

April 9, 2014

I am Happy to be here today and give you a producer perspective on our Wisconsin Grown, cultivated American Ginseng.

First, for those who know little or nothing about Ginseng, here are of couple of basic's:

- It is grown for the root
- It grows natively in the forest
- We cultivate it under constructed shade shelters to assimilate the forest environment
- It takes 3 yrs from seed planting before we can harvest it
- It is a challenging plant to grow and is not for the faint of heart
- In USDA terms we are a Specialty Crop

The root's natural market is in SE Asia. It is used in their herbal medicine programs traditionally referred to as TCM or Traditional Chinese Medicine. Our Wisconsin Grown version is highly prized and sought after because of its reputation for; purity, flavor, curative and restorative properties.

Wisconsin, which offers the ideal blend of conditions for growing the root, produces virtually 100% of the cultivated American Ginseng grown in the U.S. today, 85% of which is currently exported.

Lets look back, U.S. trade w/Asia actually had its start with native Wild American Ginseng in the late 1700's. The likes of Daniel Boone and Davy Crockett traded goods with the Native Americans for Wild American Ginseng which was subsequently shipped to China.

100 yrs later, in the late 1800's, some entrepreneurial Wisconsin farmers decided to try cultivating the roots under man made canopy's, in something called Ginseng Gardens.....hence the beginning of our cultivated Ginseng industry.

The idea caught on and setbacks associated with the likes of the Great Depression were only temporary. Overall our farmers saw success and the industry grew.

In the late 1900's (1982 specifically), the industry felt plant health research, marketing and other needs were not being met, so they petitioned the State Dept of Ag for permission to organize, exist and function as a Market Order. This allowed the State to collect assessments from farmers which were to be managed by a grower board elected by their peers, this elected group is known today as the Ginseng Board of Wisconsin. This group was charged with; setting up plant health research programs, seeking new markets, promoting medical research and development of grower and consumer education programs.

By 1990 there were over 1400 growers involved in raising this fickle and prized herbal crop on several thousand acres of virgin Wisconsin farmland. Production peaked in this era and annual production of dried root rose to 2.1 million #'s. Gross income to our farmers exceeded \$100 million dollars annually and the economic ripple effect through our rural economy was conservatively projected at between \$400 & \$500 million dollars.

Due to the foresight of industry leaders at that time, it was decided we needed to be setting our Ginseng apart from others in the market. We thought we could do that through use of a registered trademark, hence our first exposure to the term "intellectual property". Unbeknownst to us we would soon become more familiar with the term than we could have ever imagined. The

product of our labor here became known as the Ginseng Board of Wisconsin Seal.

Globalization, competition and increasing market demand for genuine Wisconsin Ginseng prompted us to not only register our Brand in the U.S. but in our perceived geographical target markets as well. We developed supporting licensing agreements to be signed by users of our Mark and we felt pretty good about our accomplishments. Little did we know we should have done more.

By the early 2000's profitable pricing started to slide. Product went from \$40 to \$50 per # to single digits! Farmers started pulling out, some went bankrupt, some converted their farming practices to other commodities. Our grower numbers plummeted from their high of 1400 to the 140 we have today. Likewise the earlier mentioned production high of 2.1 million pounds dropped to 500,000.

What happened? In hindsight, several things but key among them was the fact that we had not done enough to protect our intellectual property rights (IPR). As participants on a Governor led Wisconsin business delegation to China, we painfully learned first hand that our 'Brand' was everywhere. At first one might be flattered but then reality set in, no one there was licensed to use it. We determined that our brand was being placed on inferior and less expensive product. As a relatively small player in the world of U.S. Ag, exporting and IPR, we were woefully unprepared for the upcoming ride we were about to take down litigation row.

Market Order driven or not we have never been flush with money and certainly not the kind needed to deal with IPR issues like this. Nonetheless we knew if we were going to survive, restore order in the market place, re-gain market share and re-build consumer confidence in our damaged brand, that we were going to have to fight and fight hard. Had it not been for a group of tenacious

farmers, unanticipated finds in terms of influential and knowledgeable people, with a soft spot in their hearts for our situation and last but certainly not least, the Chinese Govt who takes the topic of knock-offs, (especially in their TCM programs) very seriously, I wouldn't be standing here today. Most even in our own industry do not know how close we were to turning off the lights and handing the key over to our landlord.

Hold on though, this story gets better, over the course of 3 years the litigation dice rolled our way beyond our wildest expectations and we accomplished our goals. Coupled with the aforementioned reasons and just a lot of plain hard work and perseverance, we are here today and this iconic, heritage and regionally unique U.S. agricultural product is rebounding in price and demand. Acreage being planted is creeping up and we are seeing new interest in the form of younger growers willing to learn and carry on the tradition of growing this unique specialty crop.

Though we have reasons to be happy, let's face it, we are a small rural commodity who wants to focus on producing a quality product with ages old characteristics and properties that are known to be highly desired by consumers. We want to do our part for consumer health and America's Agriculture and the rural economy associated with it by increasing exports but spending time and money we don't have on litigation takes away from the focal goals of our Market Order.

Can a GI program help us? Based on our observations to date, there is strong possibility that it could. We've learned the hard way that you should never become complacent and think you've done everything you can to protect your brand. You need to be constantly vigilant and global in your approach to your markets at home and abroad.

Here's a current example; as said earlier we do feel like we've accomplished a lot in terms of restoring and rebuilding our brand in the market place, we've brought many infringers to justice but the new path that we are seeing today is not outright copying of our Seal (though that will never go away) what we are seeing is deceptive and fraudulent advertising on packaging and point of sale material suggesting that the contents of the package is "genuine Wisconsin grown American Ginseng" when in fact we are pretty confident it's not. Would a U.S. backed GI program help us here? We think it could.

To strengthen all aspects of our approaches we are looking at developing a fingerprint for our product, preliminary results suggest that we are on the right path and we are very close to finalizing a program to help us pursue deceptive and fraudulent advertising programs.

As I wind down, you've likely noted that my timeline here cited many key events as happening in 100 year bites, starting with the late 1700's, that was not by design. Nonetheless, if I was here in the late 2000's I would like to be able to look back and see that my country did all it could do to support Rural America. How do you think we are doing so far?

That being said, I would be re-miss if I didn't directly acknowledge the many good domestic and export programs that are currently administered by the USDA. We have utilized a variety of their programs and are most thankful for their existence.

Thank You