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Alpaca breeder sues feed maker

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A top U.S. producer of animal feed and one of North America's biggest alpaca breeders are heading to federal court Monday over claims that contaminated feed killed and injured hundreds of animals.

Magical Farms in Litchfield Township and a smaller alpaca operation in Medina - Majestic Meadows Alpacas - together are seeking \$15 million in damages.

They claim an antibiotic that can be lethal to alpacas, or cause severe heart, liver and kidney damage, was somehow added to feed they bought in early 2003 from a Massillon mill owned by defendant Land O'Lakes Farmland Feed.

The two alpaca operations are suing Farmland Feed and its parent company, Land O'Lakes Inc., in U.S. District Court in Cleveland.

The trial highlights how Ohio has become a leader in the emerging market to breed and shear the Andes highlands creatures known for gentleness, ease of care and luxurious fleece.

The explanation for Ohio's dominance in a type of animal husbandry that was virtually nonexistent outside South America until the 1980s resides largely with a primary plaintiff in the case.

Jerry Forstner and his wife, Libby, became prolific buyers of alpacas beginning in 1993, building a herd at Magical Farms that now totals more than 1,600. The Euclid native made his fortune with a chain of Self Service Mini Storage units and quick oil-change Lube Stops across Northeast Ohio.

It was not the scope of Forstner's purchases so much as his marketing strategy that shaped the U.S. alpaca market.

Forstner set up a time-payment system that allows small farmers and investors to get into what had been a cash-on-the-barrelhead industry. A Magical Farms alpaca can be had for 25 percent down, with a 48-month payment plan. Eighty to 90 percent of the farm's customers buy alpacas that way.

"I like to say, 'If you can afford a car, you can buy an alpaca,'" Forstner said.

A money maker:

No muss, no fuss

The market dynamics and profile of buyers shifted with Forstner, said Eric Hoffman, principal author of the bible of the industry, "The Complete Alpaca Book."

At auctions today, buyers may never take the animals home: They often board them and bank on multiplying their investment through alpaca offspring.

Female alpacas today fetch \$20,000 to \$40,000 at auction. A few prize studs have sold for \$500,000 or more.

Although the emphasis today among U.S. alpaca owners is on building herds and making money off breeding, ultimately, the economics of the alpaca has to do with its fiber.

The fleece, often described as softer than cashmere and lighter and warmer than wool, has become increasingly fashionable because of its qualities. It is hypoallergenic, fire-retardant, contains no itchy lanolin and comes in 22 colors.

And it is produced by an animal that is "alert, intelligent, curious and predictable," according to the Alpaca Owners and Breeders Association. The animal communicates by humming, requires minimal fencing, is disease resistant, a light eater and "deposits its odorless, bean-like pellets in concentrated areas."

Little wonder, then, that interest in raising alpacas has steadily grown since they were first commercially imported into the United States 23 years ago.

Every state has at least some registered alpacas, but Ohio is the leader with 12,570.

Forstner got into the business about a decade after several animal importers began shipping a few alpacas into the United States. Before then, the handful of alpacas outside the snow-capped Andes in Peru, Bolivia and Chile were mostly at U.S. zoos.

Through importing, the U.S. herd grew to 8,500 by the early 1990s. The animals were screened by veterinarians and other experts to assure they were healthy and of good quality, then logged in a registry, much like certifying horses and other domestic animals.

Members of the Alpaca Registry Inc., a U.S. database with pedigree, parentage and DNA information, voted to close the registry to further imported alpacas in 1998.

Breeders didn't want a repeat of the collapse that happened in the ostrich and emu trade in the 1990s because of overproduction that flooded the market. Prices for the birds plummeted from a high of \$25,000 to \$50,000 per breeding pair to less than \$1,000 per pair, a report from Iowa State University said.

Some question future

of the industry

Some question whether alpacas are another speculative bubble. Two researchers from the University of California at Davis said they found striking similarities between the auspicious beginnings of the emu, ostrich and alpaca industries.

Tina Saitone and Richard Sexton used statistical modeling to analyze the cost of raising an alpaca and the value of its fiber. Their 2005 report found "overwhelming" evidence that current U.S. prices are not supportable and won't last.

Hoffman, the author, who is recognized internationally as an expert on camelids, said the industry is like any other: If buyers do their homework and understand the important qualities for productive, healthy alpacas - and choose alpacas that way - they can buy competitively.

Joe Osborn, acting president of the Ohio Alpaca Breeders Association (www.alpaca-farms-breeders.com), said the U.S. industry is still in its infancy - on the cusp of big growth, he said. Owners and breeders want to expand the U.S. herd of roughly 100,000 alpacas so it can sustain an ongoing domestic alpaca textile industry.

Peru, with more than 3 million alpacas, now has the world's only viable alpaca textile trade.

Osborn said he's already turning a profit raising alpacas on his farm in Marion - Christi's Dream Weaving Suris.

"This is a very easy industry to make money in," he said. "Half the time taking care of our three dogs is harder than taking care of 50 alpacas."

And then there's the charm factor.

The woolly, sweet-faced, friendly relative of the llama, one breeder's Web site notes, is "the huggable investment."

1 suit moves forward;

other claims settled

In contrast, Forstner said the poisoning of scores of alpacas on his farm was awful, with dead alpacas turning up across his fields.

Land O'Lakes recalled the suspect feed after farmers began linking it to the deaths. The Arden Hills, Minn., company has settled all claims related to the error except the Magical-Majestic lawsuit before U.S. District Judge Christopher Boyko in Cleveland. Land O'Lakes filed an admission of negligence last month. The company said it allowed salinomycin, an antibiotic that kills parasites in chickens and pigs, to be introduced into a batch of feed, causing the death of 73 alpacas.

But Forstner says he lost about 120 alpacas and more than 300 others may have been injured or at least lost their sale value. Among the alpacas he lists as killed is Peruvian Dakotia, appraised at \$300,000.

An attorney for Land O'Lakes, Jonathan Menezes, said there has been no evidence that ingesting salinomycin has lingering effects on survivors.

"These animals are still breeding, eating, sleeping, producing fleece, doing all the things that alpacas are supposed to do," said Menezes, a partner with Sutter O'Connell Mannion & Farchi in Cleveland.

Forstner attorney Douglas Bartman said Land O'Lakes officials talk about a "culture of accountability . . . But Land O'Lakes has not lived up to that in this case."

In addition to the dispute over the survivors' condition, the two sides are arguing over alpaca values. Competing appraisers are expected to testify.

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