

CONFIDENTIAL INTERNAL MEMO

July 6, 2018

Walter Ceroici
Acting Chief Executive Officer
Natural Resources Conservation Board

Re: Nelson/Hofer feedlot file.

Dear: Mr. Ceroici

I conducted an internal investigation on June 26, 2018 in response to bias allegations in a May 22, 2018 letter from North and Company LLP relating to Hofer complaints about the Nelson feedlot. The investigation involved interviewing both NRCB Approval Officer Joe Sonnenberg and NRCB Inspector Denny Puszkar. Specifically, they were both questioned regarding their meeting with Richard and Rodney Hofer on March 23, 2018 at the Lethbridge NRCB office.

The May 22, 2018 letter from Mr. North refers to a specific comment made by Mr. Puszkar during the March 23, 2018 meeting. According to the letter, Richard Hofer states Mr. Puszkar said *“that he (Mr. Puszkar) was reluctant to approach the Nelsons regarding animal numbers since they (the NRCB) have a good relationship with the Nelsons and don’t want to do anything that might affect it”*. Later in the same letter Mr. North states *“Lastly, the reluctance of the local NRCB to seek enforcement of an apparent breach of the authorized number of cattle for fear of jeopardizing their relationship squarely raises the matter of local NRCB bias in favour of the Nelsons against the Hofers. We would appreciate this relationship being investigated by persons of authority so that our clients can be assured of unbiased enforcement of the AOPA and its Regulations”*.

Joe Sonnenberg

Mr. Sonnenberg attended the March 23, 2018 meeting with Mr. Puszkar because I was unable to attend due to the passing of my mother earlier in the week. It is not Mr. Sonnenberg’s file, but both parties (the Nelsons and the Hofers) are in one of the municipalities he is responsible for as an approval officer. Mr. Sonnenberg did not keep any notes for this specific meeting but treated the meeting just like any other he has had with CFO operators. I asked Mr. Sonnenberg about the bias allegation statement

referred to in the May 22, 2018 letter from North and Company LLP. Mr. Sonnenberg stated that "*it was not an accurate quote*". He did state there was a discussion about the NRCB's relationship with the Nelsons, but could not remember the exact wording. However, Mr. Sonnenberg contended that at no time did Mr. Puszkar say that he did not want to do anything for fear of hurting Nelsons cooperation with the NRCB. Mr. Sonnenberg stated that Mr. Puszkar did mention to the Hofers at the meeting that the operator is cooperative and working with the NRCB. Mr. Sonnenberg recalled that Mr. Puszkar told the Hofers that pursuing a full grandfathering determination could go in either favour of the Nelsons or Hofers.

It was Mr. Sonnenberg's understanding that Mr. Puszkar was trying to be helpful in addressing the Hofer's concerns and did not want minimize Hofers' concerns to benefit the Nelsons.

Denny Puszkar

Mr. Puszkar stated he is not reluctant to approach the Nelsons on compliance issues. According to Mr. Puszkar the Nelsons have been very cooperative in dealing with a variety of issues (e.g., dust control, animal numbers) and would prefer to continue this cooperation. Mr. Puszkar was adamant that he does not have a friendship with the Nelsons and that he is not reluctant to take compliance action when it is warranted. Mr. Puszkar indicated that all compliance actions taken with the Nelsons has been discussed with his managers. Mr. Puszkar stated that a record of all his interactions with both parties are entered into the CFO database. Denny has met Rod Hofers family and been in their home. He has not met any members of the Nelsons' family outside of the members that are part of the feedlot management staff.

Mr. Puszkar stated that he has spent more time on this file than any other file he has.

Conclusion

I feel that over time inspectors do get to know operators/complainants more as the frequency of their interactions increase. A certain level of respect develops from these interactions and it's this level of respect that helps inspectors get cooperation with operators to come into compliance. It is the NRCB's experience that if an operator feels they are being treated respectfully, honestly and fairly, they will cooperate and come into compliance with minimal enforcement action. Granted this interaction can be seen as the inspector being bias. With regards to the Hofer/Nelson file, Mr. Puszkar does not act independently. All enforcement action decisions are made in consultation with numerous NRCB staff (as required) including, myself as Acting Manager of Compliance, Chief Legal Officer-Operations, Director of Applications, General Counsel and the Acting CEO. All interactions are also documented in the NRCB CFO database.

My investigation has concluded that Mr. Puszkas is not acting with bias towards the Nelsons. This is a very difficult file due to the proximity of the Hofers' residence to the Nelson feedlot. This proximity makes it very challenging to manage the impact of dust from the Nelson feedlot on the Hofers. I will continue to monitor the activities on this file and the interaction of Mr. Puszkas with both parties. Should I detect a change in the way Mr. Puszkas is dealing/treating either party I will immediately bring it to your attention.

If you have any questions or concerns please let me know.

Thanks

A handwritten signature in black ink, appearing to read "Kevin Seward", written over a horizontal line.

Kevin Seward
Acting Manager of Compliance
Natural Resources Conservation Board