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"We pledge to thoroughly and immediately review and study each of the issues that impact the price of milk paid to producers in order to determine and facilitate needed changes that may be required to reach our stated purpose of producer profitability, for now and in the future."

**Tuesday National Calls:
8 PM East – 5 PM West
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(712)775-7035
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(712)775-7039
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NATIONAL DAIRY PRODUCERS ORGANIZATION, INC.

Producer's Voice

August 2015

www.NationalDairyProducersOrganization.com

To: **United States District Court For the District of Vermont**

The National Dairy Producers Organization, Inc. (NDPO), being the only national dairy farmer organization comprised entirely of U.S. dairy farmers, submits the following comments as a friend of the Court (amicus curiae) regarding Civil Action No. 5:09-CV-00230-cr, Allen et. al vs. DFA and DMS.

My comments previously submitted to the Court on behalf of NDPO are intended to be incorporated herein by this reference.

Defendant DFA is the nation's largest dairy cooperative, created in 1998 from the merger of four dairy farmer owned cooperatives which represented dairy farmer interests.

Defendant DFA has always had management that promotes co-op management profitability rather than co-op dairy farmer owned profitability.

As reported by Andrew Martin NYTimes.com/2008/05/18:

Then Chief Executive Richard P. Smith, who in 2006 replaced Mr. Hanman, acknowledged certain DFA's payments to co-op management as "an improper transaction" that had been concealed. Mr. Smith said that "some combination of lack of transparency and arrogance" existed in the old days at DFA and he vowed to change the culture.

DFA's management proposed \$50 million dollar settlement for their failure to manage the co-op in the best interest of the dairy farmer owner-members of DFA is proof that the culture of DFA management has not changed.

Since DFA's creation in 1998, the number of dairy farm families has been reduced by more than half- from about 100,000 in 1997 to the present number of about 45,000.

The continued loss of dairy farm families confirms the failure of DFA's management in failing to pursue the sustainable profitability of its dairy farmer co-op owner members

Plaintiff's, and all U.S. dairy farm families deserve more than an insufficient monetary payment in damages, they deserve a trial on the merits of DFA's management wrong doing and an opportunity to re-create their co-op for its original purpose i.e., the pursuit of the sustainable profitability of it's dairy farmer members.

Respectfully submitted,

Mike Eby, Chairman NDPO

“Let’s Cut to the Chase”

Bob Krucker as heard on Dairy Line

DairyLine: Idaho dairy producer and board member of the National Dairy Producers Organization, Bob Krucker, joins us now on DairyLine. Bob, what’s on your mind these days?

Bob: Well, I’d just like to initially state that the goal of the National Dairy Producers Organization is to promote policies that will provide sustainable profitability to as many remaining dairy farm families as possible and preserve our national milk producing infrastructure.

Every dairy farmer should be asking, why was my milk worth more than what it costs to make a few months ago, but not now? Why was I getting paid \$24-25 per hundredweight for my milk, but now only \$14-15 per hundredweight? The answer is that a few months ago, the supply of milk was balanced with profitable demand. For a very short time, a temporary surge in dairy exports absorbed our excess domestic milk supply. Now that export demand has reduced, we are back to the situation that the US dairy farmer has habitually caused. And that is the situation where the milk supply exceeds profitable domestic demand.

The facts have proved the basic economic principle that if the US dairy farmers would balance the milk supply with profitable demand, milk would be worth more than what it costs a dairy farmer to make. Why wouldn’t a reasonable dairy farmer be willing to give up 5% of production knowing that this would give him a profitable price for all the remaining milk he would be producing? If the US dairy farmer would cure his addiction of making more and more milk, far beyond profitable demand, it would reduce the ongoing financial dairy farmer suicide now under way.

The fact that must be understood is this. The ability of dairy farmers to increase the supply of milk is far greater than anyone’s ability to increase the profitable demand for the milk. This fact is completely ignored by the management of dairy farmer owned co-ops, which continuously promote ever increasing, and unrestrained, milk growth which benefits only them, not the dairy farmer owners of the co-op. With the continued heavy loss of dairy farm families, the management of dairy farmer owned co-ops has clearly not been operating in the best interest of the dairy farmer.

Co-ops should be implementing business policies that would encourage dairy farmers to balance the milk supply with profitable demand and thereby promote sustainable profitability for their member dairy farm families.

Let’s cut to the chase. Dairy farmers need to do three things. First, balance milk supply with profitable demand by culling some cows. Second, dairy farmers need to fire their hired hands. That is fire dairy farmer owned co-op management which fails to pursue and achieve dairy farmer profitability. By holding existing co-op management accountable and exercising proper management control, dairy farmers can turn their co-ops into vehicles for dairy farmer profitability. The third thing dairy farmers need to do is promote the demand for US made milk.

So, to summarize, dairy farmers need to cull some cows, fire some co-op management folks, and promote the profitable demand for US made milk through the use of NDPOs 100% US Milk trademark.

Bob Krucker is an Idaho dairy producer and board member of the National Dairy Producers Organization. For more details, go to nationaldairyproducersorganization.com

The National Dairy Producers Organization, Inc.

The Producer's Voice



To All Those Yet To Be Bankrupt By Co-op Mismanagement

Saving as many dairy farmer co-op members as possible by paying a profitable price for milk should be every dairy farmer owned co-op's goal.

YOUR co-op can and should be YOUR vehicle to achieving profitability.

You and your fellow dairy farmer co-op members have tried and failed to achieve profitability by buying or paying your way to profitability (CWT); by courting and paying for political favoritism; by paying for hedges, insurance and many other gimmicks.

How about you simply balance the milk supply with profitable demand and let the basic economic principal of supply and demand and the market place pay you a profitable price for your milk.

For every member's benefit and profitability, co-op management should encourage member milk supply discipline instead of seeking the maximum supply and the cheapest milk possible for which the dairy farmers are paid less than the cost to make the milk.

NDPO recommends that the management of each co-op should immediately implement a pro rata across the board reduction in the volume of milk accepted from each co-op member in sufficient quantity to balance the milk supply with profitable demand and price. Don't you think it is time for real sustainable profitability?

Each co-op member should ask his co-op board representatives and co-op management when and how they are going to pay you a profitable price for your milk.

If they cannot give you a simple believable business plan to pay you a profitable price for your milk you should immediately demand their resignation and/or replace them.

The choice is yours.

Manage your co-op for dairy farmer profitability or let your co-op continue to manage you for co-op management profitability.

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