



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

Karen Ross, Secretary

April 16, 2012

To: All Interested Parties

Re: Lawful Payments and Contracts to Bulk Milk Producers

This is to inform all parties of **proper payments and contracts** on bulk milk purchased from producers by handlers, (including brokers and intermediaries). All purchases of bulk milk in excess of 1,000 gallons per month must have a signed contract between the producer and handler on file with the Department otherwise it is an Unlawful Trade Practice.

The Stabilization and Marketing Plans for Northern and Southern California, the California Food and Agriculture Code, and Article 10, Sections 1000 thru 1003 of the Milk Pooling Plan require handlers pay producers based on the **minimum price** established by the Department. It is an Unlawful Trade Practice not to pay the minimum amount.

The **only lawful deductions** to minimum prices are indicated in the Milk Pooling Plan and California Food and Agricultural Code covering hauling and laboratory fees. Other deductions by handlers or brokers such as brokerage fees, service fees, or administrative fees are unauthorized and violate the minimum price provisions.

**Brokered and intermediary milk** are not covered by the Milk Producers Security Trust Fund. Cooperatives without a plant purchasing non-member milk are acting in the capacity of a broker.

It is also **unlawful** for any handler to pay a producer the minimum price then invoice back to the producer to collect a **rebate** for fees as mentioned above. It is also an Unlawful Trade Practice by producers who pay a rebate.

**Transportation or hauling charges** must be reasonable/actual charges for the distances covered and services provided, for transporting milk.

**Assignments** may not be used to pay brokerage, cooperative non-member fees or similar fees or charges as mentioned above. Brokers are not authorized by law to be paid a fee for their services, by the producer. All assignments must be in writing and authorized by the producer and should be provided to the Department for review.

If you have any questions or concerns on proper and lawful payment that a producer is entitled to receive, or questions regarding any payment discrepancy you have encountered, please contact John Bressett, Supervising Manager, Producer Security Assurance Team, at 916-900-5012.

