

STATE OF CALIFORNIA
DEPARTMENT OF FOOD AND AGRICULTURE
MARKETING BRANCH

PUBLIC HEARING
RELATED TO A PETITION TO TERMINATE
THE QUOTA IMPLEMENTATION PLAN

STANISLAUS COUNTY AG COMMISSIONER'S OFFICE
HARVEST HALL - ROOMS D&E
3800 CORNUCOPIA WAY, SUITE B
MODESTO, CALIFORNIA

MONDAY
MAY 5, 2025
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

Craig Gordon

Jim Vieria

Rodney Kamper

Richard Wagner

John De Jong
Dover Dairy Farms

Alex DeJager

Bob Borba

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** = Submitted via email to Hearing Officer Suther

PROCEEDINGS

10:06 a.m.

HEARING OFFICER SUTHER: Good morning, everyone.

This hearing will now come to order. It is 10:06.

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

Before proceeding I wish to cover some important details that will help ensure that this hearing will proceed smoothly and without interruption.

Please note that anyone wishing to testify must sign in the hearing roster located at the sign-in table there to my left.

Please turn off your cell phones for the duration of the hearing.

Please remain quiet during the hearing. If you wish to have a conversation with someone, please do so outside of the hearing room.

The Department has called this public hearing to receive comments on a petition titled "Petition to Terminate the QIP #5" resubmitted by Stop QIP to terminate the Quota Implementation Plan, hereafter referred to as the

1 Plan or QIP. The proposal in this petition is to ask the
2 Secretary to call a referendum to immediately terminate the
3 QIP.

4 This hearing is being conducted pursuant to
5 Article 3, Section 58061, which is in Chapter 1 of Part 1,
6 of Division 21, of the Food and Agricultural Code.

7 Under this provision, the Department may conduct
8 investigations, make surveys, and assemble facts which are
9 pertinent to the marketing and to the formulation,
10 administration or amendment of any marketing order,
11 agreement or program which is authorized by any law now in
12 effect or which may hereafter be enacted.

13 Public notice of this hearing was issued by the
14 Department on April 4, 2025. This notice was posted on the
15 CDFA website and mailed to all producers of market milk in
16 California.

17 As specified in the Notice, this hearing is being
18 conducted today, Monday, May 5, 2025, at the Stanislaus
19 County Agricultural Commissioner's office located in
20 Modesto, California. Copies of the Hearing Notice are also
21 available for you to take at the sign-in table.

22 The hearing transcript, hearing exhibits and
23 written comments submitted for today's hearing will form
24 the official hearing record.

25 The call of this hearing is limited to the

1 receipt of public comments on the petition to terminate the
2 QIP #5. The Department will not respond to comments at
3 this hearing, nor will the Department engage in a
4 discussion about this petition at this hearing. However,
5 witnesses and members of the public may ask questions
6 directly pertinent to the call of the hearing. Members of
7 the audience may submit questions to the hearing officer
8 for possible use by the hearing panel. Those questions
9 will be at that table there. If you want to write
10 questions please do so and we will -- if the hearing panel
11 determines they are pertinent to this hearing they will
12 read the questions. If you have questions, you may write
13 them on a piece of paper provided at the sign-in table.
14 Everyone is welcome to attend this hearing regardless of
15 whether or not they wish to provide comments.

16 The hearing panel has been selected by the
17 Department to hear testimony, receive evidence and question
18 witnesses on behalf of the Secretary.

19 The panel is composed of three members of the
20 Department's Marketing Services Division staff. They are
21 Branch Chief Joe Monson on my far right, Agricultural
22 Economist Ben Kardokus, and Research Data Analyst II David
23 Ko.

24 Please note this is not a judicial proceeding and
25 therefore the extent to which the panel members speak or

1 otherwise interact with the witnesses may be limited.
2 Instead, the panel members will focus their attention upon
3 their duty to receive public comment.

4 The official recorder for today's hearing is
5 Ramona Cota with the firm All American Reporting and
6 Transcription Services, Incorporated located in Rancho
7 Cordova, California. A transcript of today's hearing will
8 be produced within approximately two weeks and will be
9 posted on CDFA's website within the Quota Administration
10 Program section. This website is located at
11 www.cdfa.ca.gov/dairy. The transcript and other documents
12 associated with this hearing are also always available to
13 the public upon request.

14 If you are testifying, you will go to the podium
15 and speak at the podium. The transcriptionist is online,
16 so we want you to be there for that microphone so they can
17 hear the -- hear your testimony.

18 Testimony and evidence pertinent to the call of
19 this hearing will now be received to become part of the
20 hearing record.

21 The CDFA Quota Administration Program has
22 provided a set of general exhibits for entry into the
23 hearing record.

24 At this time, I would like to call upon Kathy
25 Diaz, Director of Marketing Services, to describe what is

1 included in the CDFA's Exhibits.

2 Whereupon,

3 KATHY DIAZ

4 was duly sworn.

5 HEARING OFFICER SUTHER: The CDFA Exhibits are
6 labeled A through I and they shall now be entered into the
7 hearing record.

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

9 MS. DIAZ: Thank you, Mr. Hearing Officer. The
10 list of Exhibits being introduced today is Exhibit A, which
11 is the Petition to Terminate the QIP, Petition #5, which
12 was received on August 6, 2024.

13 Exhibit B is the Quota Implementation Plan
14 Petition Procedures.

15 Exhibit C is the Official Notice of Determination
16 related to the Petition received on August 6, 2024, to
17 terminate the Quota Implementation Plan, and this document
18 is dated November 4, 2024.

19 Exhibit D is the Official Notice of Public
20 Hearing issued by the Department of Food and Agriculture on
21 April 4, 2024 (sic).

22 Exhibit E is the Quota Implementation Plan. The
23 text for the Plan would be in Division 21, Part 3, Chapter
24 3 -- I am not sure if this is correct. The Quota
25 Implementation Plan is what is being introduced there, the

1 text of it.

2 Exhibit F as in Frank, a Current Roster of the
3 Producer Review Board, which is part of the -- which is an
4 advisory committee that provides input to the Department.

5 Exhibit G is the Producer Review Board Draft
6 Meeting Minutes for December 17, 2024, containing relevant
7 information.

8 Exhibit H is the Producer List Update Process
9 PowerPoint, which is just an explanation of how data is
10 compiled to keep track of ownership.

11 And finally, Exhibit I is the Notice of Industry
12 Referendum for Petition to Terminate the Quota
13 Implementation Plan, which is dated February 21, 2025.

14 And that concludes my testimony.

15 HEARING OFFICER SUTHER: Thank you.

16 At this time the petitioners of Petition to
17 terminate the QIP #5 are invited to explain that proposal
18 and submit any supporting documents. The petitioners, as a
19 group, will be permitted up to one hour to provide
20 testimony. After they have completed their testimony, the
21 hearing panel will ask questions, if any, and we will move
22 on to receive public testimony.

23 Are there any petitioners who would like to come
24 forward to explain the proposal at this time?

25 When you get up there I will -- before you can

1 proceed with your testimony please answer the following
2 questions. Please state and spell your name and last name.

3 MR. GORDON: Craig, C-R-A-I-G, Gordon, G-O-R-D-O-
4 N.

5 Whereupon,

6 CRAIG GORDON

7 was duly sworn.

8 HEARING OFFICER SUTHER: Do you wish to submit
9 written testimony or any supporting documents as an
10 exhibit?

11 MR. GORDON: I will at the end.

12 HEARING OFFICER SUTHER: Thank you.

13 MR. GORDON: Yes.

14 HEARING OFFICER SUTHER: And I will label those
15 then afterwards when we get done. Please proceed.

16 MR. GORDON: Okay, I want to go over four points.

17 First off, is it legal, the QIP that we would be
18 voting on.

19 Talk about the minutes.

20 Also the discrepancy in the rules that we have.

21 I have discrepancies from the -- what we were given three
22 years ago when it recently came out on the last referendum,
23 Konyn's referendum we just had.

24 And then also want to talk about the benefits,
25 the merits, go over, the merits of the program and why we

1 are asking it to be terminated.

2 And the last thing is, talk about the review
3 board and the fairness of the review board that put this
4 thing together and continue to hold the votes on various
5 actions and regarding, especially like this -- all the
6 petitions they have turned down, there's been six of them.

7 HEARING OFFICER SUTHER: Great. Just a little
8 bit (indiscernible).

9 MR. GORDON: Yeah.

10 HEARING OFFICER SUTHER: And a little --
11 microphone broadcasts out here slower.

12 MR. GORDON: Oh, this one.

13 HEARING OFFICER SUTHER: All this --

14 MR. GORDON: I'll talk a little bit slower.
15 Okay, I can talk louder. I thought I thought I was being
16 recorded. I can talk louder.

17 Okay, so let's start with first is, is the QIP
18 legal? And we have made point after point in saying that
19 it is not legal. And I'll read a little definition here.
20 Well, just thought it was kind of interesting.

21 We went to West Law for California Code of
22 Regulations. You typed in the word Quota Implementation
23 Plan, came back zero results. Doesn't exist. Doesn't
24 exist as a regulation.

25 Went to California Public Law, typed in Quota

1 Implementation Plan. Came back, your search didn't match
2 anything. They had no record of the regulation anywhere.

3 So under California law, all revenues are
4 directed to the state must be filed and approved with this
5 office, the APA, according to the state's Administrative
6 Procedure Act.

7 The QIP program has not been duly authorized
8 through the APA. And if they haven't, then they should
9 be -- have an exemption. At every single meeting that we
10 have, plus I can give you a limited number of emails I have
11 sent to counsel and Ms. Diaz asking, where is this approval
12 of the APA? You are taking \$433,000 a day out of our
13 checks and there is no record of it being legal.

14 Government agencies don't always enact their
15 regulations lawfully. Sometimes agencies will issue
16 decrees even though they have no statutory authority to do
17 so. Even if they are acting with their statutory power,
18 they will sometimes issue decrees rather than going through
19 the APA rulemaking procedures. The APA has a name for
20 this, underground regulation. When an agency imposes a
21 regulation without going through the APA procedures, it
22 creates an underground regulation. Under the APA
23 underground regulation, it's void. California Government
24 Code Section 11340.5. There are precise procedures that
25 the state bureaucracies must follow to adopt lawful

1 regulations. These procedures are contained in the
2 California Administrative Procedure Act, commonly called
3 the APA, California Government Code sections 11340 through
4 11365.

5 The APA has no record of the QIP being adopted.

6 To begin with, an underground regulation is
7 legally void, *Tidewater Marine Western vs. Bradshaw*, 14 Cal
8 4th 557.

9 As far as the law is concerned, an underground
10 regulation does not exist and never did exist. A person or
11 business subject to an underground regulation therefore may
12 lawfully ignore it. Even if there was a statute, the
13 decree must be adopted by the APA and procedures in order
14 to be legal.

15 It is often said that ours is a government of
16 laws, not of people. We accept, Stop QIP, and obey
17 lawfully enacted statutes and regulations, whether we like
18 them or not, so long as the law was properly created. We
19 all agree the law's legitimacy, even if we may disagree
20 with this desirability.

21 Now write this down. OAL reference attorney.
22 You can call the OAL office and ask you the question
23 yourself. The phone number is 916-323-6815. We were at a
24 meeting, and I will read the quote she said. This was the
25 lead counsel for CDFA. She was the one that oversaw us

1 putting in the QIP. And a question was asked to about
2 whether this thing was legal or not, if she had problems
3 with it, and she said this. We said, can we do this
4 legally? She said, well, these aren't regs. She was
5 talking about the QIP. These aren't regs. I think there
6 are weaknesses here, and that the whole QIP program was
7 adopted without going through the regulatory process. We
8 did not. I was there. We did not go through the
9 regulatory process.

10 So, I mean, there are -- for a lawyer that's a
11 concern. But that's how the QIP is operating now,
12 illegally.

13 And then John Moons asked the question I heard
14 later on in that hearing and he said, so what does counsel
15 have trepidation about as far as the regulatory aspects?
16 And she answered, well, it's not adopted pursuant to the
17 APA.

18 The one who put this together, oversaw this whole
19 thing, said, we are not legal. And yet they keep taking
20 our money. I have asked at every single meeting, could you
21 show me the proof that you guys got to prove? I don't get
22 it. Can you show me the exemption you got? We don't get
23 it.

24 So, the state doesn't have any record of it. I
25 showed you those. She said it wasn't any good. And in

1 fact, you call the reference attorney, I got him on the
2 phone, I said, hey, can you look up the Quota
3 Implementation Plan? He says, yes, I can do that. Ten
4 minutes later, a long time. Come back, he says, how do you
5 spell it? Q-U-O-T-A, Implementation, et cetera, et cetera.
6 Go look in Section 62757, okay, Chapter 3.5. That's where
7 you should find it, it's under the milk. Guy comes back
8 five minutes later, says, I checked everything. There's no
9 regulation called QIP. He's, why are you calling? I said,
10 I'll tell you why I'm calling. They are taking \$29,000 a
11 month out of my check. We just found out about this
12 recently. He goes, what? They can't take that money out
13 of your check. I said, what do you mean they can't? He
14 said, can you prove it? I said, prove it, don't hang up.
15 Call my secretary over, get some -- get the numbers, send
16 him the checks, the statements. He said, I'll send you the
17 forms. He says, it's illegal. He says, fill out the
18 forms, send it on in. Of course we did.

19 Two months later we got this famous letter which
20 we got back from the FPFC, we got one back from the -- it's
21 government agency that's run by Newsom. Anyways, said,
22 Mr. Gordon, we are not saying you are right, we are not
23 saying you are wrong, we are just not going to investigate
24 it. So I went all the way up to the head guy, Steven
25 Escobar, but not the government appointee of Gavin Newsom.

1 He said, Craig, we will never get that by. We will never
2 get it by. I said, is it Newsom? He said, I can't say
3 that on the record, but you'll never get it done.

4 So, that's what we are up against as far as it
5 being legal, or is it illegal.

6 I came here last time to talk to you guys on the
7 Frank Konyn deal and I went through a whole step process of
8 why we can't trust CDFA. I went through some 20 different
9 examples of wrongdoing, especially when it comes to the
10 process.

11 We have asked for transparency. Not everyone
12 knows what transparency is. It is just an honest way of
13 doing a ballot. And checking the ballots, making sure the
14 right address list. We had 39 -- so they gave us a list.
15 Thirty-nine we tried to send out for our referendum. Post
16 office gives it back, says, they don't even exist. They
17 are not even in -- What? What do you mean they don't
18 exist. Thirty-nine separate petition addresses were no
19 good. I said, who is paying the -- who is -- are they
20 paying or are they collecting money from the QIP? That's
21 the list we got. There's dead people on the list. There
22 is -- I have got here. I will put this into -- the what do
23 you call it?

24 HEARING OFFICER SUTHER: Exhibits.

25 MR. GORDON: Exhibits. There is a dairyman who

1 got paid 11,500-some dollars and he has never owned Quota
2 in his life, and he got paid Quota money. I said, who is,
3 who is watching the store?

4 In this last election we had numerous guys who
5 called and didn't get the ballots again. We had at the
6 very last, the very last day, somehow, 125 ballots got
7 taken in the very last day. And so we don't -- we don't
8 trust, we don't believe the results of that, we don't
9 believe the results of the sunset, until we get
10 transparency. I would hope the board would make a
11 recommendation after this hearing to CDFA.

12 All we are asking is do it honestly at no cost.
13 We want a list of who is eligible to vote and a list of who
14 is eligible to sign so we don't get this crap down the
15 road, oh yeah, those guys didn't -- wrong signatures. But
16 tell us who, who is qualified to sign. Could you do that
17 for us and give us a list. Print the ballots so we have a
18 representative at a big table like this, a representative
19 from Save QIP and one from CDFA and we got a list. We got
20 them checked off, everybody -- every ballot we have there.
21 Put them all into a big bag, take them down, send them off
22 in the mail. We know which ballots got sent out.

23 When they come in the mailbox we pick them all
24 together, come back to the office, we take them out one at
25 a time and check them off the list. Oh, Craig Gordon has

1 got two on here, that's not possible, put these over here.
2 And so-and-so here, so-and-so. We get every ballot back.
3 So there's not extra ballots and no one can throw anything
4 into the trash can, no one can make 20 just disappear.
5 They have already demonstrated they can't be trusted. But
6 this doesn't cost them anything to ensure that we have a
7 good election.

8 Then we can take an attorney that doesn't know
9 anybody out there or someone off the street for our side,
10 one for Save QIP and CDFA have their representative, take
11 the ballots down to the end of the table and they open them
12 up and start saying, yes, no, yes, no, yes, no. That way
13 we don't violate the policy of knowing how someone votes.
14 I understand the importance of that and we don't want that.

15 When they are all done the count was 700 to 200.
16 Nobody in the industry can say you cheated. Nobody on
17 either side can say they cheated. We are trying to get
18 something that cost us a billion dollars every 6.3 years,
19 and we can't get CDFA to allow us to have transparency on
20 the ballot process. That is bullshit. Who doesn't want
21 transparency but a crook.

22 You should have -- as we have -- that's all,
23 that's all we want right there. The list who can sign,
24 make sure we send the envelopes out so no extra envelopes
25 come in. We have the list. We see them come in and three

1 guys count it. It's over within an hour. Not taking two,
2 three, four weeks, all these different divisions. Nobody
3 knows nothing.

4 On the sunset 55 ballots came in after the deal,
5 but they were postmarked right? We asked, were those yes
6 votes or no votes? They can't tell us that? What are you
7 hiding from us, is what we are saying.

8 That's why we want to terminate this nonsense.

9 First off, we will talk about the merits now.

10 There is no merits that this is a good program
11 for our industry. No industry in the United States that I
12 know of will take a billion dollars from everyone in the
13 industry and turn it over to 300 guys over here who go out
14 and buy motor homes, buy cows, buy whatever they want.
15 What does that do for our industry? Nothing. It doesn't
16 go to research and development. Doesn't go to marketing.
17 It doesn't go to all the things that could help us. None
18 of that. It goes into their pockets. It says it right
19 here in the description, the whole sole purpose of Quota is
20 to hand money over to the Quota holder. That's insane,
21 absolutely insane.

22 The Secretary said in a deposition and in
23 interrogatories, I will be putting -- submitting this also.
24 She was asked the total amount of assessments collected
25 from me, the plaintiff, Craig Gordon. And she gets -- she

1 gave the correct amount. They know exactly what they are
2 taking from me, 856,000 since it started, the QIP.

3 And then they asked her the question: Identify
4 and describe everything of value, including any
5 compensation, that Plaintiff Craig Gordon has received from
6 the Quota Implementation Plan described in Exhibit A, since
7 it was implemented.

8 None. She wrote: None, because Plaintiff Craig
9 Gordon does not own any Quota.

10 So we got it on record that there's absolutely --
11 for non-Quota holders only we get nothing in value. And we
12 all pay the tax. I use the word tax because that was what
13 was stated to us by Kathy Diaz when she said, this is an --
14 what did she say? QIP is an imposition of a tax without a
15 direct or indirect benefit, which is in violation of the
16 California constitution.

17 So we are against -- the Quota is -- it violates
18 the Constitution, but most of these Americans don't seem to
19 care about that. Of course, we had slavery for over 100
20 years until finally Lincoln did something about it. All
21 men were created equal but not in the South.

22 Which brings me to our board. Fifteen people are
23 on that board. The industry is 55% on Quota, 45 don't own
24 Quota. And 25% of the Quota holders own less than 25%. To
25 be representative of our industry and to be fair, when you

1 look at that board, you should be looking at our industry
2 right there, just a microcosm. Only 15 but they represent
3 the 7-800. The board should be eight Quota and seven non-
4 Quota, okay. We are not that. We are not even close to
5 that. Fourteen to 1 is what we were and now 13 to 2.
6 Thirteen to 2.

7 We have told CDFA this multiple times, multiple
8 done emails, met with the Secretary. We were promised
9 that, oh yeah, we will get this thing balanced out. And
10 just the recent one where we are going to the meeting after
11 today and we are going to introduce -- they put six more
12 Quota guys on the board and kicked off the two alternates
13 who should have taken an automatic spot and they were non-
14 Quota holders. Where are we living in? Are we in Mexico?
15 In Russia? Where are we? That is not fair, it's bullshit.
16 And they are the ones making the rules on the Quota.

17 I use the example that you have a board that's in
18 charge of the security of the hen house. And on the board
19 you have got 13 wolves/foxes and you've got two hens. The
20 first order of business is they fire the dog. That's what
21 goes on in this meeting. Everything has got to go through
22 these guys. All Quota guys, it's crooked. It's corrupt.

23 The Blacks have been fighting this crap in the
24 South for years. They live in a town that's got 60% black,
25 40% white, and a guy gets accused of killing a white guy,

1 and he walks in and the jury's all white. We call that not
2 fair. We call that prejudicial. We call that bias. And
3 they are making the rules.

4 They turned down seven petitions. You've got to
5 see the excuses they gave on those petitions. You've got
6 to see them to believe them.

7 Now, listen. We are asking this, one, because
8 it's illegal. Let's go back and do it the proper way.
9 Let's do the proper channels to make this thing and then if
10 it passes it passes. Because we did not follow the proper
11 channels. One, we did not have the required hearing. And
12 the pocket judges over there, I don't give a shit what they
13 say. The bottom line was, we didn't have a hearing. We
14 did Bagley-Keene.

15 The difference between a hearing, as you saw here
16 I had to swear my testimony to be true. She's over here
17 recording everything so we can go back and say, what did he
18 really say? But a Bagley-Keene meeting, they don't have
19 that, they don't swear in, and all that information just
20 came in there like it's gospel truth. That's wrong.

21 We got all kinds of records in here. It says to
22 do anything to change any statutes or regulations it has to
23 be done through the hearing process and we did not do that.

24 Is this a pooling plan? They call it a pooling
25 plan. That's to disguise it so they can tax somebody and

1 take money from them. It's not a pooling plan. What are
2 we pooling? The feds are pooling the milk, not us. But
3 they call it a pooling plan. Another lie, another lie that
4 they tried to dump on us.

5 It says we are supposed to be writing --
6 produced -- 62716 says the second step after the required
7 hearing is you are supposed to make a pooling plan. We
8 didn't do that because there's not one.

9 Three, there's a ballot in there, which we are
10 going to talk about here for this referendum we are asking
11 for. The ballot says in there, they tell you how you are
12 supposed to spell out the ballot. Do you approve of the
13 pooling plan? Yes or No. That's not what it says. They
14 didn't say that. They brought in the Federal Order. Do
15 you want the QIP to become effective when the Federal Order
16 is promulgated in California? That's what it said. That's
17 a little confusing. Are we voting for the Federal Order,
18 which everyone wanted the Federal Order. That's not the
19 way that says. That's the fourth thing they didn't do
20 right.

21 The only thing they did do right was the 62717
22 which says a supermajority needs to, to put this plan in.
23 Now, that's chapter 3.

24 Chapter 3.5 is different. That's why we went to
25 the other hearing. It's got a different set of rules on

1 how to get rid of Chapter 3.5. It says a simple majority.
2 They did that because there was no petition. When the
3 attorney for Save QIP mouths off and he goes, it's always
4 been done this way. The supermajority has always been done
5 this way. Anything that has to do with Quotas has always
6 been done by the supermajority. Another lie, lie, lie,
7 lie.

8 In 1993-94 when they put in the fixed
9 differential that was done in a hotel room in Lake Tahoe.
10 I can give you the people who were there. So when they
11 came down and they changed the rules to go to this fixed
12 \$1.70 they said, you know, if they don't like it, if the
13 dairyman don't like it, they can sit there and vote. They
14 dropped it down from supermajority down to 51% and get rid
15 of it if they want to that way.

16 Well, we were told by the Attorney General's
17 office and by Mr. McCarthy, Save QIP, that we can't even
18 refer to that thing Chapter 3.5 because it's gone. They
19 may -- it's under court documents, I will put that in the
20 record. It says, we suspend Chapters 3 and 3.5. When the
21 Federal Order came in the California Order went out. They
22 went so far as to say you can't even bring up any of that
23 stuff, you are supposed to just talk about the QIP. But it
24 went out, it's gone.

25 Well, guess where chapter -- guess where QIP

1 resides? Chapter 3.5. It's gone. And they sat there and
2 said, well, we -- Houston (phonetic) says, well, no one
3 ever knew about chapter 3.5. No one ever talked about 3.5.
4 We didn't hear about Chapter 3.5. The hell you didn't.

5 Land O' Lakes, CDI, DFA, Stop QIP, United Dairy
6 Families, all wrote a letter to Ms. Secretary Ross and
7 said, hey, we are running that petition out there to have
8 our vote to get rid of Chapter 3.5. What happens to the
9 QIP if Chapter 3.5 is suspended?

10 She wrote back to all of us so we all knew about
11 it. They lied when they were at that -- giving the
12 hearing, the testimony. They said, if the QIP is suspended
13 I do not have the authority to implement the QIP. Simple
14 as that, it's gone.

15 So when I got the testimony from the Attorney
16 General's office and from Mr. McCarthy I sent it to her.
17 Well, it's gone. So how are you implementing the QIP?

18 No answer to that. Wrote that at least three
19 different times.

20 I have asked Kathy Diaz that three, four, five
21 different times.

22 Where do you get the authority if you don't, if
23 it has -- if Chapter 3.5 is gone?

24 So, when someone says that you are doing things
25 illegally -- said the guy the other day, why don't you guys

1 put heroin in milk. Coca Cola did that with cocaine. Get
2 everyone addicted to milk, you guys make more money. Guy
3 looked at me and says, that's illegal. I said, I thought
4 you owned Quota. Doing something illegal doesn't bother
5 you as long as you are making enough money. What would
6 stop you on this? Don't tell me about legal. You guys buy
7 into this all the time. Well, we bought this a long time
8 ago. And that's another myth. They were given to it free.
9 And all that money they made all those years when Arie
10 would sit here, De Jong, and, oh, take my asset and all
11 that crap. You know, he got all that money free as a
12 producer Quota for Hollandia (phonetic). And all that
13 extra money comes in, that gave him another 40 grand a
14 month to do what? Buy more Quota. Buy our cows, we are
15 going out of business. The suckers, all of us are just
16 suckers that are paying out the money to these guys for a
17 program that was supposed to been gone in 1973. The
18 program was never supposed to go this long, despite what
19 Mel Gadbut will tell you, it wasn't.

20 That's what Chapter 3 is. It's called the
21 equalization chapter. Where everyone gets equalized on
22 their Quota and Quota disappears. Read it. Take the time
23 to sit down and read it.

24 SPEAKER: Craig, quick question.

25 HEARING OFFICER SUTHER: Hold on. We'll have

1 time for questions later. Thank you.

2 MR. GORDON: So, the program came around in 1993
3 and this is what happened to the Producer Review Board. To
4 give some fairness to Karen because she is not getting
5 informed by her people well enough. The Producer Review
6 Board used to be all Quota guys, and rightfully so. Why?
7 Because the Class 1 shippers were the ones paying for the
8 Quota.

9 But in 1993 that changed when they all suddenly
10 went to where we are all paying money now, we should have
11 got equal representation on that board, and we didn't. We
12 should have been 45% but they didn't change it.

13 The same thing they didn't change with the Quota
14 guys back in the day. When the Class 1 sales went down
15 what should have happened? Your Quota certificate should
16 have gone down commensurate with what was going on out
17 there. But they didn't. I'm getting paid on my \$1.70 for
18 100 pounds I'm shipping, but now I'm only shipping 80
19 pounds, but it's still less than 100.

20 My god, you guys talking about being crooked.
21 They can't look you in the face. They have been ripping us
22 off. That's when Frank came up with his proposal was to
23 make it at least be in balance, the Class 1 sales pay for
24 the Quota and knocks it down about a buck if it was an
25 honest deal. Ha. Good deal. That was what the original

1 program was. But no, you guys have been living with the
2 crookedness of taking that money when you didn't have it.
3 Those certificates should have been reduced and they
4 weren't. That's fact.

5 So the myth that you, that you guys worked so
6 hard, we have this investment. And by the way, there is no
7 investment on the earth that is guaranteed for life. I
8 have never heard such baby talk. You buy cows for 3,000
9 today, you sell them for 1500 two years from now. Are we
10 going to come whining to you guys saying, pay us for our
11 money. It's investment. Any investment you make is a
12 chance.

13 And the termination -- the Spy Wood Mill
14 (phonetic) has said. Day one there was a termination
15 clause in the deal. It was never meant to go forever. In
16 1969 there was one in it. In 1993 there's a termination
17 clause. In the QIP there's a termination clause. And all
18 of them have no compensation. If someone gets up here and
19 says, at least we should get paid. None of them have
20 compensation for that. Hell, you have been compensated
21 some \$7 billion. If that ain't enough I don't know what
22 else you guys want. But they have been paid 15 times over.

23 You take it on -- as far as the money goes on,
24 even on that. They now interchange -- I love it. Arie
25 would always say this. You could have bought Quota. You

1 could have bought Quota. Whoever makes that statement is
2 an ass. It's impossible. Let's do some math, folks.
3 There's only Quota that covers what, 19% of the milk, 18%
4 of the milk. So how can everybody own Quota? Where's the
5 other 80%. I didn't have a grandfather who passed it on.
6 You guys made millions on this. I'm not upset about that.

7 What we are upset about is we want to stop this.
8 We don't want to be a part of this program, this slave
9 program, that if we don't pay you, we go to jail. You may
10 have got these guys fooled, but you don't have us fooled.

11 And when we go to the courts, not with judges,
12 but we get to the jury of 12, which we beat you guys in
13 that Montero case, be a different story for you guys.

14 A billion dollars you have taken from us just
15 since 2018. One billion dollars, 700 guys, 300 guys did
16 that. A billion dollars and you guys aren't happy.

17 Oh, Gordon's putting a thing to stop this
18 nonsense.

19 All we have ever asked for is to have these
20 referendums and a decent vote. We have a real referendum,
21 a real reapproval of it, and you guys vote -- 65% of the
22 industry wants to keep the program, I give you my word, I'm
23 done. We will never come in here again, ever. But we want
24 transparency at the election. And if you guys vote 65% to
25 approve it, it's yours. But you guys won't even let us do

1 that. You spend millions of dollars you guys are spending
2 denying us our constitutional rights.

3 We were told by the Secretary at the opening of
4 the meeting. In fact, I found that the other day. One
5 thing you are not going to like about doing the QIP since
6 it's a new program and we're taking it out of the producers
7 checks, is it's required by the legislature to have a five
8 year reapproval. CMAB did it, CDC did it. We were told
9 that no matter -- they took it out of the -- put in the
10 survey deal, right?

11 But we were told by the council that we are just
12 making recommendations, we don't make regulations. We
13 don't make regulations, these are recommendations. That
14 thing we sent to her, the QIP, that's why I voted for it,
15 because I was told it's just a recommendation, because she
16 has to do the law. She came and she told us that. I have
17 got documents that show the staff answering Western United
18 Dairymen. All those guys wrote those letters. Gadbut
19 wrote a letter. He said, we don't think you should have
20 this mandatory referendum. He calls it mandatory. They
21 call it required. Well, no, it's not. It's optional. It
22 just disappeared off the face of this earth.

23 How does that happen in America? We want a fair
24 boat. We will walk away. But you won't give it to us.
25 Here's another example, guarantee it. You guys will come

1 out and vote against this and vote against Frank's deal.
2 It was fair, it was good, it was honest. You guys are
3 crooks. That's what you are. Let's just call a spade a
4 spade.

5 You go to those PRB meetings, they are a joke.
6 My attorney left there, he said he couldn't believe it. I
7 said, it's the way it's been.

8 They stole money from guys that you guys run out
9 of business and you took their money and put it in your
10 pockets. I never seen anything like it.

11 CDFA overcharged us \$17 million while we were
12 away on COVID, \$17 million. We come back after the deal
13 and they said, Donaldson gets up and he says, well, the way
14 we do this is we will just lower the rate from 38 down to
15 32 cents, about four or five months we all get our money
16 back. That makes sense. We did it before. I raised my
17 hand and I vote for it.

18 Mr. Vieira says, wait a minute, wait a minute,
19 that's not fair. Thank God for Jim. What do you mean it's
20 not fair? It's a fair way, we all get our money back, you
21 know, the way you do it. How about the guy that went out
22 of business? He's not going to get his money. All the
23 guys are (indiscernible). She writes a letter telling
24 everybody it's only good for those people who are still in
25 business and you are not a dairyman no more so you can't

1 even ask for it. I said, I didn't think about that. I
2 want to change my vote, let's have another thing, that's
3 not fair. He got overcharged by them. They got five grand
4 of his money, and he doesn't get it back. They give it to
5 the Quota guys. That's the only meeting I've ever walked
6 out on. I cannot believe I'm in the same room with you
7 guys. Enough to make you want to vomit. That you could
8 steal money like that from guys who went out of business,
9 you drive out of business. They could use the five grand,
10 the ten grand. But that's how you do fair things.

11 They say, well, there's no system for that.
12 There is a system. There's a whole system in the
13 regulations that tell you about how you ask for a refund.

14 Well, then I started to think, well, if it's not
15 a regulation no wonder they do it this Mickey Mouse way.
16 It's just a simple deal. You take this 17 million divided
17 by how much production is, it comes out to .0513. You
18 write a check out to everybody at .501. Whatever they
19 shipped during that time period. Everyone gets their money
20 back, pay back even. The guys that are owed it, get it.
21 How cool.

22 No. The reason why they didn't do it is because
23 how do you turn in a voucher asking for a refund of some
24 program that doesn't exist? Try to find it.

25 We are going to try to do our Petition 5 to get

1 rid of this thing and I hope it passes and it comes down
2 now to the ballot.

3 I wrote this to these guys about ten different
4 times. It's supposed to be done in the same manner as
5 provided for its initial approval. So the ballot said in
6 the initial approval, shall the Quota Implementation Plan
7 become effective when the Federal Order becomes effective?

8 So I wrote that our ballot should say, shall the
9 proposed Pooling Plan be made effective? Yes or no.

10 This is the wording I intended for Petition 5
11 from Section 62716 from the original ballot. A yes vote
12 means the industry wants Quota, a No vote means the
13 industry does not want the program, they want to terminate.

14 To have a legal vote there must be 51% of the
15 dairy industry that votes. And this is where we differed.
16 I got this from here and from the actual regs, she's got it
17 wrong. 51% of the dairy industry must vote to get the
18 quorum.

19 Then you must get 65% of the votes of who voted,
20 not from the eligible voters as she put it. It's who
21 voted. 65% of either the producers or the volume. So 51%
22 of eligible to have the quorum, then 65% of who voted. And
23 the 65%, as we have been told by the Secretary not once but
24 a thousand times when we talk about having the sunset, no,
25 it's going to be -- it can't be 51% Craig. Why? I don't

1 want a program that only half the industry wants. I want a
2 program that 65% wants the program. I am not going to
3 allow 51%.

4 Well, the people who wanted the program voted 87%
5 to put it in. Now we are going to ask the question -- you
6 can't say, do you want to terminate the program, because
7 how could that be in the same manner? Because we didn't
8 write -- the first the first ballot didn't say, do you want
9 to terminate QIP. It didn't even exist.

10 If you are going to ask the question in the
11 negative you have to reverse where the vote total goes to.
12 The people who voted who wanted the program would have to
13 vote, we do not want to terminate the program. We do not
14 want to make -- we want to make it effective still, just
15 like they voted before. The yes vote has to carry the 65%.
16 If they don't get that then she is to terminate the
17 program. If the dairy industry does not show by a
18 supermajority that they want to keep the program, then it
19 needs to be terminated. That's the rules we lived under.
20 The rules you need to live under. (Indiscernible). They
21 try to twist it all.

22 Well, you go to who the 65% is saying we want to
23 terminate it. That's not who put the program in. Who put
24 the program in is the other way. You ask in the negative,
25 you reverse the 65% where it goes to stay consistent and in

1 the same manner.

2 And I think that's enough for now. How much time
3 did I blow?

4 HEARING OFFICER SUTHER: About 34 minutes.

5 MR. GORDON: I've still got time to rebut
6 anybody. Great, thank you. I appreciate you listening to
7 me.

8 And another thing. Quota people, I got so many
9 of my best friends, two of the largest Quota holders in the
10 state are my good friends. There's no animosity towards
11 you guys. We are just trying to get this thing done the
12 right way. It doesn't make you a terrible person or a non-
13 Christian or all that crap I hear a lot of people say. I
14 don't feel that way about you. Kathy, I don't feel that
15 way about you. But it is passionate to me because I have
16 lost too many friends who have gone out of business because
17 of this nonsense. Good, hardworking guys. Guys that used
18 to sweep up hay at the yard to feed calves when they bought
19 their first herd of 30 cows. And to watch them get kicked
20 out of this business because guys are making these billions
21 of dollars on an illegal program that wasn't put in right.
22 And we're willing to go through the vote. That's a
23 promise. If we don't win, the last time you see me here.
24 Don't need a cheer on that comment.

25 HEARING OFFICER SUTHER: Craig, get me that

1 exhibit.

2 MR. GORDON: I will. I will put this together
3 for you.

4 HEARING OFFICER SUTHER: So, is there anybody
5 else that would like to talk as a Petitioner?

6 MR. VIEIRA (OFF MIC): (Inaudible).

7 HEARING OFFICER SUTHER: Okay.

8 MR. VIEIRA: I have nothing prepared. My name is
9 Jim Vieira, I've got a small dairy here in Turlock.

10 HEARING OFFICER SUTHER: We've got a few things
11 to go through here.

12 MR. VIEIRA: Okay.

13 HEARING OFFICER SUTHER: Spell your first name
14 and last name.

15 MR. VIEIRA: J-I-M, V-I-E-I-R-A.

16 Whereupon,

17 JIM VIEIRA

18 was duly sworn.

19 HEARING OFFICER SUTHER: You said you don't have
20 any written testimony to submit.

21 MR. VIEIRA: No, sir.

22 HEARING OFFICER SUTHER: Okay. And you said
23 you're a small dairy farmer.

24 MR. VIEIRA: Turlock.

25 HEARING OFFICER SUTHER: Turlock. Thank you very

1 much. Proceed.

2 MR. VIEIRA: Okay. I just have a few things to
3 say. First, I want to correct one thing Craig said. He
4 said the program was supposed to end in '73, it was really
5 '85. It was 17 years from 1969. The state said it would
6 take about 15 to 17 years for equalization, that would put
7 it around 1985. That's the year for you older guys that we
8 had to kill. There was so much milk on the market we had
9 to kill cows to get rid of milk. We should have killed the
10 Quota. But anyway, that's just a point.

11 The other point I have is I was a Grade B shipper
12 when the QIP was enacted so I did not -- I wasn't eligible
13 to vote on the QIP. So now that Grade B is gone, I am
14 forced to pay the assessment. I don't think that's fair.
15 I petitioned CDFA about it, they said, too bad.

16 The FMMO is interesting because all the trades,
17 Joe, CDC, Western United, Vander Heuvel (phonetic), they
18 all said that we go to the FMMO instead of the California
19 pool and we are going to make more money. It's going to be
20 more money for everybody. Well, that's true until you take
21 40 cents away from me. So the FMMO doesn't even do for me
22 what it's designed to do, it was supposed to give us all
23 more money. It took money away from me. So that's one
24 point.

25 I have been trying to not pay the assessment

1 because I wasn't part of it originally. So I went to the
2 PRB board meetings and said, hey, I want a hardship, I want
3 to get out of the assessment. So the last PRB meeting Art
4 Van Beek the Chair, I asked him, I said, well, if I can't
5 get my hardship what is the only way I can get out of this,
6 paying the assessment. He said, you've got to sell your
7 cows. I asked Peter Weber (phonetic) several times through
8 emails to put that in the record in the minutes. He did
9 not do that for some reason. It should have been in the
10 minutes. So the PRB is telling guys like me, if you want
11 to get out of the payments, sell your cows. Whoever thinks
12 that's fair, raise your hand.

13 There was a survey done. The five year survey
14 was done and the survey said this is one of the worst
15 programs, the most divisive programs ever seen and it made
16 no sense. Where's the results of that survey? Has
17 anything been done? No.

18 Dr. Bozak (phonetic) who the -- who the Save
19 Quota families paid over half a million dollars to figure
20 out a way out of this, in Tulare, his final thoughts after
21 a year and a half of studying this whole program, he got up
22 on the microphone in front of hundreds of dairymen there in
23 Tulare at the farm show, and said, sorry guys, but the
24 Federal Order is in place now, and the Federal Order has
25 the same language of, we are only having the Federal Order

1 to secure a wholesome, plentiful supply of milk for the
2 population of California. That is the exact same language
3 almost word for word that the California pool has in it.
4 Well, the California's pool is gone, but we have the FMMO,
5 which trumps the California pool. So therefore the Quota
6 has no reason to be. It has no legitimacy, was his exact
7 words.

8 So yeah, we are still fighting like Quota does
9 something. And I know it enriches people. Like I have a
10 good friend of mine, in fact a neighbor, and she says --
11 she goes to church with me. She says, I know it's wrong,
12 but it's a lot of money.

13 So, I think that's about all I have, yes.

14 HEARING OFFICER SUTHER: Is there anybody else
15 from the Petitioner side that would like to speak?

16 Craig, could you go back up there now.

17 MR. GORDON: Do you have a question.

18 HEARING OFFICER SUTHER: To give the panel an
19 opportunity to question either of the two of you.

20 MR. VIEIRA: Oh, okay.

21 HEARING OFFICER SUTHER: Yes, Ms. Diaz.

22 MS. DIAZ: Yes. Just for the record, anyone who
23 signed the petition is considered a Petitioner, so if you
24 are interested in speaking and you signed that petition you
25 are, by definition, a Petitioner.

1 HEARING OFFICER SUTHER: Okay.

2 MR. MONSON: Thank you, Mr. Gordon.

3 MR. GORDON: Is it Monson or?

4 MR. MONSON: Monson, yeah.

5 MR. GORDON: Monson, (indiscernible).

6 MR. MONSON: Mr. Gordon, I was curious. I heard
7 from Vieira on his operation. Can you describe your dairy
8 operation?

9 SPEAKER: Can you speak up a little bit.

10 MR. MONSON: Can I repeat it?

11 HEARING OFFICER SUTHER: Go ahead.

12 MR. MONSON: Can you describe your dairy
13 operation for the record, please.

14 MR. GORDON: (Transmission interrupted) -- sell
15 my herd to pay off a loan because of my involvement with
16 the QIP. I milk 500 cows, I'm still in Chino, I'm the last
17 dairy there. Just got my -- we were the last to get the
18 bird flu but we got it and as everybody knows it's not fun.
19 I mean, your top cows, just lost them. But yeah, that's
20 what I do.

21 I also sell citrus pulp in the San Joaquin
22 Valley. I have been doing that for 35 years. We handle
23 Sunkist and Ventura Coastal.

24 Been buying and selling hay in Arizona and
25 California, Imperial and Blythe, for 42 years.

1 So I have been around the dairy industry since
2 then. I didn't get a dairy until 2010 and I got that when
3 some, a lot of my buddies were all going out of business
4 and they were not getting much for their cows so I that's
5 when I started. We built up the seven different dairies in
6 Chino and two heifer ranches.

7 MR. MONSON: One more question. You mentioned
8 there's no merits to the program and it's not good for the
9 industry. I was wondering, what would the impact be for
10 the industry as a whole should the QIP terminate?

11 MR. GORDON: Yeah, that's a good question. I'm
12 glad you asked that.

13 It's a zero-sum game for the industry, zero-sum.
14 You have the asset side. By the way, when they say you
15 can't take an asset and give us nothing back, that's what
16 you have been doing for 45 years, taking our assets, cash,
17 and getting nothing back. But you have to have to -- to
18 have the asset you have to have a liability. We are the
19 liability. We are a billion dollars worth here. It's only
20 worth a billion dollars if we are paying the billion
21 dollars. So you eliminate that, we don't have to pay and
22 they don't get it. Zero sum. Industry. That answers your
23 first question.

24 But as an individual, yeah, we are going to be
25 smelling roses, and a guy that has Quota that's going to

1 hurt him, absolutely. Again, it's like when we bought cows
2 and the guys are selling their cows at 800 bucks here two
3 years ago. That's the risk you take when you own the
4 Quota. And I believe they been paid back seven-time fold.
5 It's a billion dollars every 6.3 years. It's been around
6 since 1969. So I think it's six years. So \$6 billion they
7 put in their pockets. Hopefully they put some away in a
8 bank account. But yeah, it affects the industry really.
9 If you're talking industry it's a zero-sum game.

10 They always talk about them losing their asset,
11 but they don't talk about us losing the liability. We are
12 on the hook, and we don't show it on our books, as they
13 don't show -- they -- technically what they do on Quota, if
14 you want me to answer that question. The banks aren't
15 supposed to loan on it because it's a soft asset because it
16 can be taken away and terminated. But the banks do loan on
17 it. They do it by saying this is part of the collateral.
18 So, yeah.

19 And they talk about collapsing. Quota went down
20 to 125 bucks. Did the industry collapse? Anyone here
21 going out of business? Or dairymen had to sell out because
22 Quota got down to 125? Didn't happen. It wouldn't happen
23 if this thing passes. Any other questions.

24 MR. VIEIRA: One more thing. You know, this has
25 been done before. Oregon was the last state that had Quota

1 besides us. When they went to the FMMO Quota disappeared.
2 They still have their industry. Sure, if some guys lost
3 their, you know, paper asset and they didn't get as much
4 for their milk check, but the other guys got to keep their
5 whole milk check, that was a big deal. So it has been done
6 before. This -- California is just the last state in the
7 Union to do this.

8 MR. GORDON: Well --

9 MR. VIEIRA: Everybody else when they went to the
10 FMMO they got rid of Quota.

11 MR. GORDON: We are just asking to compete on a
12 level playing field. And that's where the Federal Order
13 kind of let us down because the whole point of the Federal
14 Order is there shouldn't be two pricing systems in there.
15 We have two pricing systems. It goes completely against
16 what the Federal Order stands for. They get more money
17 than we. It's not supposed to happen that way. So I think
18 it would help our industry a tremendous amount.

19 And it also creates this over-producing of milk
20 because if I'm getting this extra money I really don't have
21 to be too efficient, do I? And there's -- these guys are
22 plenty smart. A lot of guys that have got Quota are not
23 dummies. They are good dairymen.

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

1 MR. KARDOKUS: I don't have any questions, thank
2 you.

3 MR. GORDON: Not one? You want to know where I
4 got my -- where I got the clothes from? My brother.
5 Anyways.

6 HEARING OFFICER SUTHER: All right, that's it.

7 MR. GORDON: That's it?

8 HEARING OFFICER SUTHER: Yep.

9 MR. GORDON: Thank you, gentlemen. And thank you
10 for the question, it was good.

11 HEARING OFFICER SUTHER: We will now begin
12 receiving public testimony pertinent to the call of the
13 hearing. Anyone wishing to testify must sign-in if you
14 haven't already. Witnesses shall testify in the order in
15 which they have signed the roster, first come, first serve.
16 However, if any witness has a time constraint that would
17 preclude you from waiting a turn please let us know at this
18 time. So, is there anybody that can't wait to the end of
19 this hearing?

20 Seeing none we will continue.

21 Oral testimony will be received under oath or
22 affirmation. Members the audience may not question the
23 witnesses nor spontaneously respond to the content of
24 anyone's testimony. Please remain quiet unless you have
25 been called upon to testify, and all cell phones turned

1 off.

2 Each witness will have up to 20 minutes to
3 testify following by questions, if any, from the panel. If
4 after all witnesses have testified a prior witness wishes
5 to testify further, they may be allowed to do so if time
6 allows.

7 Please come forward as I read your name and then
8 we will go through the affirmation process. So, it looks
9 like the first one will be -- Jim, do you want to testify
10 again or are you good now?

11 MR. VIEIRA: I'm good.

12 HEARING OFFICER SUTHER: You're good, all right,
13 perfect.

14 Rodney Kamper. Rodney, please state your name,
15 first and last, and spell them, please.

16 MR. KAMPER: My name is Rodney Kamper, R-O-D-N-E-
17 Y, K-A-M-P-E-R.

18 Whereupon,

19 RODNEY KAMPER

20 was duly sworn.

21 HEARING OFFICER SUTHER: Please identify your
22 business status. For example, like --

23 MR. KAMPER: I'm a dairy farmer in Fresno County,
24 town of Riverdale. Grew up on a smaller dairy farm in
25 Southern California years ago and we have been in Riverdale

1 for 46 years. We are a partner in our family business. We
2 milk about 1900 cows and grow a portion of our feed.

3 HEARING OFFICER SUTHER: Do you have any written
4 testimony you would like to submit?

5 MR. KAMPER: I do not.

6 HEARING OFFICER SUTHER: Thank you. Please
7 proceed.

8 MR. KAMPER: So I will try to be as organized as
9 possible and go through this. I am going to talk about how
10 the QIP got going and some background to that.

11 There was the industry. Many people in the
12 industry years ago wanted to go to a Federal Order. Most
13 of our industry, a lot of calculations going on, that about
14 40% of California's milk was going into cheese and that we
15 were not getting paid fairly, particularly on the whey
16 component. And that if we went to a Federal Order that
17 would be more milk in the pool for everybody to share, more
18 money in the pool for everybody to share. So there was a
19 lot of talk about this, a lot of both sides of the story
20 and everything.

21 We had had a state system since 1969 that seemed
22 to work pretty good. It was called the Milk Stabilization
23 Plan and we had the pool to distribute the money. And
24 there's all classes of milk, Class 1, 2, 3, and 4. We used
25 to have 4a and -b, now it's 3 and 4, cheese, butter and so

1 on.

2 So what happened was as there was a harder push
3 to go to a Federal Order and consider that and have
4 hearings to do that there was also a big component in there
5 because there was a large investment by many dairymen in
6 the state, this thing called Quota.

7 What was Quota? Way back in the early days of
8 the pooling system some people got the Class 1 price which
9 was higher, some got the butter, cheese, powder, whatever
10 price that were lower. And there was this system set up
11 right away that everybody got a little bit of share of the
12 Class 1 money. And so you had a Quota certificate that
13 says you get this much or that must depend on how much you
14 are producing at the time. There was also an equalization
15 plan, which is a lot of details about how everybody is
16 going to, in those early years, come to where they were
17 getting their little bit share of the Quota.

18 Yes, that was handed out to everybody right then,
19 but there were thousands of dairymen in the state. Now
20 there's hundreds of dairymen in the state. And over the
21 years, not in the immediate years but the early years, it
22 was started to buy and sell as people retired, went out of
23 business. Some people sold it because they wanted to buy
24 more cows or they thought that was a better investment or
25 buy a little piece of ground. So people made business

1 decisions to buy or sell this Quota over the years.

2 So here we are. We are saying, well, it's an
3 important thing. What is it? Certain people own it.
4 Certain people don't. Some people say, well, you got it
5 free. Well, only everybody got a little bit free. We are
6 decades beyond that. People invested in this. One guy
7 decides that I would rather have a little higher price for
8 a portion of my milk. The next one says, I will take a
9 little less money for that portion of milk because I need
10 that 80 acres, or I want to milk two or three hundred more
11 cows or my wife wants a house at the coast. Whatever they
12 wanted to do, people made business decisions. And so we
13 hear about how everybody is getting robbed and stolen and
14 whatever. Mr. Gordon has a few comments about how this --
15 the fact is this was an investment.

16 Now let's get to the PRB a minute, Producer
17 Review Board. Most people know what that is. I served
18 several years on that board. In fact, in 2017 we normally
19 had about 12 people on the board and they appointed a few
20 more, there were 15. I was on the PRB board when we had
21 our four meetings that summer and fall to develop the QIP.
22 In fact, I was the chairman of the board so I understand
23 what was going on. We had several people. Mr. Gordon was
24 on there, I was on there, Mr. Moons might have been on
25 there. Were you on the original board? So we had 15 of

1 us.

2 So we went through a process organized by CDFA to
3 say how are we going to do this, what we are going to do.
4 And there was a lot of bantering back and forth and
5 arguing, shall we do this, shall we do that and so on. And
6 the premise was that there was a massive investment in
7 Quota. It wasn't just, oh, yours is paid off. I heard too
8 many guys say in public, you already paid for your Quota,
9 you don't need it anymore. I says, well, your 80 acres or
10 your last 300 cows is paid for, you don't need them anymore
11 either. And they'd just rear back and say, wait a minute,
12 that's mine. So this was an investment.

13 And as the chairman of the board, but the board
14 itself, we understood at the time the value of the Quota to
15 get that extra money on Class 1 milk was worth one -- over
16 \$1.2 billion. And we says, can we just pull the rug out of
17 people that have -- maybe they got a little bit free, but
18 most of it has been an investment they have made of \$1.2
19 billion.

20 Now, with all the chaos that followed over the
21 years the value has dropped considerably and they have
22 bounced back some, so maybe right now it's worth half a
23 billion dollars or a little more. Maybe it's worth half
24 that price, maybe 60% of that price. It's not worth quite
25 what it was back then because of the chaos surrounding it.

1 But we set up the QIP because we said, we talked
2 to the Federal Order people, they said, we don't have a
3 mechanism to administer that, but you have got a program
4 there that you think has value. You can set up your
5 program and we will allow you to run it.

6 Mr. Gordon says we are taking everybody's money
7 away, we are taxing. In the old California pooling system,
8 all the money from all the classes of milk went into
9 pooling and we were taking transportation costs out of
10 there. I don't hear anybody talking about the 50 cents and
11 the this and that and the next thing. All the
12 transportation costs were coming out of there.

13 We were fortifying milk to 3-5-8-7 or 12% total
14 solids, to T-10, 111, that was coming out of there.

15 And there were Quota payments coming out of there
16 for those that owned that investment.

17 And the rest of the milk was pooled and we
18 distributed that milk based on our production and our
19 components that was in the milk.

20 And that's what worked so we said, okay. So it
21 was agreed we could come up and that's where we came up
22 with the QIP program and we put it out to dairymen to vote
23 on. Says, here's a program that will make the Quota
24 payment if we vote in a Federal Order. Eighty-seven
25 percent, 86, 87% of the dairymen in the state --

1 SPEAKER (OFF MIC): Oh, (inaudible).

2 MR. KAMPER: Of those that voted? Eighty-seven
3 percent of the dairymen that voted says, yes, we will go
4 with the QIP payment. And then that next spring, we voted
5 in the Federal Order and it started on November 1, 2018.
6 And I was off the PRB board on December 31, 2018. So we
7 went through the QIP process, set it up.

8 Now, I know back in the -- we have had -- we had
9 Quota for 49 years from '69 to 2018. And about halfway in
10 between here around '93-94 because of some disparity in
11 Class 1 pricing that got upside down to the other Class 3s
12 and 4s a couple of times there was a deal where they said
13 in the \$1.70 spread, of course in the South Valley we only
14 got \$1.43 because transportation money came out.

15 But the point was, we set up this QIP program.
16 And we bantered about a lot of things in there but some of
17 the things were -- but how are we going to put it in? And
18 even though somebody inadvertently stuck this thing in 3.5
19 instead of 3.0, the Reason 3.5 had a 51% vote is because
20 back in '93 a bunch of people met together -- it wasn't in
21 a Tahoe bar but it was somewhere, and they came up with a
22 plan, and they got somebody to legislate that plan. And
23 the dairy industry never got to vote whether they wanted to
24 stay on their current Class 1 payment or whether they
25 wanted this \$1.70 spread. We didn't get to vote on that.

1 They just one day says, 1994, this is the way it is. So
2 they put in there that with a 51% vote, if a group of
3 dairymen, big enough group of dairymen says we don't like
4 this, with a 51% vote we can vote on it.

5 But guess what? It wasn't we can vote it out.
6 It was, if we don't like this we go to what we had before.
7 Not yes or no. It was either keep what we got or go back
8 to the old system.

9 When we did the QIP program, says, you know, this
10 is kind of a big deal here. Do we want to have a quota
11 payment or not. We put it to the two-thirds vote. And
12 everybody understands what that is, two thirds of the
13 dairymen with 51% of the milk or 51% of the dairymen with
14 two-thirds of the production of those who vote. We put in
15 there you need a two-thirds vote because of a big deal.
16 And guess what? Eighty-seven percent of who voted says,
17 yeah, let's go for it.

18 We also have the thing of how do we get rid of
19 it. We says the way it came in is the way we can make
20 changes. All the talking all the time, everybody thinks
21 it's either we have it or we don't have it. It's not
22 necessarily the case. The people in charge at the time,
23 first he says, well, every year or two, we need to decide
24 about this. This isn't just a penny a pound on pistachios
25 or almonds or grapes or, you know, 5 cents a hundredweight

1 on milk or so much a ton on some commodity, okay, like a
2 marketing program. We were talking about a \$1.2 billion
3 asset. You don't just come up and say yes or no, we are
4 going to vote it out. How do you vote out an asset? If
5 Craig owns 500 acres and he's farming it, we don't just one
6 day say, well, we are going to vote and tell him he only
7 has 400 acres now. You have an asset, it's valuable, and
8 you need to do.

9 That's why we had the two-thirds vote and we put
10 in there, we are not going to come up with a vote on this
11 thing every year or two. Every five years we will have an
12 independent panel review it, make recommendations, and the
13 PRB always makes -- to the PRB, who always makes
14 recommendations to the Secretary. Says, do we want to make
15 changes? Not, do we want it or not. Kicking it out could
16 be one of the changes. But it was more is it being
17 properly administered the way it was set up? Do we need to
18 tweak how it's going on?

19 Some people complain they got too much money in
20 the kitty. Well, the state always makes us keep a few
21 months worth of money in there for cash flow purposes. So
22 they have changed the assessment over time to have enough
23 money for cash flow without stocking up too much money.

24 So Mr. Gordon's point about -- or Mr. Vieira's
25 point about how there was money in there, and the same

1 money that put some money in -- people that put some money
2 in didn't necessarily get every dollar back out of it when
3 they retired. That's been going on for 50 years and that's
4 a difficult thing to go track down retired or dead people
5 or whatever and so on so that's why sometimes they just
6 keep moving forward on that.

7 So here's my whole point is the QIP got put in.
8 It got put in at a two-thirds vote. That's what it takes
9 to make some changes on it or whatever. We didn't put the
10 language in there that, by the way, if you don't like this
11 we are going to go back to the old system. Like Frank's
12 plan, which was probably a more legitimate system, follow
13 the Class 1 price instead of get your \$1.70. So anyway,
14 that's where we are at now.

15 Side comment, I want to bring something out. We
16 are talking about the dairy business, you know. Well, if
17 some of you people owned a couple of rental houses you're
18 getting a nice rent check. Now you say, man, I really want
19 to go buy that or do this. You sell the next person the
20 rental houses. Now they get the rent check and you take
21 your money and go do something else with it, whatever you
22 do. You don't come back 5 or 10 years later, say, by the
23 way, Craig, you know, I kind of miss that rent payment. I
24 think I ought to get part of that rent payment even though
25 you own the houses now.

1 It's like that ain't right. Everybody has made
2 investments. There's -- nobody is ignorant in this thing.
3 Everybody knows what Quota is, what you could have got
4 extra on your milk check for that, or bought -- building
5 your free-stall barn. Mr. Vieira sat in a public meeting
6 and said, I sold my Quota to build my free-stall barn. You
7 made that business choice. Your free-stall barn was going
8 to be more important to your business than your Quota
9 payment. But now you come back and say, and by the way, I
10 kind of miss my Quota payment, I think I ought to --
11 entitled to get some of it back.

12 So these are difficult things. There's a huge
13 investment in Quota. It's no stealing money. People
14 invested to get a little extra money. For 49 years most
15 people never realized what the amounts really were because
16 the pool got the money, made the Quota payments, made the
17 transportation payment, made the fortification payment, and
18 all the rest was what we were going to share in prices.

19 You talk about disparity. We went to the Federal
20 Order. And everybody, we're going to go to the Federal
21 Order and we are going to get 40 or 50 or 60 cents a
22 hundredweight more on all milk. Guess what happened during
23 COVID? Something that never happened in the federal system
24 before, you know. The government came along with their
25 food box program, which was great. It wasn't a bunch of

1 cans of food and boxes of food. No. They had dairy
2 products, they had meat, they had fruits and vegetables.
3 They had good food they wanted people to be able to eat and
4 it was fantastic.

5 You know, it's a funny thing. Were they going to
6 buy your tomatoes or your broccoli or your peaches or your
7 apples? We don't know. Maybe they bought more than one or
8 the other and the program really made you guys some money
9 but you guys are over here like, well, they are not buying
10 our stuff. Were they going to buy beef? Were they going
11 to buy chicken? Were they going to buy pork? Or were they
12 going to buy fish? You know. Who won? Did chicken win or
13 did pork win or did beef win? The same thing with dairy,
14 you know. Were they going to buy cheese or fluid milk or
15 yogurt and cottage cheese? Guess what, there was a lot of
16 cheese in those food boxes. There were times there was a
17 lot of disparity. The neighbor down the road that was
18 shipping to the cheese plant got paid 3 to 5 to \$7 more a
19 hundredweight than you that were going to the butter/powder
20 or the milk plant. It was a lot of disparity.

21 Even in the Federal Order which was going to make
22 us all more money. One little tick and guess what? There
23 were times, there was one month where you got \$25 a
24 hundredweight, or you did, and the next guy got \$15 a
25 hundredweight; and you were neighbors and friends, but you

1 were going to cheese and you were going to butter/powder.

2 So this whole thing, A, we all make business
3 decisions. There's huge investments, whether it's the
4 free-stall barn or the next 500 cows or the house at the
5 coast or the brand new pickup truck every three to five
6 years. Recently, I don't know if they are sitting in a
7 room here, but one of the guys complaining that he needs,
8 you know, he can't afford it, he's going broke because he
9 doesn't own Quota, just went on a \$6,000 hunting trip.
10 Really? I don't go on \$6,000 hunting trips. So we all
11 make business decisions, and we are talking about business
12 here.

13 You talked a lot about attorneys. I haven't
14 talked to any of these people. I don't know all the rules.
15 There's a lot of things. But the fact is, the dairy
16 industry, and we get -- I'm going to be careful here. This
17 isn't a legal thing, this is just a business thing, you
18 know. It's got to get back to home. And there's a lot of
19 government stuff going on, county, state, local and laws
20 and this and that, and we can dig into all of that and I'm
21 sure a lot of attorneys would love to just lead us through
22 these paths because guess what, then they are going to get
23 the money.

24 The point is, the industry voted to have a Quota
25 payment. Not because we could just vote in our one or two

1 cents a hundredweight once in a while, now and then every
2 couple of years, but because it was a massive \$1.2 billion
3 investment in this. And the industry voted to keep a
4 payment if we went to a Federal Order. The idea was that
5 every five years we are going to review this, independently
6 review it, make any recommendations if we are properly
7 administrating it, and things are going right. There we go
8 down the road.

9 And so we have all made our choices. And in this
10 whole industry, let's get back to just the dairy, whether
11 it's cows, facility, land. I mean, I don't go tell the
12 guy -- if I went and bought your Quota or you went and
13 bought his Quota. Now you are getting a higher milk price
14 but he went and bought 80 acres of ground, he's growing
15 corn silage or alfalfa hay. Now all of a sudden he tells
16 you, you know, I kind of miss that Quota payment. Do you
17 tell him, and by the way, I want a few tons of silage and a
18 few hay bales every time you harvest because if I'm going
19 to give up my Quota payment then you ought to give me a few
20 bales of hay or a few tons of silage.

21 Let's all be socialistic. That's not what this
22 is. This is capitalism and not socialism. And the choices
23 we make and the investments we have made over the decades
24 and over the years, we ought to respect each other for
25 that. Thank you.

1 HEARING OFFICER SUTHER: Hold on one second. Do
2 you guys have any questions for Mr. Kamper?

3 MR. KARDOKUS: Yes. Mr. Kamper, I just have one
4 question. You were covering the history of the plan and
5 the program and I just want a point of clarification. I
6 thought I heard you describe the distribution at the
7 outset. Could you elaborate on that? How was Quota
8 initially distributed?

9 MR. KAMPER: There were certain people getting
10 all the Class 1 sales, and there were others that were
11 shipping to different plants. And in the stabilization --
12 and it's my understanding, I was very young then, okay.
13 But I'm old enough to remember 1969 when the pooling plan
14 went in. But before that, there were a lot of fluid
15 contracts. And you might be shipping to the plant today
16 and somebody -- the next week they call you up and say,
17 hey, we don't have a contract. What happened? Well, the
18 neighbor went and sold it a little cheaper. There was a
19 lot of chaos in milk sales with people seeking higher
20 prices or settling for lower prices. And so to stabilize
21 that, they come in with this milk stabilization plan.

22 And then we always talk about Quota. It wasn't
23 the Quota plan, it was a stabilization plan so that -- and
24 with the Quota coming along everybody could share a little
25 bit in all the classes of milk rather than the industry

1 fighting and wrangling among themselves who was going to
2 get the contract next time, next time, next time. And so
3 it stabilized things in that way.

4 In our pooling plan, you try to get all the --
5 all the money you could out of Class 1, 2, 3, 4a, 4b, all
6 the money you can. Yeah, you had to pay off some
7 transportation allowances and credits, and then later the
8 fortification for the 12% solids and so on. But the
9 balance of the money was distributed equally.

10 A few years ago in COVID if we'd still been in
11 our state system, which I am not advocating for, you
12 wouldn't have been getting \$25 one month and me getting 15,
13 we would have -- whatever money came in would have been
14 distributed based on your components and so on.

15 But that's not the way it works. In the old
16 system dairymen de-pooled. In the federal system
17 processing plants de-pool, to their advantage.

18 So, I don't know if that answered your question.
19 But there was a lot of wrangling about who had what market
20 and it kind of calmed things down so everybody could get a
21 little piece of the Class 1 action.

22 MR. KARDOKUS: Okay, thank you.

23 HEARING OFFICER SUTHER: Joe?

24 MR. MONSON: Nothing from me. I just appreciate
25 the historical context you provided so thank you.

1 HEARING OFFICER SUTHER: Richard Wagner, please
2 state your first name and spell your first name and last
3 name, please.

4 MR. WAGNER: Yeah. Richard Wagner, R-I-C-H-A-R-
5 D, W-A-G-N-E-R.

6 Whereupon,

7 RICHARD WAGNER
8 was duly sworn.

9 HEARING OFFICER SUTHER: Please identify your
10 business.

11 MR. WAGNER: So myself and my son and my son-in-
12 law have a dairy in Escalon. We milk around 2,000 cows
13 there and we have a farming operation too. And we do, we
14 do own Quota so I think, I think you will be able to tell
15 by my testimony that that's the case. But yeah, so we are
16 Quota holders.

17 HEARING OFFICER SUTHER: Thank you very much.
18 Please proceed.

19 MR. WAGNER: Very good. So, Rodney and I didn't
20 collaborate on, on our, on our talk here, but a lot of what
21 he said he kind of took the, took the wind out of my sails
22 a little bit, but.

23 So going back to 2018 when we went to the Federal
24 Order. Quota at that time was trading above \$500. And
25 now, you know, the story is, it has been trading for

1 various levels. I think like Craig had mentioned, you
2 know, down below \$200. So Quota holders, you know, the
3 equity has diminished over the, over the years, you know.
4 It's, it's like owning a stock, you know. I mean, it
5 doesn't really -- you have equity, but until you sell it
6 doesn't really come into play as far as what the, what the
7 value is.

8 But over the years, you know, dairymen for
9 various reasons, retirement, like Rodney had mentioned, you
10 know, they want to buy a piece of property or they make an
11 investment of some sort and then -- they have a choice
12 there. And I don't, I don't think -- I know there was
13 mention about Quota was supposed to go away at one point in
14 time but, but I don't think that dairymen ever really took
15 that into consideration because Quota has always been
16 created, you know, fairly aggressively. Although depending
17 on what has happened within the industry, if there's a
18 petition or different talk, You know, then the market goes
19 down, sales, sales get curtailed and such.

20 So you make an investment. I was -- I mean
21 getting rid of Quota with no compensation is really
22 contrary to the way we do business here in America, I will
23 say. I mean, we have all, we have all made investments.
24 And you know, the idea is that you, you make a decision.
25 You more than likely go to the bank, you say, this is what

1 I want to do. And you borrow money and you, and you buy
2 that investment, regardless if it's Quota or land or cows
3 or investment property or whatever it is. But all of us
4 have made those investments.

5 And I don't think anyone has ever come to us and
6 said, okay, well, now you have made that investment. You
7 have done well on it. It was a positive return. You paid
8 the bank off. So now just give it away. You don't -- it
9 has -- you are not going to get any compensation for it.
10 You just need to let it go. That's not how we do things in
11 America. We don't, we don't live in South Africa, where
12 landowners get their property taken away without
13 compensation. We don't live in Venezuela where the
14 government comes in and says, okay, we are going to
15 nationalize your business and we are going to take it over
16 and you don't get anything. So that's not -- that's not
17 how it works here.

18 You know, this has been going on for quite a few
19 years, and to be honest with you, I'm getting tired of it.
20 I think that, I think you could look at the crowd here
21 today. I was really surprised that it wasn't more well
22 attended. This is an important issue. But I think a lot
23 of dairymen, a lot of people have other things to do on a
24 Monday morning at 10 o'clock. So, I'm getting tired of it.
25 I wish it would go away, just like I think a lot of us

1 would. It has been a divisive issue within the industry.
2 I'm not sure how we solve it, but I think a lot of us are
3 getting tired of it.

4 The prior referendum that we had to take the
5 value down to \$1; I was actually in favor of it until --
6 because I felt that it was -- it was a -- it was a fair way
7 to go. But then almost immediately this other petition
8 came on to get rid of Quota 100 percent with no
9 compensation. Well, in my estimation, that really took the
10 wind out of the sails of the prior referendum to bring it
11 down to \$1 because my thought at the time was, okay, well,
12 you know, I think that's a compromise and hopefully it
13 satisfies both sides.

14 But it, it was, it was immediately evident that
15 it didn't because the next petition came in before we even
16 voted on the referendum that, no, we want to get rid of,
17 Quota 100 percent. Well, I voted against it. I think had
18 that, had this other petition not come into play I think
19 the prior referendum would have had a better chance of
20 passing. I'm not saying it would have passed, but I think
21 it would have had a better chance. Because I think, again,
22 I'm going back to the fact I think a lot of dairymen are
23 tired of it. And there were dairymen I know that have
24 Quota that voted for it because they thought, this is a,
25 this is a fair way to go. But that didn't happen.

1 So as a Quota holder, I just would like to get
2 adequately compensated. I know there's, I know there are
3 dairymen in here that for various reasons, people that have
4 spoken that have sold their Quota and gotten pretty good
5 money for it. So part of my question would be, then why --
6 why did you not just give it back? Why did you get -- why
7 did you feel you need to get compensated for it? You
8 should have just given it back if that's what -- if that's
9 what you want to do to the Quota holders today, have them
10 give up their Quota with no value, then maybe that's what,
11 that's what you should have done. I think you are talking
12 out of two sides of your mouth.

13 As far as the PBR (sic) board goes, the PBR board
14 did make a recommendation to the Secretary to hold a
15 referendum on this petition. So I think the PB -- at that
16 time what I recollect is that the recommendation from the
17 PBR board was to do the first referendum, the dollar
18 referendum first, see how that comes out, and then make a
19 recommendation on the second one. So when the first, when
20 the -- when the first referendum didn't pass, then the
21 Board made the recommendation to go with this petition.

22 So I think it's very unfair that people make an
23 investment. I know it's -- I know investments are a risk.
24 Sometimes they don't work out. But more times than not
25 it's not -- it's not another -- it's not something that's

1 out of your control. You would have more control over your
2 own investment. When somebody comes in and says, okay,
3 well, you have an investment and now an entity comes along
4 and says well now it's worth zero and you have to give it
5 back for nothing. It's, it's not the way we do business
6 here. So, that's all I have to say. Thank you.

7 HEARING OFFICER SUTHER: Thank you.

8 Questions?

9 MR. KARDOKUS: Yes. Mr. Wagner, earlier in your
10 testimony you said that in 2018 the Quota was 500 or so
11 dollars and now it's below 200, I think you said.

12 MR. WAGNER: No, I said it's gone below 200.

13 MR. KARDOKUS: Oh.

14 MR. WAGNER: It's not, I don't think it's -- I
15 don't think the market is \$200 today. It goes up and down.

16 MR. KARDOKUS: I see. Is anyone able to see the
17 price of Quota at any time? Is it -- I don't know that
18 much about it so I'm wondering how it fluctuates or how
19 visible it is to you.

20 MR. WAGNER: Well, you can, I think you can go on
21 and look at sales that happened the prior month on the
22 website, you know. I personally would call a broker that
23 handles Quota and I would ask them, hey, what's -- what's
24 going on in the Quota world and he would tell me, you know.
25 The person I would talk to, he handles a fair amount of

1 Quota so he would have a pretty good handle on what's going
2 on.

3 MR. KARDOKUS: Okay, thank you, that helps.
4 Just in a hypothetical setting, a person could have bought
5 Quota in 2018 --

6 MR. WAGNER: Right.

7 MR. KARDOKUS: -- for \$500 and be underwater in
8 that investment?

9 MR. WAGNER: Well, the return would have stayed
10 the same, right. And it's like I said, like -- like --
11 like, if you buy a stock for \$100 and maybe it goes down to
12 70, you lose equity but you haven't lost any money until
13 you actually sell that stock, if you follow, you follow
14 what I'm saying.

15 MR. KARDOKUS: I do.

16 MR. WAGNER: So, I mean, if you have Quota and
17 you bought it for \$500 and the market is 300, yeah, you
18 have lost equity in it. But you know, maybe the market
19 goes back up and you sell it for a higher price. I mean,
20 since the -- since Quota was selling for over \$500 it has
21 never gone back to that, to that number. I think it has
22 gone maybe as high as 400, you know, in the \$300 range.
23 But it has never, it has never gone back to that \$500 since
24 2018, 2019 say.

25 MR. KARDOKUS: Okay. But potentially someone

1 could lose money as a Quota purchaser if they were forced
2 to sell later on for a lower price?

3 MR. WAGNER: Yeah.

4 MR. KARDOKUS: Okay.

5 MR. WAGNER: I guess you could look at the --

6 MR. KARDOKUS: We do have a question from the
7 audience here and it states, please ask Quota holders who
8 pays land investments, the owner or their neighbors, it
9 what is written here. I think this probably relates to
10 either your testimony or Mr. Kamper's when they were
11 discussing a hypothetical situation where someone sold
12 their Quota and then invested in maybe land for silage or
13 something to that effect.

14 MR. WAGNER: The person that bought the land pays
15 for the land. How was the question again?

16 MR. KARDOKUS: It states, please ask Quota
17 holders who pays land investments, the owner or their
18 neighbors.

19 MR. WAGNER: Oh, the owner.

20 MR. KARDOKUS: Yeah.

21 MR. WAGNER: That's pretty fair.

22 MR. KARDOKUS: Okay.

23 HEARING OFFICER SUTHER: Joe, any questions?

24 MR. MONSON: No questions. Thank you,
25 Mr. Wagner.

1 MR. WAGNER: Thank you.

2 HEARING OFFICER SUTHER: Okay. Thank you,
3 Mr. Wagner.

4 Mr. De Jong. Please state your first name and
5 last name and spell your first name and last name.

6 MR. DE JONG: John, J-O-H-N, De Jong, D-E, J-O-N-
7 G.

8 Whereupon,

9 JOHN DE JONG

10 was duly sworn.

11 HEARING OFFICER SUTHER: Thank you. Please
12 identify your business.

13 MR. DE JONG: All right, I will right here.
14 Excuse me. I'm Johnnie De Jong, the owner of Dover Dairy
15 Farms in Hanford, California, along with my wife and four
16 boys. We got started in the dairy business 20 years ago
17 milking 2200 cows. When we started dairying in '04 we had
18 no Quota, but knew it was a financial advantage, would
19 benefit our operation. So whenever we were able to I knew
20 I wanted to invest in Quota.

21 Land prices around me were rising and required
22 large investments. Pool Quota was something I could
23 purchase in small amounts. I couldn't afford to buy \$2
24 million of land, but I could afford to buy \$250 of Quota.

25 It took five years before we could even begin to

1 invest in the Quota program. I purchased my first Quota in
2 '09 and proceeded to purchase Quota whenever I could from
3 then on until 2022 when I reached 100% Quota. We also
4 received Quota as part of my wife's inheritance from her
5 mother. Taking away the Quota program would erase the
6 inheritance she received.

7 So having made a considerable investment in Quota
8 over the past 20 years, I have a few things I would like to
9 say today.

10 I understand the frustration of dairymen that do
11 not own any Quota. But every person who dairies in
12 California knew that being in the dairy industry requires
13 paying into the Quota system, and every dairymen, including
14 Quota owners, pay into it. Each dairyman in the state of
15 California had the opportunity to buy Quota just like me.
16 I should not be punished because I chose to invest in Quota
17 while others chose to invest in land, cows or whatever. In
18 fact, many other dairymen who are -- who are pushing to
19 stop QIP at once in their time owned Quota.

20 Obviously, I would like to keep the Quota system
21 in place. I worked hard for my investment and do not think
22 it is right to take that investment away. However, this
23 constant cycle of petitions and hearings are unsustainable
24 and the Stop QIP movement is apparently not going to give
25 up.

1 I believe that the industry we, we could come up
2 with a positive solution to end this issue. A sunset
3 program or an abrupt termination is not a positive
4 solution. Neither of those options are fair or equitable
5 for Quota owners and would only benefit those without a
6 Quota.

7 I believe the only fair option is a full,
8 complete buyout for every Quota owner, ensuring that at
9 minimum, they get fully reimbursed for their investment.
10 There are enough outside facts -- factors that make the
11 dairy industry difficult, especially in California.
12 Fighting amongst ourselves does not help anyone, but taking
13 away an asset of a large portion of those in our industry
14 is not a solution. That's all I've got.

15 HEARING OFFICER SUTHER: Thank you. Questions?

16 MR. MONSON: A quick question, Mr. De Jong. You
17 just mentioned a full, complete buyout as an option.

18 MR. DE JONG: Yeah.

19 MR. MONSON: How would that work? How would that
20 be funded? Can you expand upon that?

21 MR. DE JONG: You know, I don't have all the
22 answers. I would say that right now -- well, I will
23 just -- I think -- I'm not -- I really don't have a
24 solution for that. I have an idea, but I don't really want
25 to come up with it right now, but I do have a way. Well,

1 you know, I will just say, you know what, I think if we
2 were to put a freeze on the whole, all the Quota right now
3 and we wouldn't trade any Quota with anybody, it would stop
4 right here and we keep paying into the Quota system. Once
5 we hit, hit up to the certain number what it is to pay all
6 the people back their Quota, then we eliminate the whole
7 program, then we are done with it.

8 But I think this whole, you know, I mean, I
9 invested a lot of money into this Quota program. For
10 somebody to come and just take it away from me is
11 ridiculous. I mean, it was, it's an investment. I don't
12 do that, you know. They have got -- when I bought their
13 Quota they took that money and did something else with it,
14 right, which is up to them. They may have lost it. That's
15 up to them too. But to take something away from me that I
16 invested my money into is not really fair, so. But I can
17 also see their point. I mean having their, they're paying
18 into this, into this Quota program, and they are not
19 getting anything out of it. But they made that decision,
20 right? So I think that I'm not a big -- I don't agree with
21 the whole Quota program but I haven't been in the dairy
22 business that terribly long myself. So, I do think we
23 should put an end to it, but I don't think by taking it
24 away from me is the answer.

25 MR. MONSON: Thank you for that.

1 MR. DEJAGER: Excuse me. I have a few comments.

2 I'm obviously -- well, you don't know that yet
3 but I am -- my family does own Quota. We milk cows in
4 Chowchilla, California.

5 And along with what Mister -- contrary to the
6 belief of what Mr. Gordon said, my parents, who own the
7 operation that I manage for them and I am now partners with
8 them, worked hard for every bit of Quota that they own.
9 They had to buy every bit of it. None of it was given to
10 them. Some of it they bought for over \$500 a pound, and
11 which has been a program that has been around in the state
12 of California for a long time.

13 And my parents, who started with 300 cows in
14 Hanford, have grown their operations slowly up to 3,000
15 cows now and they did it by the formula of one cow, one
16 acre of farm ground and one pound of Quota. And that's how
17 they always knew that they could make it in the state of
18 California. They knew to play the game that the state of
19 California put in.

20 A lot of the anti Quota guys or Stop QIP guys
21 will argue that they didn't know they were paying into the
22 Quota system before the State of California joined the FMMO
23 in 2018. Well, that's a huge overlook on their end. I
24 knew. I have been in this business for only 10 years now,
25 I'm 35 years old, and before I was even out of college and

1 in high school my parents made me dang good and aware that
2 what the Quota system was and what we were paying into it
3 and what we were getting out of it. So they entered the
4 dairy industry with not knowing the rules of the game,
5 shame on them.

6 One question was asked by one of you gentlemen
7 that's a great question. What would this do the dairy
8 industry in California if you just took Quota away? And
9 the answer to that question is it would have massive
10 implications. Massive implications.

11 My family, because there's four sons in my
12 family, we have decided to expand our operation because all
13 of us boys wanted to be in the dairy industry.
14 Unfortunately, in the state of California, the opportunity
15 for growth is no longer here in the dairy industry. So we
16 have exited the state and started -- we are operating two
17 dairies in the state of Colorado now. But we continue to
18 hold on to our California dairy because to this point it
19 has still been profitable for us.

20 But if the Quota system was taken away our dairy
21 in Chowchilla would close the doors unless we were
22 compensated for it and we might be able to make investments
23 in diversification and other things to stay in the state.
24 But without the Quota system in California, our family
25 would choose not to milk cows here anymore.

1 Our Quota was bought through a lot of hard work,
2 creativity and smart investing. The returns are high, and
3 any good businessman would know that if they want good ROI
4 they should have bought Quota.

5 A lot of guys did what Mr. De Jong and Mr. Kamper
6 said, they decided to sell their Quota to invest in other
7 things. And that was their decision and that's fine. But
8 now they want to change the rules of the game and take it
9 away from the guys who decided not to sell it or to invest
10 in it.

11 The only solution to this is what Mr. De Jong
12 said, is a buyback program to buy the Quota back from all
13 the dairymen who decided to invest in it because those were
14 the rules of the game the state put forward. Whether
15 legal, illegal, right or wrong, they are the rules of the
16 game, and that's the way that the state of California chose
17 to go forward with the, with the Quota system. So that is
18 the only true and fair way to eliminate this program.

19 I appreciate your time.

20 HEARING OFFICER SUTHER: Any questions?

21 MR. KARDOKUS: None.

22 MR. MONSON: No questions.

23 MR. KARDOKUS: Thank you.

24 HEARING OFFICER SUTHER: Anybody else?

25 Okay. Mr. Gordon.

1 MR. GORDON: I would first like to say that I'm
2 still under oath. I've known Johnnie De Jong for a long
3 time. He's a good guy. Got some good points there. I've
4 known the DeJager family for years. Grandpa Ed was a -- it
5 was a real privilege to know the man. They are a fine
6 family, they are hard working. Got no -- I don't know
7 Mr. Wagner, but he sounds like a good guy in talking about
8 the issues. And Rodney Kamper who did a fantastic job as
9 our chairman of the board. I would follow him anywhere,
10 he's an honest guy.

11 But what I heard when I'm hearing these different
12 guys talk is there -- it's too bad that we couldn't all get
13 into a room and really discuss some of these issues
14 together because they look at it, they are looking at it
15 through this lens here, and what they say is right in that
16 lens.

17 But then over here -- I did not know how Quota
18 was paid. When I found out (indiscernible) from my
19 neighbors, that's why I sold my Quota. Not to make any
20 money because I lost money. Montero (phonetic) tried to
21 prove that in court. I sold my Quota for 713 grand. I
22 think I paid 696, I still had two more years making
23 payments on it. Take those commissions in there. I didn't
24 make a damn thing on my Quota, not a dime. And I
25 sacrificed \$11,000 a month, as we proved it in court.

1 Montero has made over a million dollars since I sold him
2 the Quota. Plus he still owns his Quota which is worth
3 \$300,000. And he's in the court complaining about he lost
4 money on his sale. And we offered him his money back. I
5 said, I'll give you back your \$713,000. Didn't want that
6 because it's the payment each month is what the real value
7 of the Quota is. It's a hell of a program. I mean, the
8 returns on it are fantastic, I am not going to argue with
9 that.

10 But there's a difference here. This isn't coming
11 from a Class 1, this is coming out of your neighbor's
12 assets. You don't mind taking my cash assets every single
13 month, but we can't take away your asset, the Quota.

14 I have -- we went through the sunset, which was
15 a buyout.

16 I have met with the De Jongs in the last six
17 months. We met with Peter here to try to come up with a
18 buyout. His thing got voted down, they are not interested
19 anymore. They just keep stalling out and stalling out and
20 stalling out on us.

21 I have sat down and tried to do a buyout plan of
22 how that would work, to answer your question, Joe, is you
23 would get a bond and it would be guaranteed by all the
24 dairy industry. They cash the Quota guys out on their
25 investment, whatever figure we come up with, \$200, \$400 a

1 pound, whatever. They get their money up front paid for.
2 And then we all just keep paying off until we pay off the
3 bond. It might be four years, it might be eight years, it
4 might be nine years. Sounded like a good program and I
5 supported that, but your guys backed out on that.

6 Another thing, I had a lawsuit against you guys
7 on a takings clause to help promote his deal, because
8 everyone was complaining about that petition. Rightfully
9 so. He said that I would be bothered by it too, I think
10 Wagner said that. The petition standing behind it.

11 We were before Frank's deal. We stepped aside to
12 see if Frank's deal would pass. I'm not going to take any
13 of this heat in here on that. I went in for a dismissal of
14 the takings clause lawsuit to give him support, we were
15 showing that we were stepping aside, and guess what the
16 Save QIP attorney did? He continued it. He continued the
17 fight because they are making money on that thing. But
18 I -- you go on the court records in Sacramento you see I
19 put in a motion to dismiss. We have bent over backwards.

20 But I will tell you I had no idea when I bought
21 Quota, when I first got in the business, it wasn't very
22 much, that it was coming from -- we were told. The story
23 on -- you want the historical value here. He's very right
24 on most everything he said but I will argue on the, on the
25 point of when it was, when it was created.

1 What's saved the industry and stopped all the
2 guys fighting, Jeff could -- here's really the expert guy
3 right over here. Was the pooling. Everyone put all the
4 money in the pool, we all got one value.

5 Well, the Class 1 guys, the shippers, had those
6 contracts and they're the ones that got free Quota. If you
7 didn't have Class 1, if you weren't shipping there, you
8 didn't get no free Quota. Not everybody was given Quota, a
9 certain group.

10 And you can't go out and buy it today because we
11 are trying to aggressively buy Quota right now so we can
12 buy the Quota up so we can get out of this thing. We can't
13 buy enough. We can't get any. So it's not that you can
14 always get Quota. That's baloney. We are trying today.
15 We made an offer for 300 shippers at 80%. Of course,
16 Cardoza (phonetic) sent me back a letter saying that's
17 impossible, Craig. There's not that kind of Quota out
18 there, let alone people who want to sell. So that's not a
19 truth.

20 The other thing is, when you are talking about
21 going back to this -- when it came through. The Class 1
22 shippers, he said it right, he said they were -- everyone
23 is stealing his accounts. But you couldn't lower the price
24 down because the prices were set. But what you did do is
25 this. Jeff goes over and he wants my Class 1 things. You

1 know, I notice those trucks you got pulling those tankers
2 around the place, they look kind of old. I will put some
3 new trucks here for you. Next thing I know I'm out on the
4 street and he's got it.

5 Then Vieira goes over and sees the guy and says,
6 you know, those tankers you got driving around the place
7 here, they don't look so good. I can put new tankers in
8 there.

9 Then DeJager comes over and says, you know, I not
10 only will put in the tankers and the trucks, you don't have
11 to pay me for 90 days. That's how they get around. But
12 all we did what we were doing was fighting each other. And
13 the guys who were getting killed was the Class 1 guys
14 because they are out on the street because everybody's
15 trying to get their cut. They weren't coming after my
16 account, I'm a cheese guy. So that really -- they were the
17 loudest screamers. And they put it together. And then
18 they put the whole thing together. And guess what they
19 did, the Class 1 guys? They said, we're not voting for it.
20 We lose a buck 70, we are not going to vote.

21 So Quota was invented right then and there. It
22 was nothing other than a bribe to get the Quota, the
23 Class 1 shippers to join the pool. And then they balked at
24 that. They said, we're already getting a buck 70, we want,
25 what's our incentive? They gave them another 10 percent

1 free Quota to those guys. And that's what we all picked up
2 was probably paying the pennies to us for years.

3 So we go down the road. They wanted their buck
4 70 back because that's what they were losing with their \$20
5 milk and the blend price comes out to 18.50 or something so
6 they're losing their money. So we said, well, you'll get
7 your money back.

8 The idea behind it, and Jeff can correct me if
9 I'm wrong, I learned most of this from him. What happened
10 was we thought the model they based it on was that Class 1
11 sales was going to go up crazy and we would be issuing our
12 free Quota to all the guys that didn't have it. New guys
13 coming in, they would get it. So it would equalize and
14 then Quota would go away.

15 The problem was milk sales went down. Class 1
16 sales went down. So that money is not even coming in the
17 pool. So I'm shipping to Carnation 100% Quota, shipping
18 all bottled milk. All of a sudden I get a phone call from
19 Carnation, they says, Craig, only 80% of your milk is going
20 bottled. We got a cheese plant across the street that will
21 take you 20%. Okay, no problem. What should have happened
22 was my Quota certificate should have been reduced by 20%.
23 It wasn't. I'm bringing in only 80% of the money, but I'm
24 taking out 100%.

25 Then I get a call from Carnation two years later.

1 We are -- we are not -- we are going out of business. But
2 don't worry, we've got a home for you at the cheese plant.
3 Now I'm getting my buck 70, now I'm not bringing any of
4 that money into the pool.

5 And what they always told us was by being in the
6 pool was your benefit. Okay. That's what they told me at
7 the first PRB meeting when I heard about this. What's our
8 benefit? Because you are in the pool. We go to the
9 Federal Order -- and you're right. I was shipping
10 Rockview (phonetic) who ships 100% to the Class 1 market to
11 the LA School District and they shut down. I think we're
12 getting 12.50, 13 bucks.

13 My brother-in-law here in Chowchilla going to
14 Hilmar was getting 21, 22. I didn't squawk about that.
15 That's what the rules are. That's what the deal is. But
16 you talk about the difference, we milk the same amount of
17 cows. He was getting 900 grand a month more than I was;
18 \$900,000 more a month. It didn't upset me because that's
19 the game. We turned around and now they're getting more
20 money.

21 And I trust -- I think the Federal Order is a
22 good thing because I don't know enough about it but I trust
23 these guys. That's how we voted. We voted in the QIP to
24 get the Federal Order.

25 Now it comes down to, he's getting all this money

1 up here and I've still got to pay his Quota, he owns Quota.
2 This son-of-a-gun is getting 22 bucks going to a cheese
3 plant and we've got to send him money for Quota payments.
4 Someone ought to be shocked from this you would think.
5 That's crazy. It's not a good program. It's not.

6 And when we were on the board there we learned a
7 lot of things that were -- it turned out not to be the
8 fact. And I'm going to answer a couple of those questions
9 here if I can read my scribbling here.

10 We did not vote in -- we were told to vote for
11 the program doesn't mean we are voting for Quota to be
12 around forever. You can vote Quota out if you want to.
13 But what's important is the Federal Order, getting the
14 Federal Order. They wanted it because they said the whey
15 and all that stuff that he you are talking about was right.
16 But we were never told that that means we can't touch
17 Quota.

18 Now, he made these comments, which I appreciate
19 everything he said. So Mr. Wagner, something about this is
20 not America. You just can't sell and give us nothing back.
21 Well, let me tell you something. When we found out that we
22 were paying for the Quota, and we did not know this, a lot
23 of us didn't. I can tell you a lot of old timers didn't.
24 They were shocked when we found out that -- showed us that
25 check for 38 cents. And I raised my hand if you remember

1 that at the meeting. Are you serious? I'm paying 29 grand
2 a month. I had no idea of that when I got into the
3 business. No one was telling us right up front. Surely
4 you wouldn't tell that. A lot of us just didn't know.
5 Because we didn't pay it for 40 years. It wasn't part
6 of -- the Class 1 milk paid it, that's what the deal was.
7 They switched it on us.

8 And you were right, we didn't have a chance to
9 vote on, it was done up in Lake Tahoe. It wasn't in a bar
10 it was done in a hotel room. So these guys are making
11 investments and they are saying, we are entitled to be
12 compensated. We are saying you, you can't take it away.
13 You are taking my money every single day. I have to wake
14 up, to break even in this industry, go to the bank,
15 technically, it's a metaphor, every day and borrow \$1,000.
16 And turn around, come back over here and today I give it to
17 Mr. Wagner. The next morning I get up -- before I make any
18 money I'm down a grand. I've got to wake up the next day,
19 go to the bank, borrow another \$1, and I give it to Mr.
20 DeJager now. Every single day for 29 grand a month I've
21 got to go borrow -- I'm behind the eight ball \$1,000 every
22 day and these guys are taking it. I figure they're getting
23 compensated. They're really getting compensated. They're
24 taking my asset, I get nothing back. Every single day.

25 I sold my Quota. I lost money selling it.

1 I was offered 3 million to drop all this stuff.
2 I wouldn't take the 3 million. This is not an issue of
3 money. It's an issue. This is wrong. And we are entitled
4 to have our rights to have the votes. That's America. The
5 democracy says we are allowed to vote on these things.

6 We were told at that meeting we had -- the survey
7 was to continue the program. The vote to continue the
8 program. They dropped that language out. And I will put,
9 I will put that stuff in the, in the record for you.

10 But that's what it was. And they clouded that
11 issue and everybody else does it. CMAB does it, CDC.
12 Everybody does it, because that's what the legislature
13 wants. She told us at the meeting, they don't want
14 programs to just keep going on and on and on and on.

15 Every five years if the industry says -- in fact,
16 at a hearing like this if 10 people spoke -- let's say 100
17 people. Five percent, less than five percent are opposed
18 to it it's granted to go another five years. I have got
19 all that stuff I will put in the record. Over five
20 percent, six people are in opposition, it automatically
21 goes to a referendum to decide. So they should have got --
22 the Quota guys should have known that. We weren't the ones
23 making that rule.

24 There are legit arguments. He invested all that
25 money. It wasn't like his great grandfather handed him

1 free Quota. I get what John is coming from. And we tried,
2 John, to come up with programs and get your money back. We
3 had them throw them back in our face. All the Quota guys
4 said, yeah, yeah, we are going to do this, do this, and
5 they turn around and give us this. Because the sunset was
6 designed to give them back their money. What's the way --
7 he was saying you get that -- they want like eight years
8 payout. So, you know, let's be fair about that. What's
9 really going on there.

10 Okay. If we would have been, in my opinion, the
11 Federal order. I liked the California order. But the
12 components and all that stuff there Jeff will tell you we
13 were in a lot better off shape. But we'd have never got
14 under 16.50 if we were in the California order when that
15 COVID hit. So it's ups and downs and we are not crying
16 about that either.

17 Property taken away. Class 1 sales to the --
18 more creative differentials. Okay, another thing. We had,
19 we had the RQAs, right? We're getting paid on the RQAs but
20 there's location differentials. It's a double pay. Is
21 there no end to these guys' crookedness? They're getting
22 paid twice. But Frank's proposal was to get them all
23 uniform. The guys in the south were screwing the guys in
24 the north. Make them all get the same price on it. But
25 that's one of the things in the Federal Order, the location

1 differentials, we get the RQAs.

2 So we are playing by the rules. The reapproval
3 was in there. I never would have voted for the QIP if they
4 were going to drop that. Mr. Gadbut eloquently said in the
5 thing, he says, no reason to have the five year automatic
6 renewal because we have the right to come in and petition
7 and do it anytime we want to. And the staff answered, I've
8 got it, I gave it to Kathy on this. The staff has this.
9 They answered back to them, they said -- to him in his
10 letter. And to Western United Dairymen the same thing.
11 There was another lady too, I forget what her name is.
12 They all wrote the same thing. They complained about the
13 mandatory required. And they said, sorry, it's a new
14 program now. It's no longer coming out of the pool, it's
15 coming out of each individual producer's checks. So
16 therefore we have to have the mandatory required deal.
17 Now, somewhere in the last five years, that just
18 disappeared. We are still hunting for it. But that
19 disappeared.

20 So I believe that we are playing by the rules. I
21 don't believe Mr. DeJager, De Jong and these guys are the
22 ones in the back doors doing all this crap. I believe it
23 rests with CDFA. And there's a few key people that are
24 crying loud that are making these things happen this way.
25 Because we are not all -- we are not far away from each

1 other, and every time we try to do the right thing it gets
2 slammed on our face.

3 So, I didn't make any money on my Quota, and I
4 have the right to sell it. And for the last seven years,
5 you all had the right to sell your Quota. You could have
6 sold it. Didn't like the marketplace. But you made plenty
7 of money on that monthly dividend to more than make up the
8 price that you sold your Quota for today, trust me. That
9 Montero made a million dollars on me and he's squawking.
10 Prove it.

11 HEARING OFFICER SUTHER: Mr. Kamper. Before you
12 start though, does anybody on our panel have any questions
13 for Mr. Gordon?

14 MR. KARDOKUS: No further questions.

15 MR. MONSON: No questions, thank you.

16 HEARING OFFICER SUTHER: Thank you.

17 MR. KAMPER (OFF MIC): (Indiscernible) only 57%
18 of the industry voted for the QIP. (Inaudible) --

19 (Stepped up to mic) So I just wanted to bring up
20 a clarification now that -- I we have heard over and over
21 today about how the Quota holders are taking the payment
22 from the non-Quota holders. And Mr. DeJager clarified,
23 everybody pays in but the Quota holders get some money
24 back. And we keep hearing about how we, the Quota holders,
25 take money away from the other ones. I just want to

1 clarify that point.

2 And I'm one for sure that doesn't like the word
3 entitlement. But the point is, in the California system,
4 when all the money came into the pool, the transportation
5 got paid, the fortification got paid, the pool got paid,
6 and what was left was a distribution to everybody.

7 The Federal Order doesn't function that way.
8 They said, You can have your Quota payment but we are going
9 to take all the pooled money and give it to everybody, even
10 though a bunch of them aren't supposed to get part of it.
11 All that money they are giving out includes all the Class 1
12 money, which Quota holders are entitled to a larger portion
13 of that money. And so, Mr. Gordon and everybody else, we
14 are all getting all this money, but really, you are getting
15 overpaid every month by the Federal Order because they --
16 part of that money was supposed to go to the Quota holders
17 in the first place. And that's where, all of a sudden,
18 there's this line item on everybody's check and then
19 everybody really woke up, they realized exactly what that
20 number was. Was it 10 or 15 or 29,000 or 37,000 or, for
21 that matter, \$119,000, depending how big you are. But the
22 fact of the matter is, the Federal Order gives all this
23 money to everybody and they weren't all entitled to all
24 that money because a portion of that was supposed to go to
25 those who owned Quota. So you giveth and taketh away.

1 And that's where the rub comes in. You should
2 have never received some of that money in the first place
3 the way we administered the California program. And so
4 that's where the line item comes in. Everybody sees
5 exactly what amount there is, transparency is good. A lot
6 of people knew there was money coming out to pay Quota and
7 transportation all these years but never really focused on
8 what that monthly amount was. And the fact of the matter
9 is, a whole bunch of people are getting overpaid every
10 month money they are not entitled to, and they have to give
11 that, some of it back. And that's where the rub comes in.
12 That's it.

13 HEARING OFFICER SUTHER: Thank you. Ben?

14 MR. KARDOKUS: No questions.

15 MR. MONSON: No.

16 HEARING OFFICER SUTHER: All right, is there
17 anyone else here that wishes to testify?

18 MR. DE JONG: I have one thing.

19 HEARING OFFICER SUTHER: Yes.

20 MR. DE JOHN: The sunset program that Craig was
21 talking about.

22 HEARING OFFICER SUTHER: (Inaudible.)

23 MR. DE JONG: Do you want me to reintroduce
24 myself or --

25 HEARING OFFICER SUTHER: No, just remember you're

1 still under oath.

2 MR. DE JONG: Craig had mentioned on the sunset
3 program that was -- that wasn't an option for us as a
4 buyout program. But that wasn't a buyout program, that was
5 basically a slow death versus a quick death if they just
6 took it from us. I just want to clarify that.

7 HEARING OFFICER SUTHER: Craig (inaudible).

8 MR. GORDON (OFF MIC): I would like to make a
9 comment. I appreciate you guys having the hearing for us
10 to be able to speak our minds on this issue. It worked out
11 good you setting this up for us, appreciate that.

12 We have one more question in the audience.

13 MR. BORBA: Yeah, I've got a question. My name
14 is Bob Borba from Hilmar.

15 HEARING OFFICER SUTHER: Bob, you've got to walk
16 up there. State your name.

17 MR. BOBRA: Bob Borba from Hilmar.

18 HEARING OFFICER SUTHER: Spell it, please, for
19 the record.

20 MR. BORBA: B-O-B, B-O-R-B-A.

21 HEARING OFFICER SUTHER: Thank you.

22 MR. BORBA: Just an average sized producer from
23 Hilmar. I, I just, you know, just had a quick question, I
24 guess, and that was the sunset. I was trying to think
25 back. The initial number as far as the buyout was based on

1 what? Was it 500 bucks a pound? I don't remember.
2 Because, you know, he's talking about a slow death, but
3 five years at what number, you know. So, I just wanted to
4 clarify that. Because from what I recall, that sunset, you
5 know, five years. What? Last month would have been the
6 end of it. That's a long payout. So, can anybody answer
7 what that was, what that number was based on as far as
8 value per pound at the time? I don't know. Does anybody
9 know? I remember close to 500 bucks as far as value. Does
10 anybody know? Because that would, would -- that's
11 important to know.

12 Because we -- we worked hard to -- myself and
13 many producers to reach a compromise, you know. And you
14 know, I don't take it lightly to hear that we weren't fair
15 about that. Five years, you know, so. But nobody's got an
16 answer. Nobody knows.

17 HEARING OFFICER SUTHER: (Inaudible.)

18 MR. BORBA: Okay, well, I get it, I get it.

19 HEARING OFFICER SUTHER: (Inaudible).

20 MR. BORBA: Okay. And I have got one, one more
21 little point, please. One more. I also was one of the
22 many that tried hard to bring folks to, you know, finalize
23 Frank's proposal. So under a simple majority we were 29%
24 more milk, period; 29% more milk and 50-plus percent so
25 that's a simple majority. That's a lot of milk in the

1 state. So for anyone to say that, hey, you know, there
2 hasn't been a fair, fair compromises over the years, you
3 know, that's a stretch. So that's it. All right. Thank
4 you. Any questions?

5 HEARING OFFICER SUTHER: It looks like you might
6 have another answer to your questions there.

7 MR. BORBA: Who's that? Oh, Craig.

8 HEARING OFFICER SUTHER: Craig, just the answer
9 to that one, please.

10 MR. GORDON: I will. I've got another speech.
11 The answer to that question is, I believe, I think Jim
12 could probably correct me, was 400 I think was what the
13 price was, roughly around \$400 a pound. And why it was a
14 payback was because instead of having a referendum and
15 getting rid of it for no cost, we agreed to pay them for
16 five years and pay them for their Quota. Either we ended
17 it that day or the sunset said, okay, we'll pay them their
18 money for their investment and we'll give them the 400 or
19 500, whatever it was, that figure.

20 We paid that over a five year time, they got
21 their money for their Quota. Either zero today or we will
22 go ahead and give you money. Where the bond works out
23 different. You get the money first and then that we pay
24 that over the same. But we did pay them for it. That's
25 what the sunset was. It wasn't a slow death like, you just

1 got your money paid. That was it.

2 HEARING OFFICER SUTHER: Any additional
3 testimony?

4 MR. VIEIRA: Jim Vieria, I know I'm still under
5 oath.

6 HEARING OFFICER SUTHER: Thank you.

7 MR. VIEIRA: The guys that say, you know, we
8 bought land, we invested this, now you are trying to take
9 it away. When you buy land, or I buy land, I take my milk
10 check and I pay for that land. When you buy Quota, your
11 milk check goes up enough to make that payment. That's not
12 even a fair statement. In fact, I find it offensive. I
13 pay my own bills.

14 HEARING OFFICER SUTHER: Any more comments?

15 This hearing is now concluded. The record is
16 closed. We appreciate your assistance in providing
17 testimony regarding the Petition to Terminate the QIP #5.
18 The Department will release their findings regarding the
19 hearing. It is the Department's goal to do so within 30
20 days of today. Thank you very much for your participation.

21 (The public hearing concluded at 12:13 p.m.)

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CERTIFICATE OF RECORDER

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 to 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 May, 2025.



RAMONA COTA, CERT**478