

## Millions awarded in cattle fraud

By ERIC PALMER  
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A federal jury in Kansas City has awarded \$4.2 million to two victims in what has been described by the FBI as the largest cattle fraud in U.S. history.

The jury awarded the money to Arky and Debbie Rogers of Lake City, Fla. They sued Producers Credit Corp. of Columbus, Ohio, from which they had borrowed money in December 2000 for the purchase and custom feeding of cattle.

The cattle were to be acquired and fed by George Young, a cattle buyer whose Kansas City businesses were partners with Producers Credit. But it was later learned that Young had defrauded the Rogerses and many others out of their investments.

The Rogerses are expected to be awarded about \$1 million in interest in addition to the \$4.2 million in damages, said Richard Rhyne of the law firm Lathrop & Gage, which represented the Rogerses. Because the judge had already entered a judgment against the Rogerses over nonpayment of the original loan, they must repay Producers Credit about \$3.6 million for the principal and interest on that line of credit.

Young and United Producers, the parent of Producers Credit, formed United Livestock Services in 1997. United Producers owned 75 percent of the venture, and Young's Kansas City-based Professional Business Services owned 25 percent. For years, Young bought cattle for Producers Credit clients and for his own clients, feeding and selling them, sometimes guaranteeing investors a certain rate of return.

But after Young's businesses collapsed in August 2001, it was learned that he and

partner Kathleen McConnell had created a Ponzi scheme, paying off early investors with money obtained from later investors, and buying few cattle for either.

Young, 73, and McConnell, 55, were sent to prison in May after being convicted last year of federal fraud charges. Authorities said an audit determined the two had lost money in their businesses and in the commodities markets, but they had not stashed anything away or lived extravagant lifestyles.

According to testimony, investors had given the two money to buy and feed 343,000 head of cattle, but there were fewer than 17,000 on hand when the businesses closed, costing investors and banks an estimated \$166 million.

Producers Credit argued that it too was a victim of Young and McConnell's fraud, but attorneys for the Rogerses convinced the jury that Producers Credit should have known something was up.

"Even if they did not know he was perpetuating a fraud, as a lender they undertook the responsibility to identify and secure collateral and they failed to do that," Rhyne said. "At the end of day we had no cattle to secure the loan."

An attorney for Producers Credit said they will file motions challenging the amount of the award and ask the judge not to enter the judgment.

Rhyne said the Rogerses also have a federal securities suit pending in Ohio against the board of directors for Producers Credit.

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