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A look at some of the ways frozen semen is changing our industry: from handling a dead stallion's frozen semen to setting up breeding contracts.

By Christine Hamilton

Illustration by John Green

The *Real-Life* Business of Frozen Semen

WHEN WORLD CHAMPION HALTER HORSE AND CHAMPION sire Kid Clu died suddenly of a heart attack in early 2001, industry insiders agreed it was a tragedy. The 13-year-old stallion's offspring had already earned 34 world champion titles.

But his owner, Roger Perry, former owner of Classic Acres in Ocala, Florida, happened to have some frozen semen from the horse.



Nitrogen storage tanks each contain hundreds of frozen semen straws. Proper maintenance includes regularly topping them off with additional liquid nitrogen. Handled correctly, frozen straws extend a stallion's influence.

semen on him," Perry continued. "At the time, we weren't allowed to use it in the Appaloosa registry. But then the rules changed.

"In that situation, I gave the semen to a good friend of mine in the Appaloosa business. He pays me for every mare that he gets in foal, and I sign the breeder's certificates."

Putting it in Writing

"FROZEN SEMEN OFFERS A LOT OF OPTIONS," PERRY SAID. "YOU CAN sell the rights to it, or you can keep the rights and sign off on the breeder's certificates.

"It's like any other business transaction; you just get your attorney involved," he continued. "It's not like we're breaking new ground. They've been freezing Arabian horse semen and cattle semen for years, so there's been criteria set up already in the past. There are contracts on bull semen where the bull's been dead for 20 years.

"Find an attorney or law firm that's familiar with contracts that involve frozen semen. Being in Ocala, Florida, I had access to great horse attorneys.

"Get a good attorney, and draw up a contract," he

"Frozen semen prolongs their productivity and their lineage."

- Roger Perry

added. "You have to understand what your rights are and what rights you are giving up."

What the contract contains depends on the individual situation. One thing that must be addressed is how the stallion breeder's reports and breeder's certificates are handled.

According to AQHA rules, the stallion owner or the owner's authorized agent (as recorded with AQHA), must sign the stallion breeder's report and the breeder's certificate on each resulting foal's registration application.

"I still sign the breeder's certificates on Kid Clu," Perry explained. He is still the horse's official owner according to AQHA. Jim Snow, the owner of Kid Clu's frozen semen, has Perry sign all necessary paperwork.

They could also set up Snow as an authorized agent for Perry, authorizing Snow to sign stallion breeder's reports and/or breeder's certificates on Perry's behalf. However, Perry would retain the right to cancel that authorization at will.

It's important to be familiar with AQHA's rules regarding horse ownership and authorized signatures before a contract is set

up. However you decide to handle your situation, it's crucial to have a contract in place before semen and money are exchanged.

"You just have to be aware of what the restrictions are, what you can and can't do, and have an attorney draw up a contract that everybody understands," Perry said.

Knowing Your Future Plans

"HOW YOU HANDLE THE FROZEN SEMEN HAS TO DO WITH WHAT your plans for the future are," Perry pointed out. "Because it is a future undertaking.

"If you just want to keep a few mares and retain a few breedings, then you write that into the contract. If you don't want to have anything to do with it, like I did, then you sell the complete rights to it and move on.

"I have had no problem with either of the two situations that I faced," he continued. "But I've been fortunate to deal with good, honorable people whose word is as good as a contract."

"It's pretty straightforward. It's just like owning the stallion: You're selling the breeding rights to that stallion. There are a lot of ways you could set it up.

"The thing that's important is prolonging the life of a really great stallion," Perry added. "There are so few of them in any of the breeds: Quarter Horses, Paints, Appaloosas or Arabians.

"Frozen semen prolongs their productivity and their lineage." ■

WHAT'S DIFFERENT ABOUT A FROZEN SEMEN BREEDING CONTRACT?

Brenda McDuffee knows a lot about stallion contracts.

She and her husband, Don, own and operate McDuffee Quarter Horses in Ocala, Florida. Don, an AQHA Professional Horseman and judge, primarily handles the halter training, while Brenda manages the breeding side of their business.

They offer breeding management services for local mares receiving shipped semen, and for local stallions that haul in for collection and shipping, such as the late Rugged Lark.

They also stand and manage several stallions, including performance sire Natural Iron and halter sire Imprimis N Gold. They periodically have stallions that ship frozen semen.

She offered this advice to stallion owners writing up frozen semen breeding contracts for the first time.

Look at contracts from other farms and/or other breeds.

"I dug up other people's frozen contracts and used them," McDuffee said. "I also contacted our vet clinic, Peterson & Smith

Equine Reproduction Center, and asked them. They've dealt with a lot of dressage horses and Warmbloods, and they use a lot of frozen semen."

Decide how to handle the shipping.

"Our farm is not set up to ship frozen semen," McDuffee said. "We didn't want the expense of purchasing the frozen semen shippers."

Instead, they use the frozen semen shipping and distribution service offered by their vet clinic.

"Our vet clinic is a Select Breeders Service™ affiliate," McDuffee explained. Although she keeps the frozen semen at the farm, when a mare owner orders it, the clinic handles shipping it out, including charging the shipping costs and container deposits.

Figure out what to charge for breeding doses.

With a shipped contract, for cooled or frozen semen, McDuffee requires the full stud fee to be paid up front. With a frozen contract, the farm includes the first four breeding doses with the stud fee.

Every breeding dose the mare owner orders after that costs \$75, plus shipping.

"I took the bill charged to the stallion owner to freeze all the doses; the cost of the freezing facility both to keep the horse and freeze the doses," she explained. "And divided it by the number of doses we ended up with."

McDuffee pointed out the number of doses included with the stud fee and the cost of additional doses varies greatly among stallions.

"Each horse freezes differently," she said. "Some will give you six or seven breeding doses per ejaculate, some 10 or 12. And each ejaculation is different: Some days you get more, some less."

Those variations determine how long it takes a facility to freeze a bank of semen, and therefore the cost of each dose.

Stipulate what you want done with extra semen.

"We never buy back straws that aren't used," McDuffee said. "It only takes a couple of seconds for someone to mishandle a straw and damage it. In that case, the straw would be of no value, and there's no way to tell."

If mare owners should have extra semen at the end of the season, they may keep it until their mare foals the next year, and they know they won't need a return breeding, or McDuffee relies on them to destroy it.

Decide how to handle returns and live-foal guarantees.

"As long as we're managing the stallion, it's always our intention for the mare owner to have a live baby," McDuffee stressed.

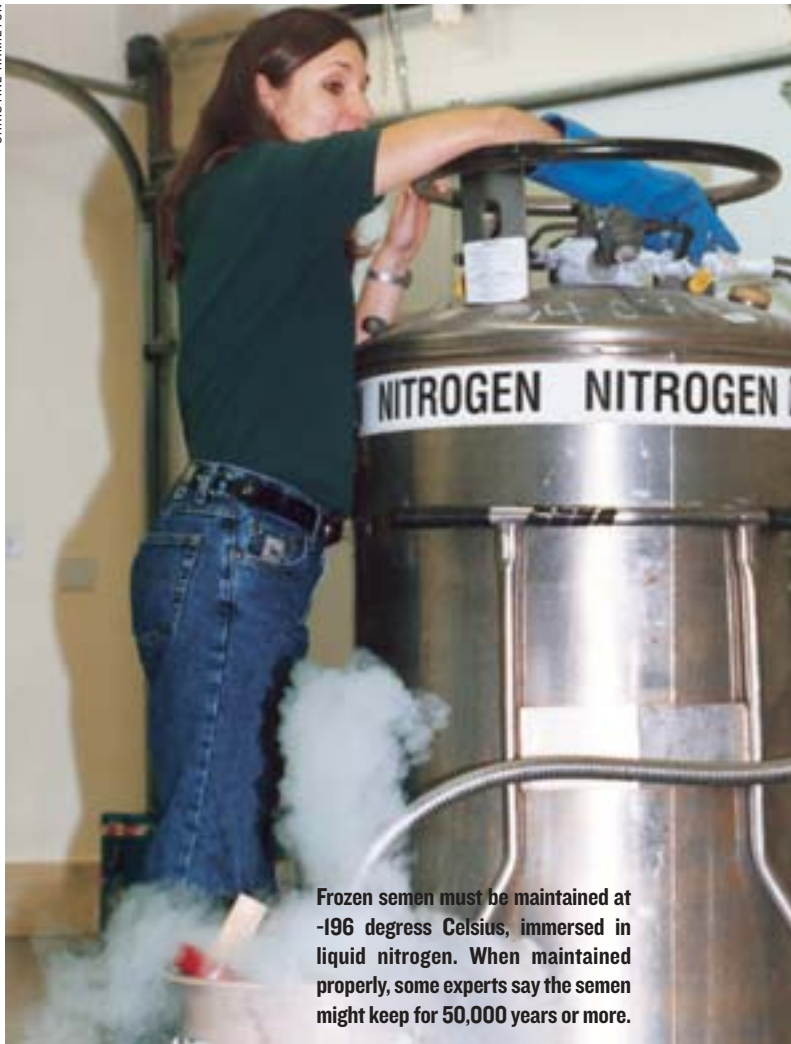
"With a frozen semen contract, if a mare is not pregnant and they want to buy more semen, they have the next two consecutive years (after the first year) to do so."

Depending on the situation, the farm may allow a mare owner to switch mares.



Kid Clu's frozen semen has allowed him to sire foals after his untimely death. Approximately 10 foals are due in 2005; as of press time, there have been two registered for 2004.

K. C. MONTGOMERY



Frozen semen must be maintained at -196 degrees Celsius, immersed in liquid nitrogen. When maintained properly, some experts say the semen might keep for 50,000 years or more.

"We froze a substantial amount of Kid Clu's semen with the intent of using it to supplement the artificial insemination we were doing on the farm," Perry explained.

"We also had in mind to use it after the stallion passed on. It was unfortunate that he died when he did, because he was still a young stallion and died suddenly, or we would have had a lot more of it frozen."

It was a real-life situation of the kind that frozen semen

advocates had imagined as one of the benefits the technology offered: access to a stallion's genetics beyond death or infertility.

However, managing a dead stallion's frozen semen can be different from managing a living horse.

Since the use of frozen semen was approved in 2000, the technology has changed our industry in a number of ways, posing new opportunities and challenges to American Quarter Horse breeders. (For a look at frozen semen and the international market, see the January 2004 *Journal*, Page 48-51 or online at www.aqha.com/magazines/aqbj/content/104january/german.pdf.)

It Depends on the Situation

AT THE TIME OF KID CLU'S DEATH, AQHA RULES didn't allow a stallion's frozen semen to be used past the year of his death. As the rule stood, Kid Clu's semen would have no value for registered stock after 2001.

"We got that changed through lobbying with AQHA," Perry said. At the 2003 Convention, AQHA removed all restrictions from frozen semen, allowing breeders to use it into perpetuity, adding the requirement that offspring must be parentage-verified.

"I then had a buyer call me and ask about the frozen semen," Perry continued. "At the time, we were getting out of the Quarter Horse business, and I just didn't want to have to deal with handling the semen."

"Then a good friend of mine offered to buy the semen, and I sold it to him."

That buyer was halter horse breeder Jim Snow of Quinlan, Texas.

"It worked great, because it was frozen. It was just a matter of shipping the containers and transferring ownership. We set up a contract and he paid me, and now he's the owner of the semen."

"It was probably easier than buying and selling the stallion."

Oddly enough, Perry faced a similar situation with another stallion he owned. In May 2002, he had to euthanize Appaloosa Horse Club Hall of Fame stallion Dreamfinder.

"He was of the same caliber as Kid Clu, and we had frozen

WHATEVER HAPPENED TO KID CLU'S FROZEN SEMEN?

It ended up under the watchful eye of Jim Snow, an all-time leading breeder of halter Register of Merit horses.

Early in 2003, Jim Snow and his wife, Georgia, purchased all remaining straws of Kid Clu's frozen semen from the stallion's former owner, Roger Perry.

"I was a fan of 'Kid's' for years," Snow said. "I raise horses for a living, so I'm using it to raise better horses."

"What got me with Kid Clu was that all the major halter studs were either by Kid Clu or by sons of Kid Clu. I thought I might as well keep the source in hand."

Snow doesn't offer the semen to the public; it's too precious to him.

"I plan to make it last me the rest of my life," he said. "I don't plan to ever use the last straw of it."

"With all the technology that's being developed with frozen semen, I think there may come a time when one straw of semen will give you hundreds of babies. That sounds a little sci-fi right now, I know, but it'll happen. I plan to keep some of it to leave in my will."

The Snows don't plan on ever breeding more than 10 to 12 mares a year with the semen, and there are just about that many pregnant that will foal in 2005.

"It's really a neat technology, and it's enabled us to breed mares to a horse that wouldn't be obtainable otherwise," Snow said.

"Jerry Vawter was Kid Clu's breeder," he added. "When Kid was a baby, Jerry sent his dam for us to breed. I've kept up with Kid all his life."

And now he's the great horse's caretaker for the future.

SELL FOALS, NOT SEMEN

The way frozen semen has been marketed and contracted in the horse industry has varied greatly among breeds. Paul Loomis of Select Breeders Service Inc. of Coloma, Maryland, has experienced those differences firsthand. His company has specialized in the freezing and distribution of equine semen since the company's founding in 1987.

"In the Standardbred industry, most of the desirable genetics are in the United States, and people in Europe want access to them," he said. "The primary reason for domestic Standardbred breeders wanting to freeze semen was to make it available to people in Europe."

Its popularity was enhanced by the way in which Standardbred breeders set up their contracts.

"Their way of doing business is that nobody pays a stud fee either until a mare actually foals out or until the fall of that breeding season year," Loomis explained. Standardbred breeders didn't change that practice when frozen semen came on the scene.

Because no one paid a stud fee until a foal was produced, domestic breeders wanted to ensure they exported only the highest quality frozen semen, increasing their odds of getting a mare in foal.

The result was that European breeders could confidently sign contracts for frozen semen. They knew American stallion owners had a stake in shipping high-quality semen. American stallion owners wanted them to have foals.

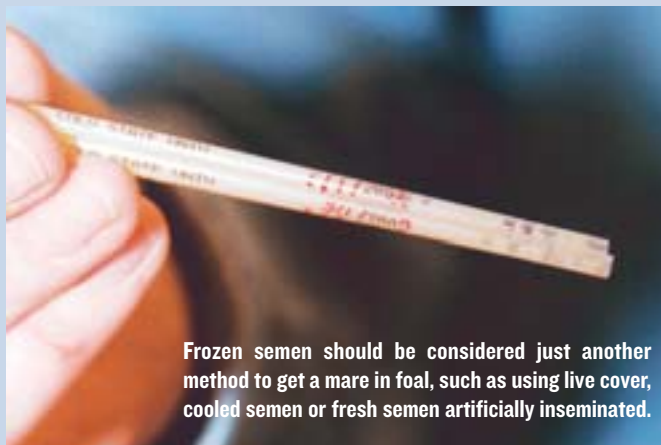
"Contrast that to what's going on in the Warmblood sport horse industry," Loomis continued. "It's exactly the opposite situation."

In the early 1980s, when American breeders began importing frozen European Warmblood semen, they purchased it by the dose.

"You bought what they called a 'breeding portion,' which was three doses of semen," Loomis explained. "It had no guarantees at all: of quality or pregnancy, of anything." It was difficult to blame European stallion owners at the time: They had no guarantees that



"When a mare owner contracts with a stallion, what they're purchasing is the potential genetic combination of their mare and that stallion. They're purchasing a foal."



Frozen semen should be considered just another method to get a mare in foal, such as using live cover, cooled semen or fresh semen artificially inseminated.

inexperienced American breeders would handle the semen properly. But it became standard practice.

"This method of marketing semen has continued in the sport horse world," Loomis said. "Stallion owners selling semen by the dose, not caring if you breed one mare or three mares."

When business is conducted that way, the commodity sold is semen, not foals.

"It's a bad system," Loomis said. "When a mare owner contracts with a stallion, what they're purchasing is the potential genetic combination of their mare and that stallion. They're purchasing a foal."

"Frozen semen is just another technology, another method to get a mare in foal. Why should it be done any differently than cooled semen or fresh semen, or live cover?"

"It's just another technology, not a whole other commodity that you're selling."