

EXHIBIT 37

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Vickery Eckhoff, Contributor

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Texas Mayor Paula Bacon Kicks Some Horse Slaughter Tail

Every small-town mayor is bedeviled by something. For Paula Bacon of Kaufman, Texas, it was Dallas Crown, which slaughtered horses next door to her friend Mary Nash's 40-acre farm off Highway 175.

Dallas Crown was shuttered during Bacon's last term in office after a 20-year legal battle over environmental violations that constantly overwhelmed the city's wastewater plant with horse blood and discharge. But news that horse slaughter plants may be returning to the U.S in 2012 has Bacon speaking out about what one horse slaughter plant with 46 non-unionized employees can do to a small town of 6,700 hard-working people.



[Click for full photo gallery: Life In A Slaughter Town: Kaufman, Texas](#)

"You'd be better off with a lead smelter plant and sexually-oriented businesses," says the fifth-generation resident, citing environmental issues along with the stigma attached to horse slaughter.

Bacon, whose family owns P.G. Bacon Lumber Co., ("Friendly service since 1896"), offers a cautionary tale for any town thinking that horse slaughter will benefit their communities.

"Five million dollars in federal funding was spent annually to support three foreign-owned horse slaughter plants: Dallas Crown, Beltex in Fort Worth and Cavel in DeKalb, Illinois," claims Bacon. "When Dallas Crown's tax records came to light in the city's legal struggle, we found they'd paid only \$5 in federal taxes on a gross income of over \$12 million. They liked to say they were good corporate citizens. But it is my belief they were more like corporate thugs."

Life In A Slaughter Town

The twice-elected Bacon has plenty of gruesome stories to share, dating back to the '80's, when the Belgian-owned Dallas Crown put in a pump to force horse blood through the city sewer system and burst the pipes. Within hours, horse blood backed up into residents' bathtubs and bubbled up through city streets.

Then there were the out-in-the-open offal piles, ever-present flies, vultures and stench lingering inside the Presbyterian hospital, daycare center, churches and, of course, people's homes. Yet despite a litany of gothic horrors in the community, Dallas Crown's violations and operations continued unabated until February, 2007. That's when the Fifth Circuit Court of Appeals finally shut it down, citing a 1949 Texas law making horse slaughter illegal that had somehow been buried and forgotten.

The decision brought to an end the constant lawsuits, injunctions to cease and desist and legal bills. "During that time, legal expenses consumed 20% of the town's property tax revenue. That floored me," says Bacon, describing the day she pulled the city manager's records while he was out of the office and tallied up the bills.

Over one six-week period, Kaufman issued 29 citations for wastewater violations, each accompanied by a potential fine of \$2,000. Dallas Crown responded by requesting 29 separate jury trials, potentially causing yet another economic strain on the city's budget.

Kaufman could not afford to litigate in order to collect the fines, which went unpaid. "But things got a lot worse," says Bacon. During a 19-month period in 2004-2005, there were 481 violations, at which point Dallas Crown refused entry to Kaufman's engineers, preventing them from doing any environmental tests for nine months.

This kind of situation is, unfortunately, nothing new to residents of towns that slaughter cows, pigs, sheep and poultry, as Bacon's critics like to point out. These include lawmakers like former Montana Representative Ed Butcher, whose state is looking to profit from slaughtering horses for foreign markets, along with Sue Wallis, a state representative and pro-slaughter advocate from the small town of Recluse.

Do a Google search and you can find stories from not long ago about slaughterhouses pumping partially treated sewage (mostly blood, entrails and manure) into local waterways, as happened at Beltex and Cavel. These were also shut down when the USDA decided to stop funding inspections of horse slaughter plants five years ago.

Bacon's used to the slaughter industry's "two wrongs make a right" argument. "We dealt with people telling us to suck it up for 30 years. It just seemed like a necessary evil. We thought we were stuck with it."

"Quite Frankly, We Don't Want You Here."

This was the message delivered to Dallas Crown on Tuesday, January 21, 1986 by Mayor Harry Holcomb and the Kaufman City Council. Representatives of the plant, which had been around since the late '70's, went to the meeting, looking to get operations back online after a year-long shutdown following several months of bloody bathtubs and streets incidents.

"How would you like to have blood in front of your house and have the smell of manure and flies all around?" complained a resident at the meeting. Others worried about children getting sick.

A city waste water analyst told the council that if pre-treatment requirements were met, the conditions wouldn't be as bad as in the past. "The amount of odor created by wastewater should be minimized," he said, "and they shouldn't be putting blood into the sewer because they can sell it. Every pint of blood they pour down the sewer is lost money. If they violate the waste-

water ordinances of the city, they can be forced to come into compliance, or be closed.”

Mayor Holcomb stated, “That plant has never made the city a dime and never will,” then relented, believing the town could close Dallas Crown if it failed to comply with ordinances and regulations. And Dallas Crown quickly agreed to meet the city’s requirements. “We want to be good members of the community,” said Henry Serruys and Jack Kemp, representing the plant’s foreign owners.

Other promises followed. “We don’t go on the market to get ‘good’ horses. We get surplus horses—those that would be sent to the glue factory or others not fit for other use,” said plant manager Serruys. Estimates of horses slaughtered per week: 300.

These would be killed “in a fraction of a second,” Serruys claimed, with a captive-bolt device. He also promised that a “USDA inspector will be on site each day to ensure that the plant operates under government regulations and the plant will work under the guidance of the humane society.”

“They lied, horses died,” Bacon states. “Same as it is now.”

Thicker Than Water: Dealing With Toxic Horse Blood

The waste water analyst at that critical, 1986 city council meeting omitted two key details that would prove disastrous for Kaufman over the next two decades. The first had to do with the quantities of horse blood that Dallas Crown would produce. The second was its marketability to fertilizer companies.

Quite simply, the companies didn’t want it for the same reason that a major U.S. prepared-foods company later stopped fertilizing its mushrooms with horse manure: drugs in the horses’ systems that were toxic to humans.

Pro-slaughter activists like to promote beef and horse meat as equally healthful, but statistics quickly reveal important differences in how cows and horses are raised and medicated that prove them wrong.

For example, 100% of cattle go to slaughter, typically, by age two. From pasture to plate, their feed and meds are regulated by the USDA. By contrast, no more than 1% of U.S. horses wind up in the slaughter pipeline in any given year. Of those, more than 90% are healthy, sound horses with no behavioral problems, according to a study done by Dr. Temple Grandin of Colorado State University. In another study, fewer than 4% of horses sold to slaughter were older than age 10.

Watching Through The Fence

Dallas Crown’s promise to slaughter only broken-down nags turned out to be a farce, as Bacon and Mary Nash discovered by simply observing the pens from behind Nash’s fence. “You could see everything from there,” Bacon says. “I’d never seen such beautiful and healthy horses.”

Even if the horses had been old and useless, their ages should have disqualified them as slaughter animals or at least raised a flag: No rancher keeps a meat animal beyond the age it takes to reach full weight. A horse past that age would obviously have done something else prior to being sold to a kill buyer: breeding stock, racehorse, sport horse or working animal, for example.

But these kinds of equines get medicated with wormers, antibiotics, fly sprays, diuretics and Phenylbutazone, a pain killer once administered to people and now banned as a known human carcinogen by the USDA and FDA in slaughter-bound food animals. Racehorses have the highest exposure to "bute" due to their training and racing schedules, but regular sport and working horses are regularly administered the drug, too, according to owners.

As a result, the fertilizer companies rejected the horses' blood as too toxic for commercial use. And so, shortly after going online again in the springtime, Dallas Crown—and Kaufman's sewer system—was again awash in horse blood, a disaster compounded by another key detail that the waste water specialist should have known: 300 horses produce blood equivalent to 600 cows. Twice the amount of blood, more than twice the toxicity, for half the profit.

The blood, of course, stayed in Kaufman; the profits and meat went overseas.

Taking On The Good Ol' Boys

A former high school teacher, Paula Bacon ran for Mayor of Kaufman back in 2003 because, as she put it, "I was tired of the good ol' boys running everything." She unseated the incumbent mayor with 58% of the vote. The good ol' boys weren't pleased.

For one thing, she was only the second woman to be elected mayor in the town's 163-year history. For another, quite a few good ol' boys had economic relationships with Dallas Crown. Some worked in the office and the plant, others as kill buyers supplying live horses. Even Kaufman's city attorney rented office space to Dallas Crown's legal counsel. Their offices sat cozily across the hall from each other.

But while their relationships benefitted a handful of Kaufman residents, many more suffered.

Jualine and Robert Eldridge lived next door to the plant for more than 20 years. Like Mayor Bacon, they were vocal about the foul smells, sights, vermin and loud noises affecting their property, families and neighborhood.

"Sometimes, when they killed, they didn't move the [offal] container for a week. That's how long it took to fill it with guts," says Robert Eldridge. "The longer it sat, the more it stunk, the more flies and vermin it attracted."

"It was all about money for Dallas Crown," says Jualine Eldridge. "They wanted the plant, but not in their own backyards. Just like Beltex, which was in a low-income Hispanic neighborhood in Fort Worth. They didn't care about us."

Bacon also points out the effect that the environmental and humane aspects had on businesses looking to relocate to Kaufman. "I discovered that developers would look at the plant and say 'no thanks.' When asked why, they'd just say, 'Not a good fit.'"

Kaufman Today

Life in Kaufman is immeasurably better, now that Dallas Crown is shut down. The air is clear, the crime rate dropped steeply and real estate prices have gone up. The town has also been attracting businesses that stayed away while it was known as "that place that slaughtered horses."

And the good ol' boys? They just went back to doing what they had always done. The kill buyers started hauling horses to the Mexican border for slaughter. The others stuck around and got involved in new businesses.

Today, quite a few people in the "horse industry" are hoping to overturn the 1949 law prohibiting horse slaughter in Texas that Bacon and the Fifth Circuit Court successfully invoked to close Dallas Crown.

You can change a town, apparently. But a good ol' boy? Bacon remains guarded on that one. It's why she keeps talking about her experience with Dallas Crown.

"People still don't understand how horrific horse slaughter is—and was, right here in Kaufman," she says. "I've got USDA pictures that prove it. But people don't want to see them. They're really hard to look at."

For more on Paula Bacon and Kaufman, Texas, see *[Life In A Slaughter Town](#)*, a special photo gallery accompanying this article.

This is the seventh post in a series on Thoroughbreds, horse racing and the state of the horse industry. For more on this topic, visit [my personal blog](#), follow me on [Twitter](#) and on [Forbes.com](#) or read my other [Forbes.com](#) posts:

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