETS	
Cash in Bank.....	3,825.50
Suspense.....	120.06
Accounts Receivable.....	25,963.54
Notes Receivable.....	979.68
Sales Not Collected.....	66.37
	<b>\$30,955.15</b>
LIABILITIES	
Bank.....	3,942.20
Purchases.....	1,033.69
Capital.....	10,000.00
Undivided Profits.....	15,979.26
	<b>\$30,955.15</b>

From the above you will see the position of your firm, THE NATIONAL, in comparison to others on the yard. These figures represent only the livestock consigned to the yards for sale. The percentage of livestock handled is satisfactory and profitable, but it could and should be greater if the producers could be made to understand that this is their firm, operating solely for their benefit, and that in the event any money is made through its operation it would be paid back to them in the form of patronage dividends or set up to their credit as a reserve for larger and better operation. The producer needs an efficient and dependable representative in the market place, because he can't be informed as to the variations in market trends because he is busy doing other things. We feel that we have done a fairly good job, with labor conditions what they are.

### National Feeder Service Corporation

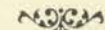
Statement as of December 1, 1944

ASSETS	
Cash in Bank.....	\$ 47,349.59
Accounts Receivable.....	128,181.51
Orders Process Filing.....	12,752.65
	<b>\$188,283.75</b>
LIABILITIES	
Accounts Payable.....	\$ 147,500.00
Drafts Outstanding.....	11,921.54
Accounts Payable.....	982.17
Reserve Withholding Tax.....	572.12
Reserve Social Security.....	94.52
Capital.....	10,000.00
Undivided Profits.....	17,213.40
	<b>\$188,283.75</b>

This is a separate corporation set up to buy your stocker and feeders with separate personnel, because we believe that no man can buy and sell at the same time and be fair to everybody. This corporation has rendered a vast service to the industry and to this market in that its major purpose is to seek and find outlets for cattle outside of the market because there are times when any market has more cattle than it can normally consume. Competition is the life of trade. During the flood of cattle in August one week this corporation shipped 7300 cattle off of this market on out of state orders. You can readily see the effect, and the industry as a whole benefited.

Following is volume handled the past year:

Cattle purchased on the yards at Oklahoma City.....	60,830
Cattle purchased in country.....	36,674
Sheep purchased on Oklahoma City market.....	1,399
Sheep purchased in country.....	27,800
Hogs purchased on Oklahoma City market.....	26,401





STRATHMORE PARCHMENT

100% PAPER U.S.A.

APPENDIX B

MENT

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OKLAHOMA LIVESTOCK MARKETING ASSOCIATION

CERTIFICATE OF INCORPORATION

We, the undersigned, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of an Act of the Legislature of the State of Delaware, entitled "An Act Providing a General Corporation Law," (approved March 10, 1899) and the acts amendatory thereof, and supplemental thereto, do hereby certify as follows:

I. The name of the corporation is

OKLAHOMA LIVESTOCK MARKETING ASSOCIATION

II. Its principal office in the State of Delaware is located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, No. 100 West Tenth Street, Wilmington, Delaware.

III. The nature of the business, or objects or purposes to be transacted, promoted or carried on are:

(a) To promote, foster and encourage the orderly production and marketing of livestock through cooperation in harmony with the policies of the National Livestock Marketing Association for correlating the production of livestock to market requirements, to minimize speculation and waste in the production and marketing of livestock; to stabilize livestock markets; to handle cooperatively and collectively the problems of livestock producers so that the livestock industry will be placed on a basis of economic equality with other industries, to provide a medium for unity of effort by livestock producers, and to do anything that is conducive to carrying out, in relation to livestock, the policy of the Congress of the United States of America stated in the Agricultural Marketing Act, approved June 15, 1929, (Public No. 10, 71st Congress).

(b) To engage in any activity in connection with the producing, assembling, grading, handling, shipping, marketing, buying, and selling of livestock of the corporation and of its members.

(c) To market and sell any livestock of its members and to purchase and sell to its members feeds, supplies, machinery and equipment used in any of the above mentioned activities or by the association or by the members thereof.

(d) To establish, maintain and provide facilities for efficient and economic handling and marketing of livestock in any capacity and on any basis that may be agreed upon, and to grade, handle and distribute the same and do anything that is conducive to any of said purposes, including the right to supervise and direct the handling and marketing of livestock.

(e) To enter into contracts if deemed advisable with members and others providing for the marketing of their livestock to or through this association.

(f) To borrow money without limitation as to amount of corporate indebtedness or liability, and to make advance payments and advances to members of the association.

(g) To sell, issue, discount or borrow money upon any commercial paper or negotiable instruments or promissory notes or bonds or any other kind of property or security owned by or under the control of the association.

(h) To act as the agent or representative of any member or members in any of the above mentioned activities.

(i) To purchase or otherwise acquire, and to hold, own or exercise all rights of ownership in, and to sell, transfer or pledge or endorse for accommodation or guarantee the payment of dividends or interest on, or the retirement or redemption of shares of the capital stock or



bonds of any corporation or association engaged in any marketing activity or in the handling or marketing of any of the products handled by the association.

(j) To establish reserves and to invest the funds thereof in bonds or such other property as may be provided in the by-laws of the association.

(k) To buy, hold, sell, lease, construct, contract for the use of, and exercise all privileges of ownership of, such real and personal property as may be necessary or convenient for the conduct and operation of any of the business of the corporation, or incidental thereto.

(l) To establish, secure, own and develop patents, trademarks and copyrights.

(m) To organize, form, operate, own, control, have an interest in, own stock of and be a member of any association or associations organized under the Delaware statutes or the cooperative marketing act of any other State, or any other corporation or corporations with or without capital stock engaged in the producing, assembling, grading, handling, shipping, marketing, selling or financing of livestock, or the by-products thereof.

(n) To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount to purchase or otherwise acquire, hold, own, mortgage, sell, convey, or otherwise dispose of real and personal property of every class and description in any of the States, Districts, Territories or Colonies of the United States, and in any and all foreign countries, subject to the laws of such State, District, Territory, Colony or Country.

(c) To do each and everything necessary, suitable or proper for the accomplishment of any one of the purposes or the attainment of



any one or more of the objects herein enumerated; or conducive to or expedient for the interest or benefit of the association; and to contract accordingly; and in addition to exercise and possess all powers, rights and privileges necessary or incidental to the purposes for which the corporation is organized or the activities in which it is engaged; and in addition any other rights, powers and privileges granted by the laws of the State of Delaware to ordinary corporations except such as are inconsistent with the express provisions of the Delaware statutes, and to do any such thing anywhere.

(p) To make no profits for itself as such or for its members as such, but only for its members as producers.

The corporation is organized and shall be operated upon a cooperative basis for the mutual benefit of its members as producers of livestock and agricultural products. The corporation shall not deal in the products of persons not owners of stock in the corporation, to an amount greater in value than such as are handled by the corporation for its members; and the aggregate value, of services rendered, or feeds, supplies, machinery and equipment furnished, to its members in every calendar year from January 1, to December 31, inclusive, shall exceed in aggregate, the value of similar business transacted, or like services rendered, to, for and on behalf of, or with persons, firms and corporations not owners and holders of its capital stock.

The corporation shall have no power to engage in the business of banking.

IV. The total number of shares of stock which the corporation shall have authority to issue is sixteen thousand (16,000) of which stock one thousand (1,000) shares of the par value of Ten Dollars (\$10.00) each amounting in the aggregate to Ten Thousand Dollars (\$10,000.00) shall be

preferred stock and of which fifteen thousand (15,000) shares of the par value of One Dollar (\$1.00) each amounting in the aggregate to Fifteen Thousand Dollars (\$15,000.00) shall be common stock.

Stock of both classes shall be paid in either money or property, at such time and in such manner as the by-laws shall prescribe.

No person shall be entitled to hold or own any part of the capital stock of this corporation of any class except bona fide livestock producers, or associations transacting business in accordance with the provisions of "An Act to authorize associations of producers of agricultural products," enacted by the Congress of the United States and approved February 12, 1922. (Public No. 146- 67th Congress). The sale of the common stock shall be limited to one share to each individual.

In the event of any stockholder of this corporation of any class ceases to be eligible to own stock in this corporation, or in case any stockholder shall violate or fail to comply with any contract entered into with this corporation, then such stockholder shall have no right to vote in any meeting of the corporation or to participate in any way in the affairs or business of the corporation.

The designations, powers, preferences, rights, qualifications, limitations or restrictions thereof in respect of the preferred stock and common stock are as follows:

The holders of the preferred stock shall be entitled to receive in each year, when and as declared by the board of directors of the corporation, out of the net assets of the corporation in excess of its capital or out of the net earnings of the corporation (to the extent permitted by the laws of the State of Delaware), preferential dividends at the rate of seven per centum (7 %) per annum on the par value thereof, and no more, payable annually, semi-annually or quarterly

on such days as may be determined by the board of directors. Such dividends upon the preferred stock shall be non-cumulative, so that the holders of the preferred stock shall be entitled only to receive such dividends during any year as may, in the unlimited discretion of the board of directors and without regard to the earnings or income of the corporation, be declared and made payable during each year.

Holders of common stock shall not be entitled to dividends as such. However, the net earnings of the corporation after setting aside such reserves and amounts for working capital as the board of directors may, from time to time determine, and after the payment of dividends upon the preferred stock shall be refunded to the stockholders who are members of the corporation on a patronage basis, all in accordance with the By-Laws of the corporation. Amounts set aside to reserves from business done in any year shall be allocated on the books of the corporation on a patronage basis for that year, or in lieu thereof the books and records of the corporation shall afford a means for doing so at any time so that in the event of dissolution, or earlier, if deemed advisable, in the sole discretion of the board of directors, such reserves or working capital or any part of this may be returned to the stockholders in accordance with their contributions thereto.

The preferred stock shall be subject to redemption and the corporation may, at the option of the board of directors, redeem the whole or any part of the outstanding preferred stock on any dividend-payment date after the date of issuance by paying Ten Dollars (\$10.00) for each share thereof, together with a sum of money equivalent to the amount of declared but unpaid dividends accrued thereon, upon such notice and in such manner and by such method whether by lot, pro-rata or otherwise as may be prescribed by resolution of the board of



directors, provided, however, that no preferred stock shall be redeemed while the corporation is indebted to the National Livestock Marketing Association.

In the event of any liquidation, dissolution or winding up of the affairs of the corporation, whether voluntary or involuntary, the holders of the preferred stock shall be entitled, before any assets of the corporation shall be distributed among or paid over to the holders of the common stock, to be paid Ten Dollars (\$10.00) per share, together with a sum of money equivalent to the amount of declared but unpaid dividends accrued thereon. After the making of such payments to the holders of the preferred stock, the remaining assets of the corporation shall be distributed among the holders of the common stock alone, pro rata according to their respective holdings thereof.

V. The minimum amount of capital with which the corporation will commence business is One Thousand Dollars (\$1,00.00).

VI. The names and places of residence of the incorporators are as follows:

<u>NAMES</u>	<u>RESIDENCES</u>
L. E. Gray	Wilmington, Delaware
H. H. Snow	Wilmington, Delaware
Wm. F. Ross	Wilmington, Delaware

VII. The corporation is to have perpetual existence.

VIII. The private property of the stockholders shall not be subject to the payment of corporate debts.

IX. The number of directors of the corporation shall not be less than five (5), the number to be fixed by the by-laws. At the first meeting of the stockholders there shall be elected five directors, one of

whom shall serve one year, two of whom shall serve two years, and the remaining two of whom shall serve three years. As a term of office of each of these directors expires, a successor shall be elected who shall serve for three years unless sooner removed or until his successor is elected and qualified.

X. In furtherance, and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

By the affirmative vote of three-fourths or more of their entire board of directors to make and alter the By-Laws.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation.

To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose or to abolish any such reserve in the manner in which it was created.

By resolution or resolutions, passed by a majority of the whole board to designate one or more committees, each committee to consist of two or more of the directors of the corporation, which, to the extent provided in said resolution or resolutions or in the by-laws of the corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the by-laws of the corporation or as may be determined from time to time by resolution adopted by the board of directors.

The corporation may in its by-laws confer powers upon its board of directors in addition to the foregoing, and in addition to the powers and authorities expressly conferred upon it by statute.



XI. Both stockholders and directors shall have power, if the by-laws so provide, to hold their meetings, and to have one or more offices within or without the State of Delaware, and to keep the books of this corporation (subject to the provisions of the statutes), outside of the State of Delaware at such places as may be from time to time designated by the board of directors.

XII. The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF: We, the undersigned, being all of the Incorporators of said corporation, have signed and sealed this Certificate, and hereby declare and certify that the facts herein stated are truly set forth, this 29th day of August, A. D. 1931.

L. E. Gray (SEAL)

H. H. Snow (SEAL)

Wm. F. Ross (SEAL)

OKLAHOMA LIVESTOCK MARKETING ASSOCIATION

CODE OF BY-LAWS

We, the undersigned, constituting and being all the Directors of the Oklahoma Live Stock Marketing Association, do hereby adopt the following code of By-Laws for said corporation:

ARTICLE I

Sec. 1 Name. The name of this Corporation shall be -

OKLAHOMA LIVE STOCK MARKETING ASSOCIATION

Sec. 2 Delaware Office. The principal office in the State of Delaware is to be located at 309 South State Street, in the City of Dover, County of Kent. (As amended 4-2-35)

Sec. 3 Other Offices. Other offices for the transaction of business shall be located at such places as the Board of Directors may from time to time determine. The principal operating office shall be in Oklahoma City, Oklahoma.

ARTICLE II

PURPOSES

The purposes for which this corporation is formed are set forth in Article III of the Certificate of Incorporation.

ARTICLE III

MEETINGS OF STOCKHOLDERS

Sec. 1 Annual Meeting. The annual meeting of the stockholders of the corporation shall be held at its place of business in the City of Oklahoma City, Oklahoma, on the 1st Friday after the 1st Wednesday in March of each year, at ten o'clock in the forenoon, unless a different place and hour shall be designated by the Board of Directors, and if said day fall on a legal holiday the meeting shall be held on the next succeeding business day. (As amended 4-6-37)

Sec. 2 Special Meetings. Special meetings of the stockholders shall be held at the same place as the annual meeting or at such other place as may be designated by the Board of Directors, and may be called at any time by the President, or in his absence by the vice-president, on vote of a majority of the Board of Directors. It shall be the duty of the president to call such meetings whenever requested in writing by ten percent (10%) or more of the stockholders of the corporation. In such case notice of the meeting shall be issued within ten days (10) and the meeting held within thirty (30) days of the receipt by the president of such request.

Sec. 3 Notices of Meetings. Notice of the time and place of all annual and special meetings shall be mailed by the Secretary to each stockholder at its last known postoffice address not less than fifteen (15) nor more than thirty (30) days before the date thereof. In case of special meetings the notice shall state the time, place and purpose of the meeting.

Sec. 4 Adjourned meetings. If less than a quorum shall be present at any regular or special meeting, said meeting may, after the lapse of at least one hour, be adjourned from time to time or day to day by a majority of shareholders present. After three consecutive days those present shall constitute a quorum. Any meeting at which a quorum is present may also be adjourned until such time or upon such call as may be determined by majority vote of those present. At any adjourned meeting at which a quorum shall attend any business may be transacted which might have been transacted if the meeting had been held as originally called.

Sec. 5 Quorum. At any regular or special meeting of the corporation duly called, a majority of members present, in person or by



proxy, shall constitute a quorum for the transaction of business. (As amended 4-6-37)

Sec. 6 Stock Transfers and Lists. At every meeting each stockholder shall be entitled to cast one vote for each share of stock owned by it. Stockholders may vote in person or by proxy duly authorized in writing, provided the instrument creating such proxy shall be delivered to and filed with the Secretary before the same shall be recognized. No stock shall be voted at any election which has been transferred on the books of the corporation within twenty (20) days next preceding such election. It shall be the duty of the Secretary to prepare, at least ten (10) days before every election, a complete list of stockholders entitled to vote, arranged in alphabetical order. Said list shall be open at the place where the election is to be held for the said ten days to the examination of any stockholder, and shall be produced and kept at the time and place of election during the whole time thereof, subject to the inspection of any stockholder who may be present.

Sec. 7 Powers of Shareholders. The voting shareholder shall have the power:

(a) To elect, at the annual meeting of shareholders, directors to fill vacancies in the Board of Directors and to remove any director.

(b) To have authority to amend the Articles of Incorporation and By-Laws of the Association provided that due notice of such proposed amendment to the Articles of Incorporation and By-Laws has been given in an official notice issued to members and shareholders at least twenty days prior to the meeting held for the purpose of making such amendment or amendments.

(c) To consider and pass upon questions of policy for the corporation.

Sec. 8 Order of Business. The order of business at all meetings as far as possible shall be as follows:

- (a) Reading of and approval of any unapproved minutes.
- (b) Reports of officers and committees.
- (c) Unfinished business.
- (d) New Business.
- (e) Election of directors.
- (f) Adjournment

#### ARTICLE IV

##### BOARD OF DIRECTORS

Sec. 1 Number. The affairs of the corporation shall be managed by a Board of not less than five directors, all of whom must be stockholders and who shall be elected at the annual meeting of the stockholders. At the first meeting of the stockholders there shall be elected eleven directors, three of whom shall serve one year, four of whom shall serve two years, and the remaining four of whom shall serve three years. As a term of each of these directors expires, a successor shall be elected who shall serve for three years unless sooner removed or until his successor is elected and qualified.

Sec. 2 Election of Officers. Immediately after each annual election of Directors, the Directors shall hold a regular meeting for the election of president, vice-president, and secretary-treasurer, and to transact any other business. Such officers shall hold office for one year or until their successors are elected and qualified.

Sec. 3 Meetings. The regular annual meeting of the Board of Directors shall be held immediately after the annual meeting of the stockholders and at the same place. In addition to the annual meeting of the Board of Directors, the Board shall hold regular meetings on the first



Tuesday in October and April, and at such place as may be designated by them. Additional meetings may be held upon the call of the president or a majority of the members of the Board.

Sec. 4 Special Meetings. Special meetings of the Board of Directors, to be held in the place of business of the corporation in the City of Oklahoma City, Oklahoma, or such other place as the executive committee shall designate, may be called by the president, and in his absence by the vice-president or a majority of the members of the board. Notice of all regular and special meetings (save the annual meeting) shall be given to each director by mailing the same at least ten (10) days, or by telegraphing or delivering the same at least five (5) days, before such meeting to the last known address of the director, but such notice may be waived by any director. At any meeting at which every director shall be present even though without notice, any business may be transacted.

Sec. 5 Quorum. A majority of the directors shall constitute a quorum for the transaction of business, but a majority of those present at any regular or special meeting shall have power to adjourn the meeting to a future time.

Sec. 6 Payment of Expenses. Directors and Executive Committee may vote themselves a per diem of \$5.00 per day for their services as directors and in Board Meetings, and shall receive transportation, meals, and lodging when actually in attendance at Board meetings and Executive Committee meetings, only.

Sec. 7 Conflicts. No member of the Board of Directors shall be allowed to vote on any question in which he may have a personal interest conflicting with the interest of the corporation as a whole.

Sec. 8 Powers. The Board of Directors shall have complete management of the affairs of the corporation.

(a) The Board of Directors may enter into agreement with other agricultural associations, corporations, partnerships, or cooperative livestock marketing agencies covering services to be rendered by the corporation to such other organizations or for compensation to be extended other associations, corporations, or partnerships for services rendered in conduction of selling livestock, field work, educational work, or services of any other nature.

(b) Rules and Regulations. The Board of Directors may from time to time prescribe and promulgate such rules and regulations for the conduct of the business and for the transacting of business with the corporation by its stockholders and patrons as it deems advisable, and every stockholder shall at all times comply with such rules and regulations.

Sec. 9 Vacancies. Vacancies occurring in the Board or in any office of the corporation between the regular annual meetings of the Board may be filled by the remaining members of the Board of Directors at any regular or special meeting or adjourned meeting.

Sec. 10 Place of Records. The books and records of the corporation may be kept without the State of Delaware, as directed by the Board of Directors.

Sec. 11 Executive Committee. During the interim between meetings of the board, the business of the corporation shall be managed by an executive committee, which shall be composed of five (5) directors, one of whom shall be the president. The remaining four (4) members shall be chosen by the Board of Directors at its annual meeting, except that such (4) members of the first executive committee need not be chosen by the Board of Directors at an annual meeting. Three shall constitute a quorum.

Regular meetings of the executive Committee shall be held at least monthly. The chairman of the committee shall be the president of the Corporation. The Executive Committee shall be subject to special call.

Sec. 12 Annual Audit. Previous to each annual stockholders meeting the Board of Directors shall have the books and accounts of the Association carefully audited by a certified public accountant, and the report of such audit, together with a statement of the business done during the previous year, the general financial condition of the corporation and the condition of its tangible property shall be submitted to the stockholders at the annual meeting.

Sec. 13 Bonds. The Board of Directors shall require the general manager and other officers, agents and employees having the custody of any of its funds or property, to give to the corporation a bond conditioned for the faithful discharge of the duties of such person and in such amount and with such company assurity as the Board of Directors shall require. The cost of such bonds shall be borne by the corporation.

#### ARTICLE V

##### OFFICERS

Sec. 1 Officers. The officers of the corporation shall be a president, a vice-president, a secretary, and a treasurer. They shall be elected by the Board of Directors for the term of one year, and each shall hold office until his successor is duly elected and qualified. The offices of secretary and treasurer may be held by one person, in which event such person shall be termed "Secretary-Treasurer." Any officer may be removed at any time with or without cause by a majority vote of all members of the Board of Directors. The President and Vice-president shall be elected by the Board of Directors from among the directors

selected from the stockholder members. The remaining officers need not be directors.

Sec. 2 Duties of President. The President shall preside at all meetings of the stockholders and directors; shall have general supervision over the affairs of the corporation and over the other officers; shall sign all contracts, deeds and documents requiring the corporate seal, and shall perform such other duties as are incident to his office, or as may from time to time be prescribed by the Board of Directors.

Sec. 3 Duties of Vice-President. The vice-president shall, in the absence of the president or his inability to act, have all the powers and perform all the duties of the president.

Sec. 4 Duties of Secretary. The secretary shall keep a record of the proceedings of all meetings of the stockholders and Board of Directors, and shall attest the same by his signature. He shall be responsible for the safe-keeping of all papers and documents of the corporation which properly belong to his office, and of the corporate seal, and all of the same shall be kept at the Oklahoma City, Oklahoma, office of the corporation unless otherwise authorized by the Board of Directors. He shall attest certificates of stock and all instruments requiring the corporate seal, and shall affix the seal thereto, and shall issue notice of meetings as required by the by-laws.

Sec. 5 Duties of Treasurer. The Treasurer shall safely keep and account for all money, funds and other property which may come into his hands, and shall have the books and accounts of the corporation audited from time to time. He shall keep all moneys of the corporation in such bank or banks as the Board of Directors shall prescribe. All checks, promissory notes, bills of exchange and other instruments calling



for the payment of money which shall be issued by the corporation shall be signed by such officers and employees as the board may from time to time designate.

Sec. 6 Delegation of Duties. In case of the absence or inability of the secretary or treasurer to act, the duties of such officers shall devolve upon and be performed by such persons as the Board of Directors may prescribe.

Sec. 7 The Board of Directors may employ a general manager and such other officers as may be deemed advisable, who shall have such power and authority and perform such duties as may be determined by the Board of Directors.

#### ARTICLE VI

Sec. 1 All livestock marketed by the corporation or marketed by its members at the direction of the corporation shall be marketed through a cooperative association operating at that market which is a member of the National Livestock Marketing Association. In the event that no member agency of the National Livestock Marketing Association is operating on a market which is patronized by the corporation, then the Board of Directors may contract with other agency or agencies for the handling of the livestock of its member.

Sec. 2 The National Livestock Marketing Association. Following favorable action by the Board of Directors of the corporation, the corporation may apply for membership in the National Livestock Marketing Association.

Sec. 3 The National Order Buying Company. Following favorable action by the Board of Directors of the corporation, the corporation may apply for membership in the National Order Buying Company or may contract

with the National Order Buying Company for the purpose of obtaining the services thereof.

#### ARTICLE VII

##### AMENDMENTS

These by-laws may be amended at any meeting of the members by a majority vote of those attending provided that notice of the proposed amendment was given in the call for the meeting or by a three-fourths majority of the entire Board of Directors.

#### ARTICLE VIII

##### DIVIDENDS AND FINANCE

Sec. 1 Distribution of Earnings. The net earnings of the corporation may be distributed at the expiration of each fiscal year if the Board of Directors shall so order, as follows:

(a) There shall first be set aside out of the net earnings such sum as the Board of Directors shall determine, for the purpose of accumulating and maintaining a reasonable reserve for depreciation or possible losses; a reasonable reserve to provide for the erection of buildings and facilities or for the purchase and installation of machinery and equipment or to retire indebtedness, or as may in the discretion of the board be deemed necessary for working capital, and such other reserves as may be required by law or deemed necessary or desirable by the Board of Directors. The Board of Directors shall fix from time to time the reasonable aggregate amount of such reserves and shall provide how moneys in the same shall be invested.

(b) If sufficient net earnings in the opinion of the Board of Directors are available a dividend not exceeding seven percent (7%) in any year (which shall be non-cumulative), shall then be paid upon the outstanding Preferred Stock of the corporation. The remaining net



The transfer of this stock, and the persons who may own it, and the conditions of ownership, are fixed and limited by the Certificate of Incorporation and By-Laws of the corporation, to which reference is made for more definite information. The corporation has a lien upon this stock for any indebtedness of the stockholders to it.

IN WITNESS WHEREOF, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19\_\_.

\_\_\_\_\_  
President.

\_\_\_\_\_  
Secretary

(CORPORATE SEAL)

In addition to the foregoing the certificates for preferred stock shall contain upon their face the following provision:

"This stock is entitled and limited to dividends at the rate of seven per centum (7%) per annum, which shall be non-cumulative. In case of dissolution, the holder of this certificate shall be entitled and limited to receive the par value of the shares represented by the certificate and any accrued dividends before any distribution is made to the holders of the common stock. The shares of stock represented by this certificate may be retired in whole or in part by the corporation at any dividend date upon paying to the holder thereof Ten Dollars (\$10.00) per share and any accrued dividends and the corporation may select what particular shares of preferred stock it will retire."

This certificate of common stock shall contain upon its face the following provision:

"No dividends of any kind will be paid upon the shares of stock represented by this certificate."

#### ARTICLE X

##### SEAL

Sec. 1 Form of Seal. The seal of this Association shall be a circular die, on the outer circumference of which there shall be two concentric rings one-quarter of an inch apart. In the center of the inner circle shall appear the words "CORPORATE SEAL" and between the concentric rings, shall appear the words "OKLAHOMA LIVESTOCK MARKETING ASSOCIATION". The word "Delaware" shall appear between the lower rings. An imprint of such seal is affixed to this sheet.



IN WITNESS WHEREOF, we have hereunto affixed our signature this,  
the \_\_\_\_\_ day of \_\_\_\_\_ A. D., 1931

\_\_\_\_\_  
\_\_\_\_\_

(SEAL)

STANTON MORE PARSONS  
JOB NO. 100 U.S.A.

APPENDIX C



## The National Commission Company—Trial Balance As of December 31, 1940, 1941, 1942, 1943, 1944

	1940	1941	1942	1943	1944
<b>Debits:</b>					
Petty Cash	\$ 717.00	\$ 685.00	\$ 950.00	\$ 925.00	\$ 950.00
Stock Yards Bank	1,283.80	1,278.48	2,000.00	2,811.31	2,811.31
Sales not collected	349.44	1,229.76	875.15	311.28	1,887.52
Amounts Receivable	4,652.75	7,143.77	631.25	1,162.06	923.18
Purchases	4,910.12	64,928.14	77,894.54	15,412.54	
Auto Equipment	666.42	479.48			
First National Bank				77,894.54	20,957.71
Current Earnings	505.72				
Suspense					35.00
Total	\$ 49,085.25	\$ 75,744.63	\$ 82,348.92	\$ 97,767.02	\$ 27,564.72
<b>Credits:</b>					
First National Bank & Trust Co.	\$ 6,011.19	\$ 5,638.37	\$ 1,919.05	\$	\$
Oklahoma L.S. Mktg. Ass'n	43,000.00	70,000.00	60,000.00	65,000.00	10,000.00
Suspense	74.06		565.21	302.59	
Current Earnings		106.26	5,303.04	11,696.30	1,684.20
Account Receivable			11,201.02	20,762.13	14,876.06
Purchases					1,004.46
Total	\$ 49,085.25	\$ 75,744.63	\$ 82,348.92	\$ 97,767.02	\$ 27,474.72

Profit and Loss Statement

<b>Income:</b>					
Clearance Commission	\$ 311.10	\$ 210.20	\$	\$	\$
Country Commission	17,937.85	15,028.14	26,160.09	21,033.24	192.00
Field Commission	562.75	397.50	299.50	275.75	536.25
Purchase Commission	10,414.85	14,270.65	17,305.01	18,967.74	1,536.27
Selling Commission	81,675.29	98,386.29	123,455.28	148,195.53	126,345.73
Other Income	803.58	2,736.29	2,298.56	12,006.48	1,725.88
Over and Short	88.95	415.14	365.24	3,292.79	954.67
Interest		127.25			
Suspense					552.58
Total	\$ 111,794.37	\$ 131,616.46	\$ 169,883.68	\$ 197,185.95	\$ 128,828.88
<b>Expenses:</b>					
Salaries	\$ 48,159.59	\$ 58,059.23	\$ 67,353.83	\$ 80,045.36	\$ 71,184.44
Labor	855.62	624.82	395.06	111.25	363.70
Traveling	15,265.93	16,075.02	17,211.48	15,452.63	10,394.80
Rent	2,171.26	2,157.06	2,536.43	2,537.56	2,808.06
Telephone & Telegraph	4,488.25	5,433.51	5,565.64	5,470.56	5,232.67
Advertising	2,521.70	2,823.84	1,979.77	8,034.05	7,587.72
Postage	1,709.58	2,135.27	2,296.38	2,632.25	2,539.19
Printing & Stationery	1,524.76	2,206.29	2,702.99	1,939.69	1,866.62
Office supplies & Expenses	1,633.80	1,990.82	1,555.63	1,373.61	2,603.88
Taxes & Insurance	3,065.42	3,509.32	2,415.23	2,791.31	2,232.97
Feed	56.98	94.81	35.25	48.25	1,260.19
Entertainment	1,158.94	1,497.12	11,177.97	2,068.05	
Depreciation	205.86				
Assessments & Dues	4,518.48	4,899.11	5,842.35	6,842.82	3,451.39
Bonus	1,417.50	1,760.00	3,235.00	3,625.00	1,835.00
miscellaneous	205.49	2,279.28	286.88	259.39	186.22

Continued



The National Commission Company--Trial Balance as of December 31, 1940, 1941, 1943, 1944

	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>
Bad Debts		\$ 1,165.27	\$ 112.66	\$	\$
Donations		287.57	3,363.72	3,642.50	3,100.63
Office Repairs		112.50	514.54	6.50	2.50
Attorney Fees					795.35
Dividends					9,699.35
<b>Total Expenses</b>	<b>\$ 88,959.16</b>	<b>\$105,110.48</b>	<b>\$118,935.81</b>	<b>\$136,880.78</b>	<b>\$127,144.68</b>
Current Earnings	22,835.21	26,505.98	50,947.87	60,305.17	1,684.20
Additional Dividends					1,809.00
Loss					124.80

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## NATIONAL LIVESTOCK CREDIT CORPORATION, STATEMENT OF EXPENSE AND INCOME

	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944
<u>Dollars</u>													
<b>INCOME:</b>													
Earned Discount	20,048.26	93,708.38	95,291.51	83,851.03	97,468.00	95,430.00	99,859.46	103,412.60	113,291.00	118,995.85	128,239.04	116,997.24	105,420.95
Less Discount Paid	9,850.62	45,758.57	38,840.49	32,260.56	37,973.04	36,151.10	35,277.91	33,440.00	32,292.15	35,144.35	39,212.35	34,390.66	30,882.64
Net Earned Discount	10,197.64	47,949.81	56,451.02	51,590.47	59,494.96	59,278.90	64,581.55	69,972.60	80,998.85	83,851.50	89,026.69	82,586.58	74,538.31
Inspection Fees Received	3,743.79	6,683.72	8,750.28	6,220.29	5,396.59	5,504.51	5,938.38	5,698.54	4,392.66	4,154.79	3,045.47	1,687.05	1,241.50
Profit on Bonds	-	-	23,985.00	-	-	-	110.00	-	-	15,359.59	-	-	-
Interest on Bonds	1,215.64	11,871.29	9,804.94	9,333.55	7,620.80	6,591.00	-	-	-	-	-	-	-
Other Income	-	6.14	-	5,552.50	5,181.17	334.56	60.00	50.25	120.26	785.60	31,032.12	1,455.96	923.24
<b>Total Income</b>	<b>15,157.07</b>	<b>66,510.96</b>	<b>96,991.24</b>	<b>72,696.81</b>	<b>77,693.52</b>	<b>71,708.97</b>	<b>70,689.93</b>	<b>75,721.39</b>	<b>85,511.77</b>	<b>104,151.48</b>	<b>123,104.28</b>	<b>85,729.79</b>	<b>76,703.05</b>
<b>EXPENSES:</b>													
Salaries	2,780.00	5,408.74	6,428.35	8,481.50	9,471.50	9,910.00	10,585.00	10,965.00	10,765.00	11,791.13	11,642.50	13,782.00	19,984.00
Inspection Salary and Expense	6,252.69	9,951.50	9,799.88	7,244.59	7,733.33	7,117.37	7,271.22	8,256.06	7,406.02	8,820.74	7,013.80	4,241.72	778.31
Directors' Fees	844.90	395.50	743.00	821.00	480.00	462.00	825.95	926.00	1,007.50	1,090.65	735.76	351.00	331.34
Abstracts & Recordings	238.85	554.83	546.51	795.24	740.33	1,094.76	903.58	978.67	1,034.81	1,010.62	990.34	855.45	1,022.97
Supplies, Stationery, etc.	472.16	675.86	924.90	632.95	682.09	1,478.31	1,420.76	573.91	1,672.48	1,448.79	2,280.25	945.56	849.67
Telephone & Telegraph	631.42	1,128.62	821.84	1,121.91	848.86	813.44	1,185.27	1,457.06	1,849.53	1,802.52	11,800.00	1,800.00	1,800.00
Traveling Expenses	314.50	371.01	332.40	110.00	459.90	566.91	1,250.12	1,429.02	489.75	1,010.07	1,467.35	458.05	815.12
Automobile Repairs	-	-	47.61	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	900.00	840.00	840.00	840.00	840.00	933.75	1,215.00	1,215.00
Taxes	87.50	94.05	938.16	4,805.78	396.69	814.15	202.73	42.00	425.32	326.00	293.00	183.30	38.35
Accounting & Legal	-	2,457.36	978.17	275.00	50.00	426.00	275.00	75.00	75.00	4,531.30	2,713.87	1,075.00	5,127.24
Examinations	-	-	63.03	78.40	46.60	99.36	71.53	-	540.63	393.52	-	-	-
Branch Office	-	110.87	358.64	57.72	-	-	-	-	-	-	-	-	-
Insurance and Bond													
Premiums	150.00	196.30	150.00	150.00	168.00	192.68	157.49	195.63	83.12	86.96	80.24	42.80	54.09
Life Insurance Premiums	-	-	1,136.25	-	1,013.00	1,008.75	2,003.75	994.50	988.75	-	437.50	1,009.50	-
Advertising	210.00	-	39.34	46.20	40.90	106.05	975.13	1,553.21	2,813.74	2,734.47	2,196.62	2,087.18	3,108.59
Organization Cost	202.40	53.90	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	123.77	349.48	1.00	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	23.82	107.62	81.33	-	17.88	21.94	601.81	391.72	461.08	-	1,235.37	-	-
Bad Debts Charged Off	-	-	606.10	2,223.70	709.81	127.52	373.00	3,105.49	8,539.47	9,578.75	216.00	675.00	-
Christmas Bonus	-	-	-	-	-	-	358.33	-	475.00	1,518.49	389.46	298.90	388.73
Social Security	-	-	-	-	-	-	-	-	-	-	218.70	598.97	-
Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>12,190.24</b>	<b>21,629.32</b>	<b>24,344.99</b>	<b>26,844.99</b>	<b>22,853.89</b>	<b>25,139.24</b>	<b>29,326.67</b>	<b>32,356.88</b>	<b>38,467.20</b>	<b>46,984.89</b>	<b>34,644.51</b>	<b>29,882.12</b>	<b>38,970.38</b>
<b>NET OPERATING PROFIT</b>	<b>2,966.83</b>	<b>44,881.03</b>	<b>72,646.25</b>	<b>45,851.82</b>	<b>54,834.63</b>	<b>46,569.73</b>	<b>41,363.26</b>	<b>43,364.51</b>	<b>47,044.57</b>	<b>57,166.59</b>	<b>88,459.77</b>	<b>55,847.47</b>	<b>37,732.67</b>
<b>Dividends Paid</b>													
Preferred Stock	141.00	6,470.48	4,270.00	4,270.00	-	4,179.00	4,179.00	4,151.00	4,151.00	4,141.00	4,151.00	6,175.70	7,423.50
Common Stock	-	-	25,000.00	10,000.00	10,000.00	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	10,000.00	8,550.00	8,550.00
Service Fee	-	-	-	-	-	7,500.00	9,000.00	3,000.00	-	-	9,500.00	-	-
Patronage Dividend	-	-	-	-	-	-	-	-	-	-	13,978.73	9,258.20	-
<b>Total Dividends</b>	<b>141.00</b>	<b>6,470.48</b>	<b>29,270.00</b>	<b>14,270.00</b>	<b>10,000.00</b>	<b>27,679.00</b>	<b>29,179.00</b>	<b>23,151.00</b>	<b>20,151.00</b>	<b>20,151.00</b>	<b>37,629.73</b>	<b>23,980.90</b>	<b>15,973.50</b>
<b>NET PROFIT</b>	<b>2,825.83</b>	<b>38,410.55</b>	<b>43,376.25</b>	<b>31,581.82</b>	<b>44,834.63</b>	<b>18,890.73</b>	<b>12,184.26</b>	<b>20,213.51</b>	<b>26,893.57</b>	<b>37,015.59</b>	<b>51,230.04</b>	<b>31,866.57</b>	<b>21,759.17</b>



## NATIONAL WOOL AND MOHAIR ASSOCIATION

OKLAHOMA CITY, OKLAHOMA

BALANCE SHEET AS

OF MARCH 30,

1943

## ASSETS:

Cash with National Commission Company	\$ 18,031.18
Inventory: 568 New Bags, 923 Used, 1051 Twine	1,142.83
Inventory: Miscellaneous Supplies	127.65
Shearing Machine & Supplies (Book Value)	<u>212.61</u>
TOTAL ASSETS	\$ 19,514.27

## LIABILITIES

Accounts Payable: Ringer wool	12.32
Freight Refunds Collected--Unadjusted	416.01
Capital Stock	10,000.00
Gain for 1942	1,337.09
Gain for 1943	<u>7,748.85</u>
TOTAL LIABILITIES	\$19,514.27

Continued

## NATIONAL WOOL AND MOHAIR ASSOCIATION

Balance Sheet as of December 31, 1943

PROFIT AND LOSS STATEMENT  
FOR 1943

## INCOME:

Commissions on Sales	9,739.65
Grading Charges	3,230.86
Sales-Proceeds Adjustment	211.01
Com. Cr. Corp. Adjustment	18.68
Central Trading Co. (1942 Bal.)	318.44
C. C. Buxton (1942 Bal.)	85.19
Gain in Bag and Twine Acct.	990.53
Gain in Misc. Supplies Acct.	23.93
Other Income - Errors	<u>.06</u>

TOTAL INCOME

\$ 14,618.35

## EXPENSES:

Salaries and Wages	2,541.69
Rental and Utilities	781.03
Office Supplies	65.96
Insurance	1,000.00
Misc. Warehouse Supplies	47.45
Office, Management, etc. (Natl.)	1,710.00
Compensation Insurance	90.59
Loading Wool (Yard Co.)	73.57
Processing Bags.	87.25
Scale Inspection and Repair	30.00
Sales Tax Paid	10.97
Social Security Paid	39.69
Victory Tax Withheld	25.48
Corporation License Fee	12.50
Legal Service (Bob Conliff)	75.00
Miscellaneous Expense	15.60
Inbound Freight Adjustment	18.35
Loss on Purchased Wool	82.74
Boston Freight Adjustment	29.82
Natl. Wool Mkt. Adjustment	19.21
Worth Pyle (1942 Adjustment)	14.73
Chg. Off - Over Advances	63.00
Chg. Off - Errors in Acct. Sales	<u>34.87</u>

TOTAL EXPENSES

\$ 6,869.50

NET GAIN FOR 1943 - - - - - \$ 7,748.85

## NATIONAL WOOL AND MOHAIR ASSOCIATION

OKLAHOMA CITY, OKLAHOMA

BALANCE SHEET AS

OF MARCH 30,

1943

## ASSETS:

Cash with National Commission Company	10,425.78
Inventory: 155 New Bags, 626 Used Bags	593.20
Inventory: 8 Gal. Pheno & Misc. Supplies	100.00
Shearing Machine and Supplies (Book Cost)	<u>218.11</u>
TOTAL ASSETS	\$11,337.09

## LIABILITIES:

Capital Stock	10,000.00
Surplus (1942 Gain on Books)	<u>1,337.09</u>
TOTAL LIABILITIES	\$11,337.09



Continued--

## NATIONAL WOOL AND MOHAIR ASSOCIATION

Balance Sheet as of March 30, 1943

PROFIT AND LOSS STATEMENT  
FOR PERIOD

## INCOME:

Commissions Received	10,711.90	
Gain in Boston Expense	1,612.31	
Gain in Pheno and Supplies Account	<u>69.79</u>	
TOTAL INCOME		\$ 12,394.00

## EXPENSES:

Manager's Salary	2,312.50	
Manager's Traveling Expense	605.17	
Labor	2,586.43	
Rental	480.00	
Legal Fees	250.00	
Wool School Expense (R. Bogle)	100.00	
Warehouse Insurance	320.25	
Carts, Locks, Sign, Racks, etc.	196.33	
Telephone and Telegraph	16.25	
Utilities	40.50	
Postage, Printing, & Supplies	203.90	
Organization Expense	27.50	
Capital Stock Tax	12.50	
Bond Premium	50.00	
Advertising	51.45	
Scale Inspection	10.00	
State Fair Booth	45.20	
Wool Growers Publications	3.50	
Social Security	48.22	
Miscellaneous Expense	27.71	
Loss on Bags and Twine Acct.	975.08	
Loss on Purchased Wool Acct.	<u>2,694.42</u>	
TOTAL EXPENSES		\$ 11,056.91

NET GAIN FOR PERIOD - - - - - \$ 1,337.09

## COLBERT FEED PENS

OKLAHOMA CITY, OKLAHOMA

PROFIT AND LOSS STATEMENT FOR PERIOD 9-24-43 to 12-31-44

## INCOME:

Feed Account: Inventory 12-31-44	17,295.00	
Cost on Books	<u>6,788.52</u>	
Gain		\$10,506.48
Pen Rental		8,411.76
Fertilizer Sales		3,751.26
Dorsey-Ridley Rental		290.00
Garden Plot Rental		100.00
Sheep Pasturage (Bogle)		54.00
Sales Tax Collection Service		64.04
C. F. Mock Account Adjustment		<u>.14</u>
		\$23,177.68

TOTAL INCOME

## EXPENSES:

Salaries		13,002.15
Rent on Pens		3,200.10
Utility Bills		1,727.02
Gas, Oil, and Repair on Trucks		473.54
License and Excise Tax on Trucks		140.87
Pen Repair, Supplies, and Misc. Exp.		1,083.58
Bonuses in 1943		50.00
Social Security and Comp. Tax		104.08
Insurance		726.78
Rye, Sudan, & Vetch Seed		188.22
Veterinarian Service		9.00
Car Expense (Mrs. McBirney)		60.00
Bank Charge for cashing checks		1.90
Depreciation and Loss on Capital Assets		<u>1,000.00</u>
		\$ 21,767.24

Total Expenses

PROFIT FROM OPERATIONS - - - - - \$ 1,410.44

## LOSS ON FEEDING PROJECTS:

Loss on 163 steers	1,086.48	
	39.70 Cr.	
	<u>419.21</u>	
		\$ 1,465.99

Feeding Loss

NET LOSS FOR PERIOD AS PER BOOKS - - - - - \$ 55.55

## COLBERT FEED PENS

OKLAHOMA CITY, OKLAHOMA

BALANCE SHEET AS OF DEC. 31, 1944

## ASSETS:

Petty Cash		55.11
Accts. Receivable:		
Archer	392.49	
Ernest	95.99	
Hardage	25.63	
Likins-Harley	1,386.29	
McClellan	1,666.37	
National	826.29	
Stroud	<u>482.44</u>	
Total		4,875.50
Feed Inventory 12-31-44		17,295.00
Capital Investment		<u>2,700.00</u>
	Total Assets	\$24,925.61
	Loss to 12-31-44	<u>55.55</u>
TOTAL ASSETS AND LOSS - - - - -		\$24,981.16

## LIABILITIES:

National Livestock Credit Corporation	24,340.02
Accrued Income Tax Withheld	291.76
Accrued Social Security Withheld	59.86
Accrued Sales Tax Collected	<u>289.52</u>
TOTAL LIABILITIES - - - - -	\$24,981.16

## NATIONAL FEEDER SERVICE CORPORATION

Profit and Loss Statement as of December, 1944

PROFITS:	This Year	This Month
Commissions (Sheep)	3,121.20	70.90
Commissions (Cattle)	26,371.15	855.40
Commissions (Hog)	4,391.36	342.60
Commissions (Country)	7,149.50	150.00
Feed (Cattle)	340.87	
Leo B. Lewis (Profit & Loss Acct.)	1,078.48	
Suspenses account	638.08	638.08
Vaccination (Cattle)	408.11	
	<u>43,498.75</u>	<u>2,056.98</u>
LOSSES		
Donations	1,210.00	670.00
Exchange	104.25	
Feed (Cattle)		43.19
Field Service	1,400.00	
Interest	3,936.06	
Insurance	37.54	
Legal Service	316.50	
Leo B. Lewis (Profit & Loss Acct.)		1,211.50
Natl. Livestock Mktg. Ass'n (Assessments hogs)	181.00	12.00
Natl. Livestock Mktg. Ass'n (Assessments cattle)	903.50	77.00
Office Supplies	273.94	15.33
Hog Account		391.41
Cattle Account	306.36	283.88
Sheep Account	8.21	64.08
Salary (Cattle)	12,092.31	1,400.00
Salary (Hog)	2,475.00	225.00
Salary (Office)	2,225.00	175.00
Serum & Dipping (Hog)	28.80	28.80
Tel. and Tel.	1,200.00	200.00
Traveling Expense (Cattle)	2,202.05	49.88
Social Security	188.92	13.00
	<u>29,089.44</u>	<u>4,861.07</u>
Total Expenses		
Profits (This Year)	14,409.31	
Loss (This month)		<u>2,804.89</u>
	<u>43,498.75</u>	<u>2,056.98</u>



Continued--

## NATIONAL FEEDER SERVICE CORPORATION

Profit and Loss Statement as of December, 1944

## ASSETS

First National Bank	62,284.04	
Account Receivable	22,133.89	
Okla. Livestock Traders Exchange	1,000.00	
Gene Rogers	59.20	
Aubrey Nichols (advance expense)	200.00	
Hog (In process of filling)	1,587.96	
		<u>87,265.09</u>

## LIABILITIES

Natl. L.S. Credit Corp	60,000.00	
Outstanding Draft (Jno. Pools)	11,921.54	
Reserve for Withholding Tax	813.72	
Reserve for Social Security	120.52	
		<u>72,855.78</u>

Profit 2/1/ to 12/31/44		<u>14,409.31</u>
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87,265.09

## ACCOUNTS RECEIVABLE

A & M College	4,234.87	
Check Crisp	1,409.22	
Eastern Order Buyers	11,872.80	
James E. Mills	531.75	
Okla. Natl. Stockyards Co.	60.20	
H. B. Rogers	5,088.55	
		<u>22,133.89</u>

## HOG PURCHASES (In process of filling)

Jack Hall	8	31.72	
Carl Harrison	9	142.36	
R. B. McKay	91	1,404.73	
Merle Wheelis	2	9.15	
			<u>1,587.96</u>

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