

News

BCLP ADVISES WESTERN GRAZERS ON INNOVATIVE SWAP AGREEMENT TO HEDGE REGULATORY RISK

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BCLP partners **Lee Marshall** and **Bart Wall** represented California-based goat herding company Western Grazers and its owner, Tim Arrowsmith, in connection with an innovative agreement designed to help address the financial impact of potential changes to California labor regulations.

Marshall and Wall assisted Arrowsmith in structuring the transaction and negotiated the underlying swap agreement, which is tied to the outcome of a pending legislative issue that could substantially increase labor costs for goat herders operating in California.

Under the agreement, Western Grazers would receive a payment if the legislative issue remains unresolved and the company's labor costs increase significantly. However, Arrowsmith's preferred outcome is for California to modify the regulations and allow the business to continue operating without receiving any payment, making the transaction a hedge against regulatory risk rather than a speculative investment. Western Grazers entered the swap agreement with Castle Technologies and was supported with a back to back swap agreement with Susquehanna and provided liquidity for a predictive market trade on Kalshi.

The matter has attracted national media attention for its novel approach to managing legislative uncertainty. As prediction markets continue to grow, similar structures may emerge as businesses look for new ways to manage regulatory and policy risks.

Related Capabilities

- Business & Commercial Disputes
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