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Dean Foods/Horizon Factoids Including Notes on Silk July 2011

1. Dean Foods, widely perceived as a *bad-actor* in the conventional dairy arena, is a \$12 billion corporation. The largest processor and marketer of fluid milk in the United States owns 50 brands, Horizon being one of them. They now control over 37% of all conventional fluid milk sales in this country and likely over 60% of organic milk (the percentage might be considerably higher but that data is not publicly available).
2. Horizon organic dairy was started by a group of wealthy investors from Boulder and Aspen, Colorado. One of the principal parties owned the largest (conventional) factory farm operations (multiple CAFOs) in the United States at the time (Aurora Dairy).
3. Their pilot project, producing organic yogurt, was accomplished through buying 100% of their milk from Wisconsin family farm members of the CROPP Cooperative.
4. When that project proved successful they were able to raise millions of dollars from venture capitalists. They used that money, in part, to convert the 4000-4500 cow Aurora feedlot dairy in Paul, Idaho, to "organic" production.
5. When Quality Assurance International (QAI) first certified the Paul facility, half the cows were in confinement being fed organic feed and the other half were in the same facility managed conventionally and shot-up with genetically engineered bovine growth hormone (rBGH).
6. Horizon soon terminated purchases from CROPP.
7. As Horizon's business grew it converted the balance of the Paul, ID herd to organic and started purchasing milk from the 10,000-cow Case Vander Eyk, Jr. dairy in Pixley, California.
8. The original investors made millions in an Initial Public Offering (IPO), selling stock in their corporation. Dean Foods, the largest milk processor in the United States, initially purchased 20% of the company and held a seat on their board of directors.

9. Dean would eventually exercise options to purchase Horizon in its entirety. It is now part of the "WhiteWave" division of Dean Foods. WhiteWave's products include the extremely unhealthy International Delight not-dairy creamer (something in Wisconsin that we call "white-death") and a "high-octane" caffeine drink. WhiteWave, as it touts its organic credentials, also markets the genetically engineered laden Land O Lakes brand of packaged milk (Land O Lakes also partnered with Monsanto to develop genetically engineered alfalfa—a major dairy feedstock and a great risk for contaminating the organic alfalfa supply).
10. The principals of Horizon took their cash proceeds and then founded the Aurora Organic Dairy converting additional Aurora factory dairies in Colorado and Texas to "organic" production and specializing in "affordable" private-labeled milk. This store-brand milk, marketed by chains such as Wal-Mart, Costco, Target, and Safeway, is undercutting milk prices for ethical family farmers in every market across the country. Aurora, when they started their business, also sold milk to Dean/Horizon.
11. The Cornucopia Institute has filed a series of legal complaints against factory farms producing "organic" milk. The Dean/Horizon supplier, the Vander Eyk dairy in Pixley, California (which has now been decertified), and Aurora dairy, with five separate industrial operations in Texas and Colorado. Aurora was found by USDA investigators in 2007 to have **willfully** committed fourteen distinct violations (some with multiple instances) of federal organic standards. Unfortunately, they were allowed to continue operating by Bush Administration political appointees. Aurora is now facing a total of 19 class action, consumer fraud lawsuits in federal court.
12. Our senior farm policy analyst, Mark Kastel, visited the 8000-head Dean-owned (vertically integrated) dairy in Idaho, at the invitation of Dean Foods. Even though there was no pasture accessible to the milking herd, our legal complaint against their dairy has never been, according to documents secured under FOIA, adjudicated by the USDA. Dean Foods has spent tens of millions of dollars on corporate lobbyists, lawyers, and congressional campaign contributions in Washington. It appears they are getting their money's worth.
13. In 2008, Dean began building another factory dairy in New Mexico, with thousands of cows. During that time they have used strong-arm tactics attempting to discontinue buying milk from family farmers in four states with whom they had valid, long-term purchasing contracts. Cornucopia offered the farmers legal advice and access to our attorneys. Unfortunately, before they contacted us, Dean successfully scared some of them into discontinuing their organic operations. Others had their contracts "bought out" for cents on the dollar. In 2011 Dean Foods agreed to a \$140 million settlement to compensate farmers in the Southeast that claimed they were economically disadvantaged by marketplace manipulation perpetrated by the dairy giant.
14. In 2009 we began working on an antitrust case to present to the Justice Department alleging predatory pricing in the organic dairy market. Dean Foods is using their economic strength to significantly undercut competition—we would suggest illegally. After career officials at the Department of Justice recommended antitrust enforcement action against Dean Foods, and saw it overruled by the Bush administration, Senator

Bernie Sanders of Vermont is leading an aggressive campaign against Dean Foods for its predatory behavior manipulating the market and milk pricing for farmers around the country.

15. When Dean Foods purchased the Silk soymilk product line it was 100% organic. Slowly, as they introduced additional products, the percentage of organic offerings dropped precipitously.
16. As Silk had become dominant in the market they switched much of their organic soybeans purchases from farmers in the United States to China.
17. In early 2009 they quietly switched their primary Silk products to "natural" soybeans (conventional) without changing the UPC codes or telling retailers or consumers. They then introduced three products made with organic soybeans and increased the price by about 10%. At a store visit to Whole Foods in Milwaukee, Wisconsin of the 24 Silk products available, different flavors, packaging size, creamers, etc., only three were organic.
18. In mid-2009 Dean Foods announced that they would launch the first "natural" Horizon dairy products made with conventional milk. Horizon is the largest, by dollar volume, label not only the organic dairy business but the entire organic industry. This is a direct assault and competition to organic family farmers. It is thoroughly reprehensible that one of these products, yogurt produced with conventional milk, fruit and vegetables, is specifically being marketed to toddlers and being promoted by one of their paid spokesman, a pediatrician, Dr. Greene. Widespread outrage in the organic community led to Dean Foods withdrawing the "natural" Horizon products from the marketplace.
19. In 2010 Dean Foods "extended" the Silk product line to include almond milk. As has been their practice with Silk since purchasing the brand these new product offerings are exclusively manufactured with conventional almonds.
20. Recently Dean Foods sued the USDA to block another nonprofit group, the Center for Science in the Public Interest, from gaining documents, through a Freedom of Information Request (FOIA), to shed light on investigations into Dean Foods (Horizon) alleged improprieties.

A fuller history of Horizon, Aurora, and Dean Foods' involvement in the organic dairy industry can be found in our web site (www.cornucopia.org) by downloading our report: *Maintaining the Integrity of Organic Milk*. Please feel free to contact us if you have any questions.