

Agriculture by Marcia Merry

FDIC stomps out farms

The case of the foreclosure of the Zenker family farm in North Dakota reveals rampant corruption of federal agencies.

Beginning Dec. 19, or even sooner, the Federal Deposit Insurance Corp. can be expected to conduct wholesale shutdowns of local banks. Moreover, the recent history of the FDIC shows naked corruption in the way it is moving against farmer borrowers, as the case of the Zenker family in North Dakota demonstrates.

In Regent, N.D., the family farm run by La Verne and Kay Zenker has been served notice of foreclosure action because of a series of blatant wrongdoings by federal agencies, including the FDIC, the Farmers Home Administration (FmHA—the U.S. Department of Agriculture's farm lender of last resort), and local, state, and federal law enforcement officials.

In the course of such FDIC and FmHA foreclosure actions against farmers, profiteering middlemen are making huge gains because they have bought up FmHA-guaranteed loans to farmers, so when the farmer is shut down, the middleman collects. One of the largest profiteers is the giant Rabobank, based in the Netherlands, which has bought masses of U.S. government-backed farm loans.

Understanding the case of the Zenker family is part of mobilizing to enforce national emergency action to stay farm, home, and essential business foreclosures, and to replace the regime of the Federal Reserve with a credit system in service of agriculture and industry.

Over the past year, the Zenker case has been publicized by the Schiller Institute's Food for Peace effort and its collaborators. Lately, on the

eve of the Nov. 3 election, Keith Magruder, a farm activist in the Dakotas, wrote a letter to the editor of *Farm and Ranch Guide*, which was published on Oct. 23, to sound the alarm on the criminality perpetrated against the Zenkers and other farmers. We publish first the background to the case, then excerpts from Magruder's letter.

In 1987, the Zenkers applied for a loan to the First State Bank of Regent to buy a farm. The bank wouldn't lend the money without a loan guarantee, which was approved by FmHA. The bank also agreed to provide operating money for fuel and repairs, and to allow the Zenkers to lease 66 milking cows in order to generate sufficient income to make their payments.

Within 18 days, First Bank of Regent had sold the Zenkers' loan for cash to Rabobank. First Bank then proceeded to renege on the agreement to provide operating funds, to the point that the family lacked fuel for machinery to harvest crops in the field. There was no money for repairs or for shipping of hay for livestock. The promised cows never arrived.

After this sabotage, the First Bank then moved to foreclose in 1989, whereupon Rabobank immediately cashed in the loan guarantee. First Bank was paid off, Rabobank promptly got its government money, while the Zenkers and their four children were cast onto the scrapheap.

However, before foreclosure proceedings were finalized in 1990, First Bank was seized by the State Bank Commissioner and the FDIC, and is now under investigation. The Zenkers

are still living on their land, but the FDIC is moving for summary judgment on behalf of FmHA.

Magruder's letter quotes a statement by La Verne and Kay Zenker:

"The FDIC and FmHA know we never received all our dairy cows after our FmHA guaranteed loan was closed. Therefore, we were unable to repay our loan. The FDIC and FmHA knew this, but approved foreclosing our farm anyway.

"We now have a judgment against our farm by the FDIC. Why is the FmHA allowing this? How can a bank tell the FmHA in writing that our loan would be repaid with milk income from cows that did not exist? . . .

"The day after the loan closing we went to the bank to get money for the cows. The bank said they never agreed to provide them! The FDIC has closed the bank, and is investigating the banker for potential criminal fraud on many loans. The FDIC said to us, you signed a note. You aren't paying it. Get off your farm and surrender to the FDIC. . . .

"The FDIC admits they are collecting for the FmHA! Why did the FmHA approve this loan without first checking the condition of the cows, the payment source for the loan? (At least to make sure they existed before giving the bank \$250,000.) The FDIC says we have no rights to sue for defense of this fraud and deceit. . . .

"So far, neither our congressman, senator, ag commissioner, U.S. attorney, or attorney general have helped us. We can prove there are many more in our local bank treated like we were. How many are there statewide?"

Magruder wrote, "I resigned from Farm Credit Services because I saw too much of this type of abuse. Few listened to me or even cared. I sincerely hope you do care and will act to save us taxpayers and farmers needless grief."