

VALLEY NEWS 8/21/2010

RESPONSE TO COMMENTS FROM Noreen Patterson /Citizens for Family Farms /Phoenix

Ms. Patterson writes: "Please read the most recent report from the United States Government Accountability Office entitled, "Concentrated Animal Factory Operations: EPA Needs More Information and Clearly Defined Strategy to Protect Air and Water Quality from Pollutants of Concern." This document essentially points out that the CAFO industry has grown too fast to be properly regulated by the EPA."

At present, CAFO'S are not regulated by EPA or by state agencies for other than the application of nutrients to associated cropland under a nutrient management plan where one exists. Neither do any of the CAFO's cited by the GAO use any sort of effective waste treatment technology, let alone a proven, comprehensive process that addresses both air and water impacts. Bion's livestock facilities on the other hand will employ an effective waste treatment technology and will be fully reviewed, permitted and regulated by NYS DEC using its proven SEQR process. **These significant differences mean that Bion's project is actually an example of a solution to the problems cited by the GAO rather than an example of the problems cited, a critical difference**, but not one that Ms. Patterson is willing to recognize. This is another example of a smoke and mirrors campaign, since there has to be full awareness that the comparison raised is simply false on its face.

Ms. Patterson says: "Bion Technologies, Inc. filed Form 10-Q Feb. 9, 2010 with the United States Securities and Exchange Commission. One sentence stands out..."The Report of our independent Registered Public Accounting Firm on the company's financial statements as of and for the year ended June 30, 2009 includes a 'going concern' explanatory paragraph which means that the auditors stated that conditions exist, that raise substantial doubt about the company's ability to continue as a going concern."

A review of Bion's Oswego project website would reveal that this question has already been asked and answered. Public companies need to file their financial statements according to the rules of the Securities and Exchange Commission. This is a **standard disclosure required by the SEC** for all companies that do not have revenue. Bion has made this disclosure in its financial statements for 15 years --another red herring. On the other hand, moving forward with the project obviously requires raising sufficient capital from sophisticated investors to do so. This is typically how a technology company proceeds to apply its intellectual property after it has developed and patented a valuable process.

Ms. Patterson states: "Circle Four Farms, a huge hog farm in Utah, is the plaintiff in the District of Utah Central Division Case No. 2:07-CV-320. Bion is, or was, affiliated with the development of the waste stream technology on Circle Four Farms. The defendants in the case are Mordechai Orians and "Global Horizons." Ms. Patterson continues: "What these documents suggest to me is that my government is unable to efficiently regulate all the CAFOs that are currently in existence in the U.S., that a company that has no money of its own

needs my tax dollars to bankroll their project and a Bion affiliated project in Utah uses foreign nationals for labor through a company (Global Horizons) that apparently doesn't pay the workers."

This is over the top even for you, Ms. Patterson. Bion provided a waste treatment system for a small portion of the Circle 4 Farms and had no control whatsoever over the operations or hiring at Circle 4 Farms. Does the electric company that sells power to the farm bear responsibility for their hiring practices as well? Other service providers? Perhaps the local John Deere dealer bears some responsibility for the farm's workers!

The import of this case to central New York is that Plaintiffs Circle Four and Central Plains run hog production farms and they contracted with Global Horizons for seasonal workers. Global Horizons provides foreign workers through the H-2B VISA program and this program allows workers to work in the United States on a temporary basis.

Since undocumented workers are such a passionate issue for you and your group, we would expect that at the very least you have a long history of raising this issue in the press and directly with Farm Bureau over the last decade. To the extent that undocumented workers has been a problem at New York farms, the Farm Bureau would be a good place to initiate a solution. As for employment at Bion's project, we have provided extensive employment projections that include wage scales and benefits on our project website available for all to see.

Ms. Patterson goes on to say: "This is not a "NIMBY" issue — this is an issue of a project that should not be developed anywhere."

Well, we finally get to the heart of the argument --"**this is a project that should not be developed anywhere.**" Anywhere!!! Evidently your position does go well beyond NIMBY since anywhere could be national or worldwide, but definitely beyond Oswego County. And it blatantly ignores the difference that using waste treatment technology and submitting to environmental review through SEQR would mean. It disregards the recommendations offered by responsible observers of large scale animal production in the U.S. such as the Pew Commission that concludes that waste treatment technologies should be developed and deployed to address much of the environmental pollution documented from existing CAFO's.

Their "non-NIMBY NIMBY claim" is consistent with the offer of 700 plus signatures, promoted by the Citizens for Family Farms, when only 316 could be identified from Oswego County on August 12. It turns out that opposition to the Bion project is a **social agenda issue** for this group. Your objective is to impose that social agenda on the community without exposing the real concern, using any tactics available regardless of the degree of disingenuousness imbedded in your statements. You continue to avoid making your social agenda argument directly because you do not believe that at the end of the day an honest reflection of your position will

move a majority of the community to your blind opposition to the project. Instead, you cover up your true agenda by creating baseless environmental fears that will be addressed through the SEQR process. What is disappointing is that no one from the community other than Wes Belcher seems to have been willing to call you and your group on this charade.

And finally Ms. Patterson says: "I hope it is understood that many of the projects mentioned as failing in Oswego County were overseen by the Oswego County Industrial Development Agency. This agency just received \$750,000 from the US Department of Agriculture's Rural Development Intermediary Relending Program and my hope is that this money does not go to the Bion Project."

To begin with, you need to actually do something to risk failure. As to the insinuation that Bion was going to receive some portion of the \$750,000, the reality is that we have not asked nor has the Oswego County Industrial Development offered. We would return the favor and ask if any of the CFF members are or have in the past received any federal or state subsidy funds in any form. We would like to state for the record that Bion has been 100% investor funded to the tune of \$25 million in research and development since January of 2000. Although we have previously stated this publicly (and posted it on our website) CFF continues to ignore that fact and draw the inferences that Bion's objective is to simply raid the public cookie jar.

Bion believes that it is now time to count the ayes and nays at the county legislature and decide whether the County is going to support the project based on the conditions already stated on numerous occasions --full and rigorous review by SEQR of all activities at all project sites, as well as a full set of vetted performance data from Bion's installation at the Kreider Dairy Farm in Lancaster County, PA, or pass on it to pursue whatever other opportunities might actually exist to build Oswego County's economy. It is unfair for the Schroepel Town Board to be alone in supporting the project if it meets all of the SEQR hurdles.

Oswego County needs to make a decision. The reality is that this project cannot go forward without official County support. In Bion's opinion, the issue has been vetted and a continuation of this 'fake dialogue' will serve no further useful purpose.