

STATE OF CALIFORNIA  
DEPARTMENT OF FOOD AND AGRICULTURE  
MARKETING BRANCH

PUBLIC HEARING  
RELATED TO PROPOSED CHANGES TO THE  
QUOTA IMPLEMENTATION PLAN

ONLINE/TELECONFERENCE MEETING  
HOSTED BY THE  
CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE  
SACRAMENTO, CALIFORNIA

MONDAY  
SEPTEMBER 9, 2024  
10:00 A.M.

Recorded by: Ramona Cota

APPEARANCESCDFA Panel

Joe Monson, Branch Chief

Ben Kardokus, Agricultural Economist

David Ko, Research Data Analyst II

CDFA Staff

John Suther, Hearing Officer

Kathy Diaz, Director  
Marketing Services Division

Members of the Public Offering Testimony

Frank Konyyn

Craig Gordon

Alex DeJager

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EXHIBITS

<u>Exhibit</u>		<u>Received</u>
A	Official Notice of Public Forums and a Program Public Hearing issued by the Department of Food and Agriculture on July 1, 2024	12
B	Official Notice of Public Hearing issued by the Department of Food and Agriculture on August 16, 2024	12
C	Quota Implementation Plan (Division 21, Part 3, Chapter 3.5, Section 62757 of the Food and Agriculture Code	12
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EXHIBITS

<u>Exhibit</u>		<u>Received</u>
K	Modesto Public Forum Notes - August 8, 2024	12
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M	Quota Implementation Plan (QIP) Assessment Cycle - Presented to PRB on October 23, 2022	12
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PROCEEDINGS

10:00 a.m.

1  
2  
3 HEARING OFFICER SUTHER: Good morning. It is  
4 10:00 o'clock on Monday, September 9th, 2024. This hearing  
5 will now come to order.

6 My name is John Suther and I am representing the  
7 California Department of Food and Agriculture as the  
8 designated hearing officer for today's proceedings. As the  
9 hearing officer, my role is to assure orderly and fair  
10 submission of testimony and written comments as they relate  
11 to the call of the hearing.

12 The Department has called this public hearing to  
13 consider proposed amendments to the Quota Implementation  
14 Plan, hereafter to be referred to as the QIP.

15 This hearing is being conducted pursuant to  
16 Article 3, Section 58061, which is in Chapter 1 of Part 1,  
17 of Division 21, of the Food and Agricultural Code. Under  
18 this provision, the Department may conduct investigations,  
19 make surveys, and assemble facts which are pertinent to the  
20 marketing and to the formulation, administration or  
21 amendment of any marketing order, agreement or program  
22 which is authorized by any law now in effect or which may  
23 hereafter be enacted.

24 Public notice of this hearing was issued by the  
25 Department on August 16, 2024. This notice was posted on

1 CDFA's website and mailed to all producers of market milk  
2 in California. Included with the notice was Exhibit A,  
3 which detailed the complete text of the proposed amendments  
4 to the QIP. As specified in the Notice, this hearing will  
5 be conducted today, Monday, September 9, 2024, via Zoom  
6 video and teleconferencing originating in Sacramento,  
7 California.

8 The hearing transcript, hearing exhibits and  
9 written comments submitted for today's hearing will form  
10 the official hearing record.

11 The call of this hearing is limited to the  
12 receipt of public comments on the proposed amendments to  
13 the QIP. The Department will not respond to comments at  
14 this hearing, nor will the Department engage in a  
15 discussion about these amendments at this hearing.

16 Witnesses and members of the public may ask  
17 questions directly pertinent to the call of the hearing.  
18 Please submit your questions via Chat to the Department and  
19 there will be time at the end of the hearing to provide  
20 answers to the questions that were submitted. Again,  
21 that's an important point. We won't answer any questions  
22 during your testimony, we will answer them all at the end  
23 of the public comments.

24 The hearing panel has been selected by the  
25 Department to hear testimony and receive evidence on behalf

1 of the Secretary. This panel is composed of three members  
2 of the Department's Marketing Services Division staff.  
3 They are, to my right, Branch Chief Joe Monson; to the far  
4 left is Agricultural Economist Ben Kardokus; and seated  
5 next to me is Research Data Analyst II David Ko.

6 Please note that the panel members may ask some  
7 clarifying questions of the witnesses during today's  
8 hearing. However, since this is not a judicial proceeding,  
9 such questioning may be minimal. Instead, the panel  
10 members will focus their attention upon their duty to  
11 receive public comment.

12 The official recorder for today's hearing is  
13 Ramona Cota with the firm All American Reporting and  
14 Transcription Services, Inc. located in Rancho Cordova,  
15 California. A transcript of today's hearing will be  
16 produced within approximately two weeks and will be posted  
17 on CDFA's website within the Quota Administration Program  
18 section. The website is located at [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy).  
19 The transcript with other documents associated with the  
20 hearing are also always available to the public upon  
21 request.

22 Testimony and evidence pertinent to the call of  
23 the hearing will now be received to become part of the  
24 hearing record.

25 The CDFA Quota Administration Program has



1 provided a set of general exhibits for entry into the  
2 hearing record.

3 At this time, I would like to call upon Kathy  
4 Diaz, Director of Marketing Services, to describe what is  
5 included in CDFA's Exhibits.

6 Ms. Diaz, I would now like to swear you in.

7 MS. DIAZ: Good morning, Mr. Hearing Officer.  
8 Yes.

9 HEARING OFFICER SUTHER: Good morning. Please  
10 state your name and spell your last name.

11 MS. DIAZ: Kathy Diaz, D-I-A-Z.

12 Whereupon,

13 KATHY DIAZ

14 was duly sworn.

15 HEARING OFFICER SUTHER: Please identify your  
16 business status. For example, are you testifying today as  
17 an individual or a representative of a business entity such  
18 as a milk production entity, a milk handler entity, a milk  
19 cooperative or an industry association?

20 MS. DIAZ: Today I am representing CDFA, and I  
21 will be introducing the exhibits that will be part of the  
22 permanent record for today's events and the input that has  
23 been gathered by the industry regarding the topic of  
24 proposed changes to the Quota Plan.

25 HEARING OFFICER SUTHER: It is my --

1 MS. DIAZ: So, my testimony is neutral.

2 HEARING OFFICER SUTHER: It is my understanding  
3 you will be listing Exhibits A through P; is that correct?

4 MS. DIAZ: That is correct.

5 HEARING OFFICER SUTHER: Thank you. You may  
6 proceed.

7 MS. DIAZ: Thank you. Exhibit A is the Official  
8 Notice of Public Forums and a Public Hearing issued by the  
9 Department of Food and Agriculture on July 1, 2024.

10 B, the Official Notice of Public Hearing issued  
11 by the Department on August 16, 2024.

12 C is a copy of the Quota Implementation Plan  
13 issued pursuant to Division 21, Part 3, Chapter 3.5,  
14 Section 62757 of the Food and Ag Code.

15 D is the Current Roster of the Producer Review  
16 Board.

17 E is the memo to the PRB proposing changes to --  
18 memo to the PRB proposing changes to the QIP. This was  
19 discussed on May 1, 2024 by the PRB.

20 We also have a draft copy of the Producer Review  
21 Board Minutes for the meeting held, the PRB meeting held on  
22 May 1, 2024.

23 Exhibit G is the Official Notice to Industry to  
24 Consider Changes to the QIP that was Issued by the  
25 Department on June 5, 2024.

1 Exhibit H is the 5-year Effectiveness Survey  
2 conducted by Research America and presented to the PRB on  
3 February 2, 2024.

4 Exhibit I is the presentation -- Exhibit I is the  
5 presentation that the Department shared at the public  
6 forums, PowerPoint presentation.

7 Exhibit J is a summary of the public forum that  
8 took place on July 29, 2024.

9 Exhibit K is a summary of the public forum that  
10 took place in Modesto on August 8, 2024.

11 Exhibit L are notes for the public forum that was  
12 held in Tulare on August 9, 2024.

13 Exhibit M is a description, a PowerPoint  
14 presentation of the Quota Implementation Plan Assessment  
15 Cycle.

16 Exhibit N is an explanation of how the Producer  
17 List is compiled, as presented to PRB on February 2, 2024.

18 Let's see. Exhibit O is information about the  
19 United Dairy Families of California Petition to Amend the  
20 Quota Implementation Plan. There are some documents,  
21 subsections 1 through 5, with all the documentation that  
22 was put together by economists and researchers that were  
23 involved in that process, for the industry to consider.  
24 This is being included as historical records since it is  
25 mentioned as part of the proposal as one of the foundations

1 for the origin of the plan to change, the Quota  
2 Implementation Plan.

3 And finally, Exhibit P is a copy of the Quota  
4 Implementation Plan Petition Procedures.

5 All of these are public documents. That  
6 concludes the Exhibits, the list of Exhibits.

7 HEARING OFFICER SUTHER: Thank you, Ms. Diaz.

8 (Exhibits A-P were entered into the record.)

9 HEARING OFFICER SUTHER: It is important to note  
10 that there may be additional exhibits that today's  
11 witnesses may wish to enter into the hearing record. If  
12 you would like to submit written comments or any additional  
13 exhibits, we will accept written comments and/or exhibits  
14 until 5:00 p.m. today. Please e-mail your written comments  
15 to David Ko at David.Ko@cdfa.ca.gov.

16 When you are taking your turn to speak, please  
17 let me know if you would like to enter your comments into  
18 the official record and I can assign it an exhibit number  
19 or letter.

20 We will now begin receiving public testimony  
21 pertinent to the call of this hearing. All persons who are  
22 in attendance today will have the opportunity to provide  
23 oral comments.

24 I will be calling upon individuals to testify.  
25 If you know you would not like to offer comments today, you

1 may send us a message in the Chat to inform us when we call  
2 your name. Everyone is welcome to attend this hearing  
3 regardless of whether or not they wish to provide comments.

4 If any witness has any time constraint that would  
5 preclude you from waiting for a turn, please let us know at  
6 this time so we can make arrangements accordingly.

7 Oral testimony will be received under oath or  
8 affirmation. Members of the audience may not ask questions  
9 of the witnesses, nor spontaneously respond to the content  
10 of anyone's testimony.

11 To improve the audio for this hearing, please  
12 mute your device unless you are attempting to speak.

13 Each witness will have up to 20 minutes to  
14 testify followed by questions, if any, from the panel.  
15 After we hear from everyone who wishes to testify, if a  
16 prior commenter wishes to comment further, he or she will  
17 be allowed to do so if time permits. And there will be  
18 about a 10-minute time frame on those if we have time.

19 Please be prepared to testify when I call your  
20 name. So, our first person to testify will be Frank Konyn.  
21 Frank, are you there?

22 MR. KONYN: I am unmuted, I am starting video. I  
23 wasn't quite ready, but hey, I'm ready now.

24 HEARING OFFICER SUTHER: All right, All right.

25 MR. KONYN: All right. So, so my name is --

1 HEARING OFFICER SUTHER: Hold on, Frank.

2 MR. KONYN: Sorry, John?

3 HEARING OFFICER SUTHER: Hold on, Frank, I've got  
4 to swear you in.

5 MR. KONYN: Okay.

6 HEARING OFFICER SUTHER: All right. So, please  
7 state your name and spell your last name.

8 MR. KONYN: My name is Frank Konyn, K-O-N-Y-N.

9 HEARING OFFICER SUTHER: Please raise your right  
10 hand.

11 Whereupon,

12 FRANK KONYN

13 was duly sworn.

14 HEARING OFFICER SUTHER: Please identify your  
15 business status.

16 MR. KONYN: I am a dairyman.

17 HEARING OFFICER SUTHER: And are you speaking on  
18 behalf of anybody else?

19 MR. KONYN: I am, I am a dairyman, I am a member  
20 of the PRB. I was instrumental in authoring this proposal,  
21 and today I would speak as just a -- boy, I don't know.  
22 I'd speak as a dairyman and a -- I speak as a dairyman. I  
23 cannot speak on behalf of the PRB. But as a dairyman I  
24 can, I can reiterate what the PRB did.

25 HEARING OFFICER SUTHER: Thank you.

1 MR. KONYN: Is that fair?

2 HEARING OFFICER SUTHER: That's fair. Do you  
3 have any exhibits that you would like entered into the  
4 record, Frank?

5 MR. KONYN: No, thank you.

6 HEARING OFFICER SUTHER: Okay, please proceed.

7 MR. KONYN: So, as I mentioned, my name is Frank  
8 Konyn. I am a dairyman, a member of the Producer Review  
9 Board, and an author of this proposal that was adopted by  
10 the PRB through a super-majority.

11 The history of quota was originally tied to Class  
12 1 sales and currently those sales are declining. The  
13 purpose of this vote is not to eliminate quota but to bring  
14 it back in line with how it was historically designed. The  
15 intent of the proposed change is to try to bring consensus  
16 to an industry, and to take the edge off of a polarizing  
17 issue. The proposal provides a compromise for both quota  
18 holders and non-quota holders because the proposed \$1.00  
19 payout is a fair market justified return and it provides a  
20 fair market justified compromise.

21 Additionally, the proposal would remove the  
22 Regional Quota Adjusters and make language changes to the  
23 definitions of "hardship" and a "producer" to bring the  
24 Plan back in sync with what it was under the original  
25 California Milk Pooling Program. The calculations used for

1 this proposal are consistent with those that were proposed  
2 by the economist Dr. Marin Bozic who was hired by the  
3 United Dairy Families to conduct an economic analysis for  
4 the California Dairy Industry back in 2019.

5           After several meetings with rigorous review, the  
6 Producer Review Board ultimately decided to support this  
7 proposal with a super majority vote and that is why we are  
8 here today.

9           Quota was established in 1967 to bring shippers  
10 that had fluid contracts into a pooling system in order to  
11 bring stability to the California dairy industry. It was  
12 the hope that by the mid-1980s through continued growth of  
13 the Class 1 fluid market in California that everyone would  
14 be equalized as 100% quota holders. This never occurred  
15 because our production capabilities grew faster than the  
16 fluid demand. This has set up the continual conflicts that  
17 we have endured between quota and non-quota holders over  
18 the years.

19           It was the original intention of the 1991/1992  
20 Blue Ribbon Committee that the fixed quota differential of  
21 \$1.70/cwt starting in January of 1994 would allow a  
22 continuous positive return for quota holders, because up  
23 until that point quota holders experienced times when they  
24 actually got less for their milk than over-base holders  
25 did. And in addition would allow additional revenues



1 collected above the cost of the \$1.70 to be disbursed over  
2 all over-base milk, enhancing all producers.

3           According to the August 2007 CDFA California  
4 Dairy Review, from 1994 to 2007 that program allowed an  
5 additional \$183 million to go away from quota holders to  
6 all over-base milk.

7           If we fast forward to the current Federal Milk  
8 Marketing Order time period of November 2018 through today,  
9 a much shorter time period, roughly half the time period,  
10 quota holders have been paid an additional \$280 million  
11 dollars in excess of what was generated by Class 1 revenue.  
12 This is roughly about \$50 million per year, and it  
13 increases each year as fluid sales decrease.

14           In 1994 when that fixed \$1.70/cwt was hardwired  
15 into legislation, quota revenue was no longer tied to Class  
16 1 sales. And since then, our consuming public now eats  
17 their dairy products more than they drink their dairy  
18 products, and our pricing system needs to be adjusted to  
19 reflect this continuing change.

20           Thirty years of changes since 1994 have occurred  
21 in our industry, and the current system regarding quota  
22 payouts is outdated and has strayed from the original  
23 intent of the creators. Equity demanded that the Producer  
24 Review Board make much needed amendments to our pricing  
25 system. I first gave a presentation to the PRB on May 25,

1 2023. And at that time my initial presentation fell flat.  
2 The Board didn't take any action.

3           However, the PRB continued to watch over the last  
4 year as our industry was changing. They noted the  
5 continual onslaught of petitions to terminate quota, they  
6 saw the numerous hardship requests. The PRB noted that our  
7 industry was concerned. They saw this through the  
8 responses of the five-year QIP review, as well as the  
9 number of producers that would show up in the audience at  
10 our meetings.

11           Since we moved towards a Federal Order system,  
12 the California dairy industry has lost the ability to have  
13 a robust CDFA staff that was dedicated to collecting and  
14 hosting a lot of our industry data. Any computations today  
15 are no longer an exact science since California is part  
16 Federal Order and part State Quota Implementation Plan; and  
17 the industry needed to come up with something that fit that  
18 hybrid model without increasing CDFA staff and creating  
19 more data management.

20           The original Blue Ribbon Committee felt that a  
21 fixed differential was sufficient, and that we have  
22 operated under for the last 30 years. And today the  
23 industry can continue with those same intentions with a few  
24 minor changes.

25           On behalf of the PRB, I did an analysis of Class

1 1 revenue and quota payouts during the time that our  
2 California dairy industry was part of the Federal Order.  
3 The spreadsheet I developed combined information from the  
4 California Federal Milk Marketing Order as well as from  
5 CDFA. Through that I proposed through the referendum that  
6 we are under right now that the \$1.70/cwt should be reduced  
7 to \$1.00/cwt. The \$1.00/cwt approximates the actual true  
8 Class 1 revenue over the last five years that would have  
9 been available to pay out to quota holders.

10           The most recent two-year period indicates the  
11 continued downward trend in fluid milk sales, and further  
12 indicates that a fair price could be as low as \$0.96. The  
13 last six months maybe the fair price would have been \$0.94.  
14 And even if you look at the last 2 months, we're in the  
15 summer now, schools are out, fluid milk is down, that  
16 payout could be as low as \$0.92. So, if we're choosing  
17 \$1.00, I think we are being very fair to quota holders.

18           So, we took -- these numbers were calculated by  
19 taking the Class 1 Differential Rate, minus the Location  
20 Differential, multiplying that by the amount of Class 1  
21 Pooled Milk, to determine Class 1 income available to be  
22 dispersed to quota holders. Any other way of computation of  
23 Class 1 income becomes onerous as it would involve using  
24 estimates.

25           The PRB also proposes in this referendum that

1 Regional Quota Adjusters in Section 803 of the QIP be  
2 terminated. When California moved to a Federal Order in  
3 2018, Regional Quota Adjusters became an archaic, redundant  
4 relic that was left over and has been supplanted by the  
5 location differentials in the Federal Order.

6 Lastly, the current QIP program lacks clarity on  
7 the definition of hardship. We propose that language needs  
8 to be added to clarify hardship, and return the definition  
9 back to its historical interpretation under the former  
10 Pooling Plan. Language would be added to this referendum,  
11 language was added to this referendum that future hardship  
12 requests would be limited to granting relief strictly from  
13 provisions regarding eligibility, exemptions, and  
14 transfers.

15 One of the benefits of this proposal for quota  
16 holders is the strengthening of the hardship language.  
17 There have been many hardship cases brought before the PRB  
18 since the start of the QIP. When the Plan was originally  
19 written, the hardship language was unintentionally omitted,  
20 which is where the PRB struggles with how to review the  
21 requests for hardship. The PRB knows what the intent of  
22 the definition of hardship was but would like to have that  
23 language written into the Plan for when they consider  
24 future hardship cases.

25 At the last two PRB meetings, there were no less

1 than 10 hardship cases that were on the agenda to consider.  
2 The Board has decided to table a decision on those cases  
3 because the PRB supports strengthening the hardship  
4 language in the Plan with this proposal.

5           If the referendum does not pass, it will be  
6 difficult for the PRB to continue kicking the can down the  
7 road on these hardship cases. Looking at the wording in the  
8 Plan, even quota holders could claim hardship, and if  
9 approved then they would be exempt from paying the quota  
10 assessment but would still receive their quota payment.

11           The less assessments that are collected to  
12 support the program, the quicker the assessment rate will  
13 go up for those remaining producers that are paying the  
14 assessment. This proposal offers some security for the  
15 future of quota and is a good compromise.

16           The only thing that I would add -- those were my  
17 written comments that I had in anticipation. The only  
18 thing that I would add is that I did travel the state.  
19 There were three actual meetings that we had. I would say  
20 that each meeting had a very distinct, different angle that  
21 had to do with, you know, what was the locale. Obviously,  
22 the North Bay area is going to be different than, say  
23 Tulare, and that was reflected in the comments that were  
24 made at the meetings. I appreciated visiting with dairyman  
25 up and down the state.

1 I think that there is a general recognition that  
2 this current system that we're operating on, it has been  
3 status quo for 30 years. Our industry has changed and this  
4 is, this is an important time for us to make some  
5 decisions. Whether you are a quota holder or a non-quota  
6 holder, this is going to bring us a little bit back towards  
7 the center of the road and take away from the volatility  
8 that surrounds quota today. That would conclude my  
9 comments unless there's any questions.

10 HEARING OFFICER SUTHER: Questions of Mr. Konyn  
11 from the panel. We'll start with Joe.

12 MR. MONSON: Thank you, Mr. Konyn, for your  
13 testimony. Can you for the record provide a little more  
14 information about your dairy operation, like size,  
15 location.

16 MR. KONYN: I am in San Diego County, so I am the  
17 last dairy left in San Diego County. Milking and dry. I'm  
18 a little over 1,000 cows. And, you know, I guess one of  
19 the things that I'm always proud of is, people say, how do  
20 you manage to still dairy in San Diego County? And that's  
21 we have done a lot of diversification. And I think that  
22 that's reflective of the people that are left in the  
23 California dairy industry. It's difficult to operate as  
24 just a dairyman. I think all of us need and rely on  
25 diversification. For me, I have a composting business, I

1 also do farming, and I also have a trucking business that  
2 picks up a lot of local byproducts that we upcycle to our  
3 cows.

4 MR. MONSON: Thank you. And then my last  
5 question, how would these changes to the Plan impact the  
6 industry as a whole? Things like milk supply.

7 MR. KONYN: You know, I'm not -- I appreciate  
8 that question. In talking around with people more educated  
9 than me I am not anticipating a -- I am not anticipating a  
10 dramatic effect or even really a noticeable effect to the,  
11 to the production side of the issue. I know that  
12 there's -- you know, as we went through the numbers at our  
13 Tulare meeting, and I don't have those numbers right in  
14 front of me right now, but the overall, if you were a 100%  
15 quota holder, the fact that you're doing away with the  
16 RQAs, the fact that, yes, you will receive less for -- you  
17 won't receive your \$1.70, or, in the case of Tulare I think  
18 \$1.46, \$1.47, but your assessment will be less also. And  
19 so, in the Tulare area it came to a full quota holder might  
20 realize a net effect of only 21 cents less per  
21 hundredweight of milk shipped.

22 MR. MONSON: Thank you, Mr. Konyn, no further  
23 questions from me.

24 HEARING OFFICER SUTHER: Ben, do you have any  
25 questions?

1 MR. KARDOKUS: Just one, sir. The language  
2 changes to the hardship, is the intention of that to reduce  
3 the number of hardship cases?

4 MR. KONYN: The intent is to return it back to  
5 what was originally part of the California Milk Marketing  
6 Order. So that was, that was the original language, and  
7 that language may have already been going back all the way  
8 to the original Pooling Act of 1967. The PRB recognizes  
9 that that language was omitted when the QIP was created,  
10 and as a result it has created a loophole for people to  
11 undermine the QIP program.

12 Because if you -- and even with CDFA's Legal, and  
13 now speaking or saying as when I sat in the rooms with PRB  
14 and we would have Legal giving us recommendations. Legal  
15 was recommending that we go with the original intent, but  
16 was acknowledging that the current language was vague and  
17 not reflective of that original intent.

18 And so, we recognize, the PRB recognizes that  
19 there could be -- once -- if the PRB were to start to  
20 accept some of these hardship cases with the vague language  
21 that we operate under today, you could have a snowball  
22 effect where more and more hardship cases would come in and  
23 that would be a back door undermining of the QIP program.  
24 Because you would, you would, you would have a rapidly  
25 declining base of people that you would be assessing to



1 create the QIP fund.

2 MR. KARDOKUS: Thank you for the answer.

3 I have no further questions.

4 HEARING OFFICER SUTHER: David, any questions?

5 MR. KO: No questions from me.

6 HEARING OFFICER SUTHER: Okay, Mr. Konyn, thank  
7 you very much for your testimony.

8 MR. KONYN: And John, you know, just like the  
9 last time, if people -- or the three meetings. I know that  
10 this is a hearing, it's a little bit different. But if  
11 anybody wants to come back to me with a question, I'll take  
12 a shot, I'll stand up here.

13 HEARING OFFICER SUTHER: Thank you.

14 Is there anybody that would like to testify now?  
15 If you could raise your hand. If not, I will just go down  
16 the list of the participants and you can say yes or no as I  
17 go down the list. Understanding, I apologize if I  
18 mispronounce some people's names. And if the way you're  
19 registered for your device is not who you are, I'm just  
20 going by what the device tells me when I go down through  
21 here. Is anybody raising their hand? Okay, seeing nobody  
22 raising their hand we will just go down the list here.

23 The first one will be B Jensen. Oh, sorry.

24 Craig. Craig. Mr. Gordon, you are the first.

25 MR. GORDON: Okay. Can you hear me?

1 HEARING OFFICER SUTHER: Yes, sir.

2 MR. GORDON: Okay, great.

3 HEARING OFFICER SUTHER: Before you go --

4 MR. GORDON: Okay. You sunset a referendum --

5 HEARING OFFICER SUTHER: Craig, one second, I  
6 need to swear you in, sir.

7 MR. GORDON: Yeah.

8 HEARING OFFICER SUTHER: Okay.

9 MR. GORDON: Okay.

10 HEARING OFFICER SUTHER: Please state your name,  
11 spell your last name.

12 MR. GORDON: My name is Craig Gordon, G-O-R-D-O-  
13 N.

14 Whereupon,

15 CRAIG GORDON

16 was duly sworn.

17 HEARING OFFICER SUTHER: Please identify your  
18 business status.

19 MR. GORDON: I'm a dairyman in Southern  
20 California. I also have a commodities brokerage, and I  
21 also sell hay.

22 HEARING OFFICER SUTHER: Okay.

23 MR. GORDON: I'm a member, I was a member of the  
24 PRB board, excuse me.

25 HEARING OFFICER SUTHER: Okay, thank you. Do you

1 wish to submit any written testimony or documents as an  
2 exhibit?

3 MR. GORDON: Yes, I would like to represent, the  
4 speech I'm going to give here.

5 HEARING OFFICER SUTHER: Okay, thank you. You  
6 will be Exhibit number Q.

7 (Exhibit Q was entered into the record.)

8 MR. GORDON: Thank you, John. It's good to see  
9 you as the moderator too. Thank you.

10 HEARING OFFICER SUTHER: Thank you.

11 MR. GORDON: Am I ready?

12 HEARING OFFICER SUTHER: Yes, sir, please  
13 proceed.

14 MR. GORDON: The number one question that has to  
15 be asked about Frank's proposal is what I brought up in  
16 Tulare: Is the QIP legal? And if so, is the process a  
17 fair and transparent process?

18 According to the former lead counsel of CDFA  
19 Michelle Dias, and we have the video on our web site where  
20 she says we did not follow the regulatory process, we did  
21 not turn it into the APA, and that is how the QIP is  
22 operating today.

23 I called the APA after that meeting and spoke  
24 with an attorney and asked him to look up the regulation  
25 called the Quota Implementation Plan. After about 5

1 minutes he came back and said, how do you spell it. I  
2 spelled it and told him where he could find it, in the Food  
3 and AG Code Division 21, in Chapter 3.5, Section 62757. He  
4 came back and said he checked everything that had to do  
5 with dairy and there is not anything called the QIP.

6 He then asked me why I was calling him. I told  
7 him that CDFA was taking \$29,000 out of my check every  
8 month and handing it over to another dairyman and I get  
9 nothing in return. He said they cannot do that, that is  
10 impossible. I said, why? He said, that's an underground  
11 regulation and they cannot enforce that. I said, well,  
12 they're taking it. He said, can you prove it? I said,  
13 don't hang up. I'll fax you my milk statements and I'll  
14 show you they're taking my money. When he received those  
15 he said, I will send you the complaint forms to fill out,  
16 send them back and we'll start the process. I filled them  
17 out and sent them.

18 I received a letter a couple of weeks later and  
19 it said, Mr. Gordon, we are not saying you are right or  
20 wrong, we just are not going to investigate your complaint.

21 This is the first reason we should not trust the  
22 process, CDFA and the AG's Office.

23 I got a letter from the FPPC, which is the Fair  
24 Political Practice Commission, when I sent them a complaint  
25 form about the PRB Board voting on issues that meant huge

1 monetary rewards for individual members of the Board.

2 I was told by the FPPC to recluse (sic) myself  
3 because it was a conflict of interest to vote on the QIP  
4 petitions, since it meant a monetary reward to my business.

5 I told that to the PRB what the FPPC had told me,  
6 but they went ahead and voted on the petitions anyways. I  
7 filed a complaint. I got the same letter I had received  
8 from the OAL. We are not saying you're right or wrong, we  
9 are just not going to investigate this complaint.

10 This is the second reason we should not trust the  
11 process and CDFA and the AG's Office.

12 The PRB that put the QIP together in 2017 and of  
13 which I was a member, was composed of 14 quota holders, 1  
14 non-quota holder, and 2 quota alternates. Despite numerous  
15 attempts over the last six years to get fair representation  
16 for the 45% of the non-quota dairyman that pay into this  
17 billion-dollar tax, the PRB is today made up of 14 quota  
18 holders, 1 non-quota holder, but we do have 2 non-quota  
19 holding alternates.

20 The first rule of business that the PRB came up  
21 with: If you want to make any changes to the program it  
22 must first go through this unfair, unethical, and biased  
23 quota PRB Board. They certainly have not followed Section  
24 62719.

25 This is the third reason that we should not trust

1 the process and CDFA or the AG's Office.

2           When we, Stop QIP, tried to get a referendum to  
3 terminate Chapter 3.5 according to Chapter 3.5 rules for  
4 termination, Judge Aspinwall denied our request and here is  
5 his quote: The petition is legally defective because it  
6 calls for the suspension of Chapter 3.5, including section  
7 62757, based on the Chapter 3.5 referendum procedures and  
8 voting thresholds. For this reason, and for all the  
9 reasons set forth herein, the Secretary is not required to  
10 conduct a referendum on a petition and should not do so.

11           But basically, he told us we should not use the  
12 procedures in Chapter 3.5 to conduct a referendum to  
13 terminate Chapter 3.5. Let that sink in.

14           It's the fourth reason we should not trust the  
15 process and CDFA and the AG's Office.

16           Deputy Attorney General Matthew Goldman and Save  
17 QIP attorney Niall McCarthy argued to Judge Aspinwall that  
18 Chapter 3, not Chapter 3.5, was the way to termination.  
19 So, we filed a writ claiming the QIP was illegal because  
20 CDFA did not follow the rules in Chapter 3 when we made the  
21 QIP.

22           Number one, in Section 62716 it calls for a  
23 hearing. CDFA did not have a hearing.

24           Number two, it requires CDFA to submit a pooling  
25 plan. The QIP is not a pooling plan, the feds are pooling

1 the milk.

2           Number three requires a ballot that says, do you  
3 approve of the new pooling plan, yes or no. That was not  
4 the ballot they used. In fact, it was the ballot for the  
5 Federal Order.

6           Number four, the only thing we've complied with  
7 was the supermajority needed to approve of the referendum  
8 by 65% from Section 62717. As you know, the Board was not  
9 even close to being representative of the industry, so  
10 Section 62719 made it 1 for 5 of what was required by  
11 statute. Hardly legal.

12           Mr. McCarthy and Matthew Goldman presented their  
13 arguments that the QIP really resided in Chapter 3.5 now  
14 and Chapter 3 was irrelevant now. They went on to say that  
15 if the legislature wanted to have a hearing like Chapter 3  
16 said, they would have put the word hearing in 62757 of  
17 Chapter 3.5. It should be noted that 62757 does not have  
18 the word 65% super-majority either. Goldman and McCarthy  
19 did a complete 360 on the issue and clearly do not  
20 understand the words, pursuant to.

21           In fact, both McCarthy and Goldman said that with  
22 the establishment of the Federal Order, the California  
23 order was suspended and terminated. Our writ was not good  
24 since the California order was terminated. The California  
25 order that contains Chapter 3 and 3.5 were now gone. It

1 was a housekeeping matter. I will let that sink in.

2 The fifth reason we should not trust the process  
3 and CDFA and the AG's Office.

4 CDI, Land of Lakes, DFA, StopQIP, Western United  
5 Dairymen, which represent over 85% of the industry, wrote a  
6 letter to Secretary Ross asking her if Chapter 3.5 was  
7 suspended or terminated what would happen to the QIP. She  
8 responded back in a letter that if Chapter 3.5 was  
9 suspended or terminated she would no longer have the  
10 authority to implement the QIP. We sent the Secretary all  
11 of the court papers where McCarthy and Goldman said that  
12 Chapter 3.5 was gone, a housekeeping matter, but she  
13 disregarded her letter she sent to us and she is still  
14 charging us the illegal tax.

15 The sixth reason we should not trust the process  
16 and CDFA and the AG's Office.

17 Why do we call it illegal? Because on June 15,  
18 2017, we the PRB received from CDFA staff this assessment  
19 of legal considerations where it said, vulnerable to a  
20 legal challenge because it results in the imposition of a  
21 tax upon producers in the absence of a direct benefit as  
22 required by the California Constitution. It's a  
23 constitutional right that is being abused here.

24 This is the seventh reason we should not trust  
25 the process and CDFA and the AG's Office.



1           It was recently said by Judge Krueger of the  
2 superior court in Sacramento, *Gordon v. Ross* Case Number  
3 34-2022-00328732-CU-MC-GDS that the QIP does not require  
4 the Plaintiff to surrender any of his milk to the QIP. The  
5 plaintiff being Craig Gordon Dairies. When we tried to get  
6 our co-ops to quit taking our milk based on this, CDFA told  
7 our co-ops that we misunderstood what the judge clearly  
8 said. This is another example of CDFA denying us our  
9 constitutional rights. And CDFA is clearly not neutral but  
10 an adversary to the non-quota producers and is willing to  
11 cross the ethical lines and commit illegal acts to support  
12 quota.

13           This is the eighth reason we should not trust the  
14 process and CDFA and the AG's Office.

15           According to Jim Houston the former  
16 undersecretary of CDFA, the sole drafter of the standalone  
17 quota program called the QIP, submitted a 9-page  
18 declaration at the first hearing on the 3.5 challenge. It  
19 is filled with distortions, unfounded truths, outright  
20 contradictions and biased exaggerations. Look at some of  
21 his statements about the creation of the QIP.

22           Of his 9-page declaration, page 2, line 11-12:  
23 The California FMMO provides CDFA with the authority to  
24 establish a standalone quota program.

25           Line 22: Establish the standalone quota.

1           Line 26: Clear statutory authority to create the  
2 standalone program.

3           Page 3 line 2 and 3: Sponsor legislation that  
4 would give CDFA a clear grant of statutory authority to  
5 create a standalone quota program.

6           Line 13 and 14: To be as noncontroversial and  
7 easy to get through the legislature as possible.

8           Line 19: Receive little legislative scrutiny.

9           Page 4 line 20 and 21: The PRB at that time were  
10 fairly representative of the dairy industry. And we all  
11 know that's not true. I was shocked that my senator from  
12 my home district would vote yes on SB 92 into law, hurting  
13 so many of the dairies in her district, let alone the  
14 state.

15           We contacted Senator Leyva, a well-respected two-  
16 term senator, and asked her about her vote. And she  
17 replied it was the senator's understanding that it will not  
18 harm dairies and it was just extending an existing program  
19 that was already in place. No wonder it passed the  
20 legislature so easily without legislative scrutiny.  
21 Mr. Houston did not tell the legislature what is in his  
22 declaration up above I just read to you. That it is a new  
23 plan. And the QIP, which he was the author of, was going  
24 to harm over 60% of the dairy industry.

25           This is the ninth reason we should not trust the

1 process and CDFA and the AG's Office.

2 We were told by Secretary Ross at the beginning  
3 of the PRB meetings back in 2017 that the legislature does  
4 not want marketing programs to go on and on forever.

5 June 15, 2017, page 20 of our handbook, CDFA  
6 staff called, Continuation Hearing Standalone --  
7 (transmission froze) -- quota program. Assessment funded  
8 programs at CDFA are required to be reviewed every five  
9 years to determine if the industry supports the  
10 continuation of the program. CDFA holds a continuation  
11 hearing where witnesses provide testimony regarding whether  
12 the program should be continued. If the hearing record  
13 contains overwhelming support for the continuation of the  
14 standalone program the Secretary will announce its  
15 continuation. If the hearing record contains a mixture of  
16 both support and opposition, CDFA will hold a producer  
17 referendum to determine if the standalone program will  
18 continue.

19 Western United Dairymen and Mel Gadbut and others  
20 opposed this and here is what the CDFA staff told them.  
21 The PRB received significant input from CDFA and  
22 deliberated at length on this issue. As explained by CDFA,  
23 unlike the current program, the QIP will be funded by  
24 direct assessments from producers, and as a result, should  
25 include this review process. The review process is

1 consistent with other CDFA programs. Well, we asked for a  
2 year at the PRB meetings and sent multiple letters to the  
3 Secretary. And the fifth year came and went, and we were  
4 refused our request for the hearing.

5 This is the tenth reason we should not trust the  
6 process and CDFA and the AG's Office.

7 Former lead counsel Michelle Dias sent this email  
8 to the APA: In issuing a marketing order per referendum  
9 under the California Marketing Act, CMA, it is on point in  
10 this case as the Quota Implementation Plan at issue here is  
11 a Milk Marketing Pooling Plan issued per referendum under  
12 the CMA.

13 Yet we were told by CDFA staff at a PRB meeting,  
14 and it was a public meeting, so we have this recorded, that  
15 the QIP is not a marketing order and we were to ignore  
16 everything that Michelle Dias had said because she didn't  
17 know what she was talking about and she no longer worked  
18 there.

19 The eleventh reason we should not trust the  
20 process, CDFA and the AG's Office.

21 Our original petition that Stop QIP turned in  
22 with over 280 signatures to terminate the QIP was rejected  
23 by CDFA because they said that the petition had some 83  
24 invalid petitions. To this day we have not seen the 83  
25 invalid petitions. Despite numerous attempts, CDFA refuses

1 to let us see which ones were invalid.

2 This is the twelfth reason we should not trust  
3 the process, CDFA and the AG's Office.

4 The sunset referendum. We asked for transparency  
5 in the referendum process and were refused, as we are being  
6 refused now, by CDFA. We were told to trust CDFA, the  
7 staff and the auditors. There were people that would lose  
8 their jobs if we were successful with the sunset.

9 The Sunset was a complete disaster like we  
10 anticipated. We had multiple dairyman that did not receive  
11 ballots, 37 addresses the post office said did not exist in  
12 the system, one dead dairyman, and 57 ballots that came in  
13 after the deadline but postmarked before the deadline, but  
14 CDFA refuses to let us know how those votes were cast.

15 We called every one of our dairymen. We  
16 confirmed that over 54% of the dairyman voted yes on the  
17 sunset, not the 49.1 CDFA announced. We are convinced that  
18 we won the sunset. But we will never know as long as we  
19 are not part of the process. You can have a referendum  
20 that is fully transparent without giving up who and the how  
21 each dairyman voted.

22 And who turns down transparency? There can only  
23 be one reason that anybody would refuse transparency like  
24 CDFA is doing today. We all know the answer to that one.

25 This is the thirteenth reason we should not trust

1 the process and CDFA and the AG's Office.

2 The staff violated a rule concerning a transfer  
3 of quota that was filled out wrong. We brought it up three  
4 or four times to the PRB and CDFA, yet they refused to deal  
5 with it. That was the Slanders producer transfer.

6 This is the fourteenth reason we should not trust  
7 the process and CDFA and the AG's Office.

8 Over a dozen hardship cases being turned down  
9 without any discussion of the individual merits of each  
10 case.

11 This is the fifteenth reason we should not trust  
12 the process and CDFA and the AG's Office.

13 Now here is one you've got to hear. The stealing  
14 of over \$2 million, the stealing of over \$2 million from  
15 dairyman that sold their cows but were overcharged on their  
16 assessments to the QIP by CDFA prior to them selling their  
17 cows. They were entitled to a refund from the state for  
18 overcharging them, but the PRB and CDFA staff told them  
19 they were not dairyman anymore and were not entitled to a  
20 refund by CDFA. Now, they say there is no place, there is  
21 no place anywhere to give a refund to the producers in the  
22 Codes.

23 Well, that is not true. I read them. Article 2  
24 of the Food and AG Code under CDFA Sections 221, 302, and  
25 specifically 303c, a refund may be made in whole or in part

1 in any of the following instances. The payment of a fee, a  
2 tax, or an assessment representing an overpayment.

3 And still they denied those dairyman their money  
4 that were active when they overcharged, but not active  
5 today. A crime was committed here called robbery. They  
6 overcharged Larry Marinho, Paul Riberio, Mark Marinho, Glen  
7 Tadema, Barbara Stickman, Bill Koot, Jake De Raat, and  
8 Bryan Vanderdussen, just to name a few. CDFA gave their  
9 money they overcharged to these dairyman, back to the PRB  
10 and any dairyman that was active that day. It is one thing  
11 to get run out of business because of quota but talk about  
12 salt in the wounds.

13 The sixteenth reason we should not trust the  
14 process, CDFA and the AG's Office.

15 Six separate legal petitions filed by over 300  
16 dairyman every time were all turned down with lame  
17 explanations. One being, we printed the date on the  
18 signature data of the dairymen. Absolutely absurd.

19 These are the seventeenth, eighteenth,  
20 nineteenth, twentieth, twenty-first, and now 22 more  
21 reasons we should not trust the process and CDFA and the  
22 AG's Office.

23 And in conclusion, only a complete idiot would  
24 expect us to get anything remotely fair or honest from CDFA  
25 or to expect any help from the corrupted office of the AG.

1           But we are not going to just quit because our  
2 government has been corrupted. We will find a judge  
3 somewhere in California or a federal judge that will bring  
4 down this house of cards and deliver justice to those  
5 involved. Because there is no way in America that you can  
6 take a person's property, milk or cash, and give him  
7 nothing in return.

8           Thank you for my time, I am free to answer any  
9 questions you might have at the end. I would also like to  
10 speak again, I've got about two more minutes or something.

11           I will vote for Frank Kony'n's proposal; I'm  
12 voting yes. Thank you, Frank, for all of your hard work on  
13 trying to rectifying this quota overpayment. It should be  
14 noted that Frank is a quota holder, he is a very, very good  
15 man. Thank you.

16           HEARING OFFICER SUTHER: Thank you, Mr. Gordon.

17           Joe, do you have any questions?

18           MR. MONSON: No questions from me. Thank you,  
19 Mr. Gordon.

20           HEARING OFFICER SUTHER: Ben?

21           MR. KARDOKUS: None from me.

22           HEARING OFFICER SUTHER: David?

23           MR. KO: No questions from me, thank you.

24           HEARING OFFICER SUTHER: Mr. Gordon, you said you  
25 would like to talk again at the end; is that correct?



1 MR. GORDON: Yeah, I've just got a couple things.

2 HEARING OFFICER SUTHER: Okay. You get 10  
3 minutes at the end too if we have time.

4 MR. GORDON: Thank you.

5 HEARING OFFICER SUTHER: You bet.

6 Alex DeJager, you have your hand up?

7 MR. DEJAGER: Yeah.

8 HEARING OFFICER SUTHER: Mr. DeJager, can I swear  
9 you in, please?

10 MR. DEJAGER: Sure.

11 HEARING OFFICER SUTHER: Okay. Please state your  
12 name and spell your last name.

13 MR. DEJAGER: Alex DeJager, D-E-J-A-G-E-R.

14 Whereupon,

15 ALEX DEJAGER

16 was duly sworn.

17 HEARING OFFICER SUTHER: Please identify your  
18 business status, please.

19 MR. DEJAGER: I'm a dairy farmer.

20 HEARING OFFICER SUTHER: Thank you very much.

21 You may proceed. Oh, excuse me. Do you have any exhibits  
22 you would like to present?

23 MR. DEJAGER: No.

24 HEARING OFFICER SUTHER: No? Okay. Please start  
25 your testimony.

1 MR. DEJAGER: I was at the Modesto meeting a few  
2 weeks back and I proposed the question to Kathy and the  
3 CDFA if we could separate each one of these items in this  
4 referendum as a different vote. Kathy said that they would  
5 look into it, and I hadn't heard back whether that was  
6 going to be an option or not. Because there are a lot of  
7 producers that agree with one, two or three of these votes,  
8 but not all of them.

9 So, we would like to get them split up into three  
10 separate votes. Because I agree with the hardship, and I  
11 do not agree with the other two. So anyway, just wondering  
12 where we are on that. And I appreciate the testimony from  
13 Craig, even though it had nothing to do with the hearing we  
14 are doing today. So, that's it, thanks.

15 HEARING OFFICER SUTHER: Mr. DeJager, we will  
16 answer that question at the end of the, at the end of the  
17 session after everybody has had a chance to speak. So, we  
18 have it notated down and we will respond to your question  
19 then.

20 Where's my list? Anthony Agueda, would you like  
21 to testify?

22 ANTHONY AGUEDA: No, thank you.

23 HEARING OFFICER SUTHER: Thank you. Thank you  
24 for participating. Barbara, or who has ever signed on as  
25 Barbara?

1 BARBARA: No, thank you.

2 HEARING OFFICER SUTHER: Thank you. Carol?  
3 Carol, if you're trying to talk you need to unmute. Or if  
4 you don't want to talk -- there you go.

5 CAROL: Yeah, I'm just listening, thank you.

6 HEARING OFFICER SUTHER: Thank you very much.  
7 Charlene Viera. Whoever is signed in as Charlene  
8 Vieira. You might need to unmute if you're trying to talk.

9 (No audible response.)

10 HEARING OFFICER SUTHER: Hearing nobody we will  
11 proceed on. Ching Lee?

12 CHING LEE: I'm just listening.

13 HEARING OFFICER SUTHER: Thank you.

14 Debbie Azevedo?

15 DEBBIE AZEVEDO: Not at this time.

16 HEARING OFFICER SUTHER: Thank you. Doreen Dyt?

17 DOREEN DYT: No, thank you.

18 HEARING OFFICER SUTHER: Geoff Vanden Heuvel?

19 JEFF VANDEN HEUVEL: No, no comments.

20 HEARING OFFICER SUTHER: Thank you. Jeff Troost?

21 JEFF TROOST: No, thank you.

22 HEARING OFFICER SUTHER: John Schonveld?

23 JOHN SCHONVELD: No, thank you.

24 HEARING OFFICER SUTHER: Johnny H?

25 JOHNNY H: No, thank you.

1 HEARING OFFICER SUTHER: Kierstan Rhodes?

2 KIERSTAN RHODES: No, thank you.

3 HEARING OFFICER SUTHER: Lynne McBride?

4 LYNNE MCBRIDE: I have no comments, thank you.

5 HEARING OFFICER SUTHER: Mar?

6 (No audible response.)

7 HEARING OFFICER SUTHER: M. Avila? You might  
8 need to unmute if you want to talk. There you go. Any  
9 questions, any comments?

10 (No audible response.)

11 HEARING OFFICER SUTHER: Old River Cattle? Old  
12 River Cattle might need to unmute.

13 (No audible response.)

14 HEARING OFFICER SUTHER: Hearing none we will  
15 continue on. Paul Sousa?

16 PAUL SOUSA: I have no testimony, thank you.

17 HEARING OFFICER SUTHER: Thank you.

18 Peter Weber? Never mind.

19 Ramon Echeverria? Ramon Echeverria?

20 R. Leonardo?

21 R. LEONARDO: No comment at this time.

22 HEARING OFFICER SUTHER: Thank you.

23 Roni? Oh, just listening. Thank you.

24 HEARING OFFICER SUTHER: Simon Vander Woude?

25 SIMON VANDER WOUDE: No comment.

1 HEARING OFFICER SUTHER: Thank you.

2 Susie?

3 (No audible response.)

4 HEARING OFFICER SUTHER: Tiffany?

5 TIFFANY: Just listening, thank you.

6 HEARING OFFICER SUTHER: Thank you. TK?

7 TK: No comment, thank you.

8 HEARING OFFICER SUTHER: Thank you.

9 Let's start on some phone numbers now; 209-402-  
10 2249? Sorry, we need to unmute you. Hold on one second.  
11 So, 209-402-2249?

12 (No audible response.)

13 HEARING OFFICER SUTHER: Hearing none we will  
14 continue on; 209-523-4253?

15 (No audible response.)

16 HEARING OFFICER SUTHER: Hearing none we will  
17 continue on. 209 - hold on.

18 209-523-4253: No comment.

19 HEARING OFFICER SUTHER: Thank you, sir.

20 209-678-1914?

21 (No audible response.)

22 HEARING OFFICER SUTHER: Okay, next, 209-985-  
23 9933?

24 (No audible response.)

25 209-985-9933: No comment, no comment.

1 HEARING OFFICER SUTHER: Thank you. Okay, 559-  
2 280-1850? 1850, no comment?

3 (No audible response.)

4 HEARING OFFICER SUTHER: 559-623-1858?

5 (No audible response).

6 HEARING OFFICER SUTHER: No comment. 559-901-  
7 0372?

8 559-901-0372: No comment, no comment.

9 HEARING OFFICER SUTHER: Thank you very much.  
10 661-378-2320?

11 (No audible response.)

12 HEARING OFFICER SUTHER: Hearing none, I think we  
13 already had Susie before. That brings us to the conclusion  
14 of people wanting to give testimony, unless there's  
15 somebody else that would now like to talk or to give some  
16 testimony then we went through that list. If you do,  
17 please raise your hand.

18 So, I guess we'll now go back to the 10-minute  
19 time frame. So, with only two speakers we will start with  
20 Frank. Mr. Konyyn, do you have any more comments or  
21 anything you would like to add? And then, Mr. Gordon, we  
22 will go with you next after that.

23 MR. KONYN: Thank you, John. I think that the  
24 one thing that I would want to add is for those that do  
25 have quota, and I know that there's a certain amount of

1 people out there that are going to vote with their  
2 pocketbooks, and they have that right.

3           But what I'm imploring is that there's also a  
4 percentage of people out there that are significant quota  
5 holders, and I'm asking them to look at this with their  
6 hearts and say, is this the right thing to do? It is the  
7 right thing to do. Historically, quota has always been  
8 tied to Class 1 sales. And if Class 1 sales have gone  
9 down, we need to correct the errors that were made in the  
10 '90s when we fixed it at \$1.70 with no ability to make  
11 changes or review. And this is a time that we need to step  
12 up and do what's right.

13           For those that that do vote with their hearts and  
14 recognize that we're trying to do right by the industry, I  
15 applaud you. And for those that are voting with their  
16 pocketbooks, you have that right. But I think that to a  
17 certain extent, you know, you need to recognize that in  
18 order to -- since it is not being -- since the income is  
19 not being derived from just Class 1 sales, what we are  
20 effectively doing is taking money away.

21           There is an assessment, but that assessment  
22 doesn't cross-reference the Class 1 revenue. And so, we're  
23 going to be taking away money from other classes of milk,  
24 in a sense, to cover that assessment cost. And so, I just  
25 -- it's a sincere hope that dairyman vote with their hearts

1 and make that courageous vote of what is right, instead of  
2 voting with their pocketbook for their own personal  
3 interest. Thank you.

4 HEARING OFFICER SUTHER: Thank you, Frank.

5 Mr. Gordon.

6 MR. GORDON: I would like to get this read into  
7 the record because we'll need this for later on down the  
8 road. On that corrected ballot that we approved the QIP  
9 by, I want to read the wording of that. It says:

10 Shall the Quota Implementation Plan become  
11 effective if a Federal Milk Market Order is promulgated in  
12 California? That's the words that they use. I think it's  
13 very important we have it on the record.

14 The other thing was, Alex was right in his  
15 question, DeJager, about what I was all saying. It wasn't  
16 really wasn't about the actual 38 cents or the buck 40 or  
17 change, but it was part of the -- what this hearing is  
18 about.

19 It doesn't make any difference all the things we  
20 talk about and argue about and put together your changing  
21 of the hardship and changing these numbers. If we turn in  
22 our votes and we're all done and they say, hup, you lost by  
23 three votes. What do you mean we lost by three votes? We  
24 can't see the votes or know the votes.

25 I've demonstrated to all these things here, all



1 these things that we trust what CDFA tells us, the courts  
2 tell us, what the attorneys tell us, what everybody tells  
3 us. We are constantly lied to.

4 We know that the sunset was not the numbers that  
5 they used.

6 So how do we know if we go through with this, you  
7 guys hold the referendum two weeks from now, a month from  
8 now. What I'm saying is, what difference does it make if  
9 we're not counting the votes right? If some are falling  
10 into the trash can. How do we know? Unless we have  
11 transparency. We have to have transparency on these votes  
12 for us to believe in the system.

13 I'm telling you we don't believe in the system  
14 because that's what we're told. 283 petitions we turned  
15 in, ah, 83 are no good. Okay, we see which 83 so we don't  
16 keep turning them in. We want to know who turned in bad  
17 petitions. Nope, can't see those. Oh, okay. Well, we had  
18 dead guys, 37 addresses don't exist, nobody does a damn  
19 thing about it.

20 And then you ask us to cover this thing too.  
21 Let's give our answers to some questions and put this all  
22 together, a nice little program Frank did. What difference  
23 does it make if it's not going to be counted right? Get  
24 just turned down without any transparency so we could see  
25 if the election was fair. We have offered to come forward

1 with no cost. We want to be there when we have the list of  
2 dairymen that's accepted by CDFA, who can sign for that for  
3 CDFA. We want to be there when those ballots are printed  
4 and put into the mailbox, and we want to be there when they  
5 come in. And when we see these counted so we will help.  
6 And what we've always asked for is one -- (transmission  
7 froze) -- approval with transparency and this all goes  
8 away. All goes away. But they won't give it to us, So I  
9 have to ask, do we really trust CDFA? Are they just  
10 neutral? Hell no, they're not. So that's what we have  
11 brought to the Board.

12           Everything I said here, I can document  
13 everything. I have the papers, the documentation, the  
14 recordings, whatever you guys need. But it's a serious,  
15 serious problem, John, we've got.

16           And I just, I don't know what else to say. This  
17 is happening all the time. Peter is a good guy, Hyatt is a  
18 good guy, the Secretary is a nice lady. But the quota  
19 people have a lot of money, buying a lot of influence, and  
20 we are -- They're breaking the law every time you turn  
21 around.

22           That PRB board being 14 to 1 is a joke. It's a  
23 joke. It's a joke. It should be 8 to 7. So, every issue  
24 we bring in front of us gets voted down, voted down, voted  
25 down. I mean, it's a joke. It's not fair. And nobody out

1 in the public will tell you that's fair. And I think you  
2 four gentlemen I'm looking at right here on the screen  
3 can't tell me that 14 to 1 is a fair representation of the  
4 dairy industry.

5 I've lost too many friends. We lose one a week.  
6 Fourth generation people going out of business because of  
7 this goddamn tax. And nobody's fighting for them. Five  
8 hundred-plus dairies gone in the last six years. Come  
9 February 1, we will have paid these quota guys \$1 billion;  
10 \$1 billion in 6.3 years.

11 So, no one should be feeling sorry if the quota  
12 goes out, they have received over five to six billion  
13 dollars over the last -- since 1969. That is -- I can't  
14 even wrap my head around that kind of money.

15 Why did we all of a sudden bring this all up?  
16 Because we didn't know that we were paying these guys until  
17 2017 on that Board when we were going through the Federal  
18 Order and they said, this deduction is now off your check.  
19 What check? What are you talking about? I calculated mine  
20 up; 29 grand you're taking out of my check every month. We  
21 didn't know. Now, some people did know, but not too many  
22 of us. And we've been trying to get rid of this thing ever  
23 since and they don't allow us to have a vote.

24 So, this vote coming up here, I told Frank and  
25 all those guys. I love Frank, he did a lot of hard work on

1 this thing. I want the thing to be voted completely out,  
2 but I will accept the compromise, we'll go that route. Who  
3 cares if they're going to cheat on it.

4 Tell me why we should trust you when you won't  
5 give us transparency? Doesn't cost you a dime to have  
6 transparency, not a dime, and you won't let us do it. What  
7 does that tell you about you guys. That's all I've got to  
8 say.

9 Thank you though, for having this thing and  
10 letting Frank's proposal be discussed, allowing me to talk,  
11 I appreciate that. And this is a sad day. Our industry is  
12 losing a third of our guys. This is a sad day in our  
13 history of agriculture, and nobody over there in Sacramento  
14 is doing anything about helping us. All we want is a vote,  
15 a lousy vote. You win. We quit. Great day, guys. Thank  
16 you very much. Thank you, Frank.

17 HEARING OFFICER SUTHER: Thank you, Mr. Gordon.  
18 And hey, please remember to send that in to David by 5:00  
19 o'clock today so we can keep that on the record, your  
20 testimony.

21 MR. GORDON: I'll get that done, thank you.

22 HEARING OFFICER SUTHER: Thank you.

23 Mr. DeJager, Alex? You want to unmute him?

24 MR. DEJAGER: Yes.

25 HEARING OFFICER SUTHER: CDFA will now respond to

1 your question.

2 MR. DEJAGER: Thank you. And I believe that's  
3 going to be Kathy. Is she unmuted?

4 MS. DIAZ: Yes.

5 HEARING OFFICER SUTHER: Do you want him to  
6 repeat the question or are you okay?

7 MS. DIAZ: I think the question had to do with  
8 breaking down the components of the change into different  
9 items so they could be voted individually, which is  
10 something we did consider.

11 We put it in the Notice. We did not specify the  
12 different changes that were proposed during the public  
13 forums. But one of the ones, things that we talked about  
14 was having the ballot broken down by question, by  
15 component, so that there could be individual votes cast for  
16 each of those.

17 The one thing that when we looked at our records  
18 and it became evident was that the proposal as presented to  
19 the PRB and accepted by the PRB, it actually mentioned  
20 whether they should be separate items. And the proponent,  
21 and the PRB agreed with that, was very adamant about the  
22 importance of keeping everything in all or nothing.  
23 Because the different portions, the different components of  
24 the proposal result in different types of situations  
25 actually giving something up, making it a compromise of

1 some level. So, this was specifically addressed. So, when  
2 we went back -- when presented and accepted by the PRB.

3 So, when we went back and looked at this, it was  
4 determined that it would stray too far from what the PRB  
5 had reviewed and had decided was the appropriate way to go  
6 when they sent the recommendation to the Department, so  
7 that's why we do not anticipate breaking down the  
8 questions. Or rather allowing for individual voting by  
9 component, it's going to have to be an all or nothing.

10 MR. DEJAGER: Okay, yeah. Okay, that's the  
11 answer, thank you.

12 HEARING OFFICER SUTHER: Thank you, Mr. DeJager.

13 There have been a few people that have joined on  
14 after I went through the list. So, if there's anybody now  
15 that would like to enter anything into the record, please  
16 raise your hand. We don't have a way of unmuting  
17 everybody. So, if there's anybody now that would like to  
18 talk. If not, this hearing is going to be ending here  
19 pretty quick within the next minute or so. Even if I asked  
20 you and you said no at the beginning, please raise your  
21 hand if you would like to provide any testimony.

22 (No audible response.)

23 HEARING OFFICER SUTHER: Okay, hearing there are  
24 no further questions I hereby now close this hearing. We  
25 appreciate your assistance in providing testimony regarding

1 the proposed amendments to the QIP. The Department will  
2 release the findings regarding the hearing. It is the  
3 Department's goal to do so within 30 days of today. Again,  
4 thank you all for your participation. Have a great  
5 afternoon.

6 (The public hearing concluded at 11:17 a.m.)

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CERTIFICATE OF REPORTER

I, RAMONA COTA, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Department of Food and Agriculture Public Hearing and thereafter transcribed the recording.

I further certify that I am not of counsel or attorney for any of the parties to said public hearing or in any way interested in the outcome of said matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of September 2024.



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RAMONA COTA, CERT\*\*478

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