

IRS Form 990 Reveals Many Dairy Executives' Salaries

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DANIEL CHAVKA	(i)	265,250	10,000	12	7,348	94,449	377,059	0
	(ii)	0	0	0	0	0	0	0
THOMAS GALLAGHER	(i)	385,000	35,000	213,475	0	62,200	695,675	0
	(ii)	0	0	0	0	0	0	0
JULIAN TONEY	(i)	305,325	51,625	-1,572	58,035	174,268	587,681	0
	(ii)	0	0	0	0	0	0	0
CHARLES CRUICKSHANK	(i)	228,000	5,000	5,646	3,599	73,132	315,377	0
	(ii)	0	0	0	0	0	0	0
MARK LEITNER	(i)	223,000	15,000	7,345	28,408	82,196	355,949	0
	(ii)	0	0	0	0	0	0	0
GREGORY MILLER	(i)	217,350	45,000	4,541	30,010	92,447	389,348	0
	(ii)	0	0	0	0	0	0	0
JEAN RAGALIE	(i)	260,000	10,000	19,321	33,122	84,325	406,768	0
	(ii)	0	0	0	0	0	0	0
THOMAS SUBER	(i)	300,150	37,973	-10,107	61,282	105,154	494,452	0
	(ii)	0	0	0	0	0	0	0

Look. Look. See their salaries. Oh, what salaries. Feel the pain. (Now we know where much of dairy farmers' hard-earned money is going. Small wonder the big-wigs in U.S. dairy promotion have never wanted dairy farmers to have a one-farmer, one-vote referendum on continuing the mandatory USDA dairy promotion check-off!)

—The above page is obtained from Dairy Management, Inc.'s IRS Form 990 for the business year 2008.

by Pete Hardin

For years, some dairy farmers have wondered what salaries were being paid to top dairy industry leaders. This article reveals, for the first time, salaries of certain key personnel at dairy promotion groups and trade associations. Information for this article was gained by accessing publicly available data through Internal Revenue Service Form 990.

What did Dairy Management, Inc. (DMI) CEO Tom Gallagher make in 2008? How 'bout Jerry Kozak at National Milk Producers Federation? Connie Tipton at the International Dairy Foods Association?

But perhaps the biggest shocker of all contained in the IRS Form 990 is the light shed on a whole new scam operated by Dairy Farmers of America (DFA). DFA's in-house dairy promotion unit, Dairy Promotion Services, is bankrolled by funds generated by USDA's mandatory dairy promotion check-off. **Unbelievable: Dairy Promotion Services in 2008 had an operating budget of \$58,858,481.** That figure is just slightly below the combined revenues of the nation's two largest (by far) qualified state dairy promotion agencies: the California Milk Advisory Board and the Wisconsin Milk Marketing Board. Outside DFA, who's ever heard of DPI or its activities?

Not all dairy promotion groups, or nonprofit trade associations, are listed in this article. A few additional groups will be profiled in an upcoming issue of *The Milkweed*. On an organization by organization basis, reporting of salary data may vary. We hope this information allows dairy farmers to judge for themselves, in these most difficult times for the folks whose milk production sustains the entire rest of the dairy industry, how much "pain" certain illustrious leaders are feeling.

DMI executives' salaries are far, far above corresponding salaries at similar national promotion boards for pork and beef. DMI looks like a cesspool of fancy-pants living "high on the hog" while the folks that pay the bills are starving.

How to Research Form 990 Info

The information contained in these reports was obtained from Guidestar, an online database containing information on 1.8 million non-profit organizations. Guidestar's Web site can be found at www2.guidestar.org. The site is searchable and easy to navigate. Registration with an e-mail address and the creation of a password is all that is required to view the IRS 990 documents.

Perhaps a database should be assembled showing the IRS 1040 forms of all the non-profit U.S. dairy farms.

Dairy Management, Inc. (DMI)

DMI is combined national dairy promotion entity, based in Rosemont, Illinois. DMI operates off a portion of the national dairy promotion check-off funding generated to the National Dairy Promotion and Research Board. DMI also includes the United Dairy Industry Assn. — a consortium of state and regional dairy promotion units. All dairy groups that take in dairy farmers' promotion check-off money must meet USDA's rules as "Qualified Programs."

At DMI, the following executives' 2008 compensation packages totaled:

Using the information from IRS Form 990 for compensation of DMI's top executives, it's important to pay close attention to not only the "Base Compensation," but also other categories such as "Bonuses & Executive Compensation," "Other Compensation," "Deferred Compensation," and "Nontaxable Benefits." See the full spread sheet of this information on the accompanying copy lifted from DMI's IRS Form 990.

The Milkweed will summarize the total compensation packages of 2008 for the eight DMI executives whose salary information is included in the IRS Form 990:

Thomas Gallagher: \$695,675 total compensation (\$62,200 nontaxable benefits) + \$0 deferred compensation.

Julian Toney: \$587,681 total compensation (including \$174,268 nontaxable benefits) + \$58,035 deferred compensation.

Thomas Suber (U.S. Dairy Export Council): \$494,452 total compensation (\$61,282 nontaxable benefits) + -\$10,107 deferred compensation.

Jean Ragalie: \$406,768 total compensation (\$84,325 nontaxable benefits) + \$33,122 deferred compensation.

Gregory Miller: \$389,348 total compensation (\$92,447 nontaxable benefits) + \$30,010 deferred compensation.

Daniel Chavka: \$377,059 total compensation (\$94,449 nontaxable benefits) + \$7,348 deferred compensation.

Mark Leitner: \$355,949 total compensation (\$82,196 nontaxable benefits) + \$28,408 deferred compensation.

Charles Cruikshank: \$315,377 total compensation (\$94,449 nontaxable benefits) + \$7,348 deferred compensation.

According to a researcher who looked at other agricultural non-profit trade associations, the salaries for DMI executives are way over the top of salary levels paid to top-tier officials at the national beef and pork trade groups.

Analysis: Tom Gallagher raked in \$13,386 per week in 2008, or \$334 per hour based upon his

40-hour work week reported in IRS Form 990. Julian Toney earned \$587,681 per year ... including a whopping \$174,268 in nontaxable benefits!!! Egad. That guy's been as worthless as mammaries on the male member of the porcine species for the past 30 years! How in Sam Hill did DMI's top eight executives average nearly \$100,000 EACH in nontaxable benefits in 2008? What a scam!

U.S. Dairy Export Council

This organization siphons farmer check-off dollars and USDA grants to boost U.S. dairy product exports. Total revenue for 2008 was \$16,322,518. CEO Tom Suber's salary is listed above with DMI data. Suber enjoyed \$105,154 in nontaxable benefits in 2008.

National Milk Producers Federation

NMPF serves as the lobby for the nation's dairy cooperatives. The interests of dairy farmers should be viewed as distinct from those the big cooperatives alleging to represent dairy producers. NMPF is worming its way into programming, such as with receipt of hundreds of thousands of dollars in money from USDA to promote the premises and livestock identification programs so widely despised by farmers.

CEO Jerry Kozak is one of the slipperiest individuals in the U.S. dairy industry. NMPF's total revenue in 2008 was \$133.6 million. The vast bulk of that income was derived from the "Cooperatives Working Together" program — a scam involving paying farmers to kill their dairy herds and also to subsidize U.S. dairy product exports. Top-level salaries at NMPF in 2008 included:

- Jerome Kozak**\$647,632
- James Tillison**\$313,344
- Thomas Balmer**\$302,200
- Jaime Casteneda**.....\$285,944
- Rob Byrne**\$201,764
- Christopher Galen (aka "Motor Mouth")**....\$197,661
- Peter Vitaliano**\$193,086
- Charles Beckendorf**\$56,542

Analysis: Nice to see that former NMPF board president Charley Beckendorf was able to subsidize his failing herd of scrub Holsteins (sold at basically the kill price in late 2008) with more than \$50,000 revenue in 2008. Small wonder that Jim Tillison keeps asserting the "success" of the CWT program! He's getting paid \$313,344 to repeat such claptrap!

Wisconsin Milk Marketing Board

The WMMB receives a dime of the 15-cent mandatory USDA promotion check-off (per cwt.). WMMB's annual revenue in 2008 totaled \$26.7 million. Credit WMMB with spending the bulk of its funds promoting and developing markets for

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cheese. More than 80% of Wisconsin's milk is processed into cheese. One executive salary is listed on WMMB's Form for 2008:

James H. Robson (CEO) – \$167,000 in salary and \$16,700 in employer paid contributions to his pension program, for a total of \$184,700.

Analysis: Compared to the salaries and overall performance of many of the bozos in dairy promotion organizations, it looks like WMMB has a bargain with Robson's \$184,700 compensation package, given his extensive consumer product marketing expertise.

International Dairy Foods Assn. (IDFA)

IDFA is THE national lobby organization for dairy processors. IDFA is regarded as one of the most effective trade lobbies in Washington ... without passing judgment on what IDFA pursues and gains. Here's the list of 2008 salaries for select IDFA executives. Figures include both "compensation" and "Employer Ben. Plan Contrib." (according to IDFA's IRS Form 990 filing):

Constance E. Tipton	\$633,604
Clayton Hough	\$291,073
Tom Nagle	\$259,355
Jerry Slominski	\$168,083
Patrice Boyle	\$104,210
Neil Moran	\$181,408

Dairy Promotion Inc. (DPI)

DPI is DFA's in-house Qualified Program. DPI's revenue in 2008 was \$58.858 million. That figure nearly equals the combined budgets of the

California Milk Advisory Board and the Wisconsin Milk Marketing Board! What does DFA do to honestly spend that \$58 million?

DPI is a near-silent player in dairy promotion circles, in light of its mammoth size. DPI looks like a previously unrecognized DFA scheme. At \$58 million, that means in 2008, DFA took the discretionary revenue (10 cents of the 15-cent total check-off), where possible, from nearly 58 billion pounds of milk. Some states (California and Wisconsin) commit the discretionary dime to state programs. In other areas, that discretionary dime goes wherever the marketer directs. Looks like DFA has been directing all possible "discretionary dimes" from USDA's mandatory checkoff towards its in-house coffers. And where the money goes after that ... only high-level DFA personnel know for sure. USDA oversight is virtually non-existent.

There's a certain irony in DFA's siphoning the discretionary dime in-house. That's because directors appointed to the NDPRB board for the past decade-plus have been top-heavy with DFA loyalists (generally corporate or regional directors). Frequently, DFA loyalists have held between 60% and two-thirds of all NDPRB posts. Worse yet: the DFA-heavy NDPRB board (in tandem with DMI) has regularly diverted funds to DFA-owned businesses and DFA-friendly firms. Examples: NDPRB/DMI approved grants to DFA-owned businesses to acquire UHT fluid milk processing equipment; NDPRB/DMI pizza promotions have been heavily weighted towards firms buying their pizza cheese from Leprino Foods. (DFA is Leprino's near-exclusive raw milk supplier.)

An audit of DPI by USDA's Inspector General would be in order.