

Accu-Bean-Chek
P.O. Box 218
Oak Harbor, OH 43449

Mr. Mark Tobey
Anti-Trust Division
450 Fifth St. NW.
Washington, DC 20530

Dear Mr. Tobey:

Recently I was part of a conference call regarding the Monsanto anti-trust case and your co-worker, Tracey Fisher, asked that I send you a copy of my thoughts regarding Monsanto. As a lifetime farmer/owner of a seed company who is licensed with Monsanto, I have had the opportunity to observe their business practices over the past nine years.

Monsanto justifies their higher prices by saying the farmer likes the higher yields, which is complete bullshit. In reality, the farmer has reached a point where the higher royalties charged by Monsanto has increased his cost of production to the point where many farmers are considering non round up beans to make a profit. Monsanto's purchase of many seed companies only complicates and eliminates the farmers' ability to choose from a wide variety of seed. In addition, the farmers of twenty years ago controlled production costs by planting the seed they had saved from the prior year. Now, even that option is not possible because of the Monsanto patented modified gene, a patent which has outlived its viability. I personally believe patenting seed should be abolished because it increases the costs of the farmer which in turn creates an increased price of food for all consumers.

I compare what Monsanto is doing to the American farmer and consumer to the Bernie Madoff ponzi scheme, but on an even larger scale and to rich and poor alike. With their conglomerate of companies being too unmanageable for the individual to sift through, Monsanto is using smoke and mirrors to perpetrate this crime on all American farmers, as well as people throughout the world, some of whom do not even want Monsanto's genetically modified seed products.

Farmers of America and other developing countries grow the food that feeds the world. The American farmer has had enough and please don't tell us not to save our seed to plant--- with your mouth full of the cheapest food in the world.

Those same farmers will appreciate the work you are doing on their behalf. Thank you.

I believe the statements contained herein can be backed up with records of the past nine years. I don't have any letters after my name, but what I do have is sixty years of farming experience and have for many years researched the best soybean varieties for our area. I am the holder of a patent and several copyrights relating to this area which may enhance my credibility on this subject. I can be reached at 419-898-1210, or roger@accu-bean-check.com if you have any questions.

Sincerely yours,



Roger L. Peters
Accu-Bean-Check

CC: Tracey Fisher
Joe Logan
Fred Stokes
Roger Wise

What follows is a list of some areas where we disagree with Monsanto's practices. I have attempted to group those items under pertinent headings.

Licensing Agreement

- License agreements are signed periodically and often additions or deletions are made, always initiated by Monsanto, further tightening the noose around my neck. As an example, Monsanto recently demanded that we prepay seventy per cent of the previous year's sales in advance of these sales. In other words they want royalty money BEFORE any sales are made. I objected!!!
- Another example of what I deem unfair licensing is the demand that I use Monsanto brand herbicide at \$52.00 per gallon, but then six months later Monsanto lowers the cost by 50%, but it is still 100% more costly than the generic herbicide. By contract I am bound to use the higher priced product, thus limiting my bottom line. It is interesting to note that we are not allowed to sell "Powermax", a Monsanto herbicide, but other Monsanto licensees are allowed to do so.
- Monsanto demands all the names and addresses of my clients and assigned them a number. Now, they are trying to sell their products to my clients, bypassing me, using the very information I supplied them, to give my clients a better deal. If they forego the royalty and the genetic supplier royalty in the price, they have a distinct advantage from the start and are using it to steal my customers and drive me out of business.
- It is Monsanto's practice to forward only one segment of the license agreement at a time, not allowing us to see the entire document before we are asked to sign our agreement one portion at a time. When we objected to signing one portion at a time, we were **threatened** with the loss of our seed service fee in 2010 and future years. Why? Previously it was sent in its entirety.

Royalties

- In their licensing agreement Monsanto forces their "partners" (licensees) to pay increasingly higher royalties per unit of seed sold. In 2000 royalties were \$6.50 per unit sold, in 2009 they were \$15.65. With the new RR2 the royalty will be \$39.75 and seed cost is added on top of that figure. When you add an additional \$2.00 per unit in royalty paid to the genetic supplier, there was a 600 % increase in royalties over a ten year period.
- The end result of the increasing royalties is that per one acre of soybeans, Monsanto takes one third of the farmer's gross profit which on average here in NW Ohio is 36 bpa yield.

- Monsanto established many dealers and companies, some owned by Monsanto. Do they charge different royalties to their customers? Are special deals being made to Asgrow or DeKalb dealers? Are these practices intended to put the smaller, independent seed companies out of business? The seed company which charges the least per unit sells the most seed, obviously.
- Royalties paid to Monsanto are charged according to latitude, instead of by soil type. Poor Nappanee soil which produces fewer bushels per acre (approximately 36 bpa) pays the same royalties as the farmers on the excellent soils with much higher bushel per acre yield.

Product Pricing and Sales

- A chemical company can sell seed, but a seed company cannot sell chemicals. One without the other is nothing. Monsanto will not allow my seed company to sell herbicide, unlike other companies in the area.
- Recently we received notice from Helena Chemical Company that they would no longer be selling us chemicals unless we purchased them by the pallet, which due to our size we had never done. Helena is also a Monsanto owned Asgrow-DeKalb dealer.
- Monsanto sells their “Round-up” beans in 140,000 seeds per unit, an arrangement where you pay more, but get less. When we began our “partnership” with Monsanto in 2001, the royalty was paid on a fifty pound unit, which generally contains more seed than 140,000 seeds.
- Monsanto claims they are going to “feed the world”, while it is actually farmers who feed the world. Per one acre of soybeans, Monsanto takes one third of the farmer’s gross profit (36bpa) in seed cost. Royalties in 2010 will be \$39.75 for “Round-up Ready 2” beans which is on top of the market price of beans. Monsanto demands that the seed be treated with “Acceleron” at \$11.00 per unit. How can farmers afford to feed the world at these extreme and ever increasing prices?
- Monsanto does not farm the land. They contract farmer/growers to produce the seed which gets sold to all of Monsanto’s seed companies. If Monsanto does not grow the seed, all they are doing is **custom cleaning** of the seed. Monsanto tells farmers they cannot clean or save seed, and they despise custom cleaners which effectively eliminates competition. Monsanto continues to raise royalties while the farmer takes all the risks and losses incurred by weather, pests, and other uncontrollable factors. The farmer may lose money in any given year because of these factors and Monsanto’s increasingly high royalties, while Monsanto wins every year because they risk nothing.
- Monsanto rewards its key executives handsomely with over 10 million going to five executives in 2008. Stock options exercised for these five men equaled

nearly eighty-four million. Monsanto's monopolistic ways and Gestapo like tactics gives the company nearly total command of the seed sector with very little competition.

Monsanto's Demands

- We are partners---but must do and say in our newsletters what Monsanto tells us or we are threatened with loss of our seed service fees. The newsletters, advertising, other company literature, etc. are subject to Monsanto's scrutiny, control and approval even though the cost of printing and mailing the newsletter is borne by my company, NOT Monsanto. I reserve the right to tell my customers the truth about lowering their cost of production, which varieties will yield the best on their individual soils, etc.
- Chemical companies, plant breeders, seed companies, and genetic suppliers save seed, but farmers are denied that right. Farmers are not dumb; if they got lower yields by saving seed, they would not save it. Monsanto makes much of its profit by prohibiting farmers from keeping their seed to replant another year.
- Monsanto also demands that we be audited fairly frequently---three times in the last nine years. It is alright to be audited, but shouldn't we as partners, be privy to Monsanto's balance sheet, audit results, etc.?
- Monsanto also demands to know all of our assets (net worth). Why? They also want to know what our projections for growth will be? Once again, why, for what purpose? They also requested my bank account numbers so they could make automatic withdrawals. I maintain that it is none of their business what my assets are. I am merely doing business with them and see no reason to disclose information such as they have requested. We are a private company with no stockholders.
- Monsanto demands that its seed "partners" police the farmers who buy their seed to prevent them from saving Roundup seed for replanting or resale. We must also ask our client farmers to sign a statement stating that they agree not to save or sell seed to other farmers.
- Monsanto locked our company into using "Acceleron" as a seed treatment. In order to use "Acceleron" I must have a seed treater approved by Monsanto at a cost of \$44,000. (I know they will not approve our current seed treater). There is another similar treater on the market, priced at \$24,000, but it is not approved by Monsanto.

Unfair Competition

- Monsanto set up eight to ten dealers in my backyard, which limits my ability to make sales in my area. With the huge royalty I am being forced to pay, Monsanto and its many seed company acquisitions can undercut my prices anytime.
- Monsanto licenses its “competitors” and works with them to produce certain gene traits. Can the DOJ force Monsanto to produce and compare all licensing agreements to determine if there is discrimination of seed companies by size in the treatment of any of their licensee partners?
- Monsanto does not charge all countries the same amount in royalties. For example, Argentina does not recognize U.S. patent law and pays little or no royalties.
- In an agreement with Pioneer, Monsanto received a huge sum of money to be paid over a number of years for the right to use the Monsanto gene—you might say a one-time, lump sum royalty payment. Please take note that Pioneer is a competitor.
- Monsanto has purchased many seed companies ie., Semillas Cristiani Burkard (SCB), De Ruiter Seeds group, Delta and Pine Land Company, to name a few. While Monsanto’s ASI subsidiary acquired Diener Seeds, Sieben Hybrids, Kruger Seed Company, Trisler Seed Farms, Gold Country Seed, Inc., Heritage Seeds and the seed marketing and sales business of Campbell Seed in 2006 alone which eliminated much of its competition. In 2005, ASI purchased Fontanelle Hybrids, Stewart Seeds, Trelay Seeds, Stone Seeds and Specialty Hybrids. They also purchased the chemical company which produces “Synchrony”, a herbicide which is used on STS beans for broadleaf weed control. In other words they are controlling other markets than the RR market, leaving far fewer choices for the farmer who does not want to be caught in the Monsanto “web”.
- Over the years, Monsanto has acquired many seed companies without renaming them as Monsanto companies. Why? Is this an attempt to hide the fact that they are a company with monopolistic tendencies? Or, is it because it makes it difficult to win a suit in a court of law because it is difficult to ascertain ownership of the companies at any particular point in time. Perhaps both are true.
- Another problem related to the numerous seed companies purchased by Monsanto, but retaining their original names, is the confusion it causes the client/farmer who is unsure what brand they are actually purchasing. It could be the same variety but sold under a different variety name or number.