Oregon Tilth, Inc.

From one of the "founding fathers" of the movement to develop a national program regulating organic standards – to a certifier of soilless hydroponic/aquaponic growing systems, rehabilitated fraudulent organic grain suppliers, and some of the worst beef and poultry CAFOs in the country.

- Oregon Tilth (OTCO) is a 501(c)(3) non-profit corporation, yet in 2022 (the most recent data available during our review), 93% of Oregon Tilth Inc.'s revenues came from fees paid for certification services they provide to farmers and agribusiness.
- Huge industrial organic operations are paying large certification fees that support the organization's advocacy and lobbying at state and federal levels.
- Despite federal law requiring the separation between certification services, corporate management, advocacy, and lobbying, to prevent conflicts of interest, OTCO maintains a single corporate structure.
- Oregon Tilth certifies some of the nation's largest cattle and poultry concentrated animal feeding operations (CAFOs) including:
 - Shamrock Farms subsidiary of Shamrock Foods, a \$6B verticallyintegrated agribusiness, based in the Arizona desert, currently milking 20,000 cows in a split operation (with both conventional and organic livestock).
 - Postmus Organic Dairy, dba Dublin Dutch Dairy Farm permitted for 5,200 dairy animals, currently at risk of losing its organic certification with a pending enforcement action. OrganicEye has filed a formal legal complaint alleging overgrazing/inadequate pasture acreage for the size of the massive herd.
 - Cal-Maine Foods sales: \$3.1B, current flock approximately 42.2 million layers and 11.5 million pullets and breeders. Their organic facility in Chase, Kansas — with hundreds of thousands of birds and no access to the outdoors — was previously certified by OTCO but their certificate has been surrendered.
 - Petaluma Egg Farm <u>target</u> of animal rights group investigation.
 Previous legal complaints were filed based on lack of outdoor access.
 - Petaluma Poultry a subsidiary of Perdue Farms, Inc., sales: \$26.9M, current flock about 20 million birds.
 - Jirah Milling allegedly sold grain with fraudulent organic certificates to livestock operations and grain mills servicing livestock producers. After investigation by provincial authorities, Jirah apparently surrendered its Canadian organic certification and was subsequently recertified in the US with OTCO.

A Brief History¹

Oregon Tilth was formed in 1974 as part of Regional Tilth, which was the center for some of the early discussions that influenced local, regional, and national sustainable and organic communities, policies, and practices for nearly decades.

In 1984, Tilth began an organic certification program to serve the needs of growers looking to protect and promote organic farming, which was incorporated as OTCO Inc. in 1986, and registered as a non-profit in 1987.

The first edition of Standards and Guidelines for Oregon Tilth Certified Organically Grown, published in 1987, became the blueprint for organic certification programs in several other states.

In the late 1980's, OTCO formed the Western Alliance of Certification Organizations in partnership with California Certified Organic Farmers (CCOF) and the Washington State Department of Agriculture's Organic Program and developed standards that later influenced the formation of the USDA National Organic Program.

2012 OTCO/CCOF Proposed Merger

Announced in May 2012, a proposed merger between Oregon Tilth and California Certified Organic Farmers, the two largest US-based certifiers, would have encompassed a total of 20% of certified organic operations.² The trade association would have comprised nearly 4,000 certified farmers, ranchers, and processors, and an educational foundation.³

The proposal proved controversial and was met with significant opposition from both membership bodies, including OTCO's founders and long-term members of CCOF.

In September 2012, a proposal to rename Oregon Tilth as CCOF Tilth Foundation, revise bylaws, and transfer ownership of the certification program, was voted on by the OTCO membership. The verified voting results were released on October 3, 2012. While a majority of members (61%) voted in favor of the proposal, it failed to achieve the two-thirds vote necessary for passage.⁴

Big Org(anic) and Big CAFOs

Decades after farmers in the Pacific Northwest and California moved in the 1980s to develop organic standards based on biologically-sound and socially equitable agriculture, rather than conventional farming's heavy use of chemicals and mechanization, OTCO was well on its way down a slippery slope supporting some of the country's largest CAFOs.

¹ <u>https://sustainablect.org/fileadmin/media/Content/For_resources/LNR/1._Organic_Land_Care.pdf</u>

² <u>https://ota.com/news/press-releases/17090</u>

³ <u>https://theproducenews.com/ccof-and-oregon-tilth-announce-planned-merger</u>

https://en.wikipedia.org/wiki/Oregon_Tilth#:~:text=Oregon%20Tilth%20Certified%20Organic%20(OTCO,the%20USDA's%20National%20Organic%20Program

Oregon Tilth Certified Organic allegedly has certified industrial-scale dairy operations with inadequate pasture use. A single CAFO may comprise thousands of cattle confined to barns and feedlots with limited or no access to pasture.

OTCO has also certified industrial-scale poultry and egg operations where tens to hundreds of thousands of chickens (broilers and layers) are confined in buildings that have little or no access to soil or pasture.

OTCO Certified CAFOs

Shamrock Farms

- Milk 20,000 cows (split operation managing both conventional and organic livestock)
- "HANDS-OFF MILKING" robotic no human hands touch the milk
- Arizona's first USDA-certified organic dairy⁵
- Shamrock Foods (parent company of Shamrock Farms) generates \$6 billion in revenue and has 5,600 employees.⁶
- Shamrock Farms certified by OTCO since 2015
- Shamrock Foods Dairy Division (processing plant) certified by Quality Assurance International (QAI) since 2007
- Shamrock was the subject of a formal legal complaint regarding no qualifying pasture available to their organic herd. Due to secrecy at the USDA, the outcome of that is unknown.

Postmus Organic Dairy

- 5,200 total dairy cattle
- 3,100 are milking cows

The organic milk cows graze on certified cropland close to the milking facility. Google maps show that most areas accessible to lactating cattle and closest to the barns are severely overgrazed and, in some cases, nearly barren.⁷ OrganicEye has filed a complaint with the USDA alleging that this dairy should never have been certified by OTCO due to inadequate pasture availability in a challenging climate.

⁵ <u>https://www.shamrockfarms.net/our-story/history/</u>

⁶ https://www.forbes.com/companies/shamrock-foods/?sh=37f287693721

⁷ https://www.google.com/maps/place/2855+Co+Rd+310,+Dublin,+TX+76446/@31.9708686,-

<u>98.3024144,621m/data=!3m1!1e3!4m6!3m5!1s0x86504e18b59adf15:0x6de86cf4d2991234!8m2!3d31.9721644!4d-98.3031556!16s%2Fg%2F11ff5f1r4c?entry=ttu</u>

Postmus is currently appealing suspension of its organic certification for having planted seed treated with a prohibited systemic fungicide on land where organic milk cows grazed and where harvested crops from the pasture were kept for livestock feed. Postmus Dairy had until June 2023 to appeal the final decision.

Cal-Maine Foods

Purchased Delta Egg Farm LLC, in Delta, KS, in March 2014

- Largest producer and distributor of (primarily conventional) fresh shell eggs in the United States
- Net Sales 2023 of \$3.1 billion
- Employees: 2,896⁸
- Total flock in 2022: approximately 42.2 million layers and 11.5 million pullets and breeders⁹
- Listed as certified organic as late as 2019 by OTCO¹⁰
- Cal-Maine Foods Inc., 625 Avenue K, Chase, KS 67524
 - o Certifier Client ID: OT-002491
 - Certifier: OTOC (Oregon Tilth Certified Organic)
 - o CROPS: Surrendered 10/30/2008
 - HANDLING: Surrendered 01/29/2009
 - LIVESTOCK: Surrendered 10/30/2008

Delta Egg was also subject to a formal legal complaint due to confining all animals in giant buildings and substituting small porches for outdoor space (even if considered "outdoors," as required by law, porches hold only a minute percentage of the flocks).

Petaluma Egg Farm

Petaluma Poultry (marketing organic eggs as Judy's Family Farm) is a "free range" and "organic" split operation (conventional/organic), one of the four largest poultry producers in the United States.¹¹

Petaluma Poultry has been a target of animal rights groups since 2015.¹²

Steven Mahrt DBA Judy's Family Farm:

⁸ <u>https://calmainefoods.gcs-web.com/news-releases/news-release-details/cal-maine-foods-reports-results-fourth-guarter-and-fiscal-year</u>

⁹ https://www.calmainefoods.com/company/

¹⁰ https://www.calmainefoods.com/media/1156/calmaine-2019-sustainability-web-optimized.pdf

¹¹ https://www.directactioneverywhere.com/campaigns/exposing-petaluma-poultry

¹² https://www.nytimes.com/2015/01/09/business/direct-action-everywhere-video-of-laying-hens-raisesconcerns.html

- Certifier Client ID: OT-005122
- Certified 04/29/2002
- Certifier: [OTCO] Oregon Tilth Certified Organic
- HANDLING: Certified
- LIVESTOCK: Certified

Eggs sold under these brands:

- Judy's Family Farm (organic)
- Rock Island
- Uncle Eddie's
- Petaluma Pastures
- Daily Egg

Petaluma Poultry

- Subsidiary of Perdue Foods, LLC
- Raise approximately 20 million chickens per year
- Revenue \$26.9M¹³
- Employs more than 650 people
- Certified Organic: OTCO since 2006

Chicken products sold under these brands:

- Rocky Conventional
- Rosie Organic

Certified Organic Hydroponics

The Organic Agriculture is Soil-Based Position Statement,¹⁴ adopted April 7, 2023, by seven widely-respected accredited organic certifiers, states: "According to the Organic Food Production Act (OFPA) 6513(b)(1), 'An organic plan shall contain provisions designed to foster soil fertility, primarily through the management of the organic content of the soil through proper tillage, crop rotation, and manuring... Hydroponic production was not included in that universe because hydroponic production does not manage soil fertility." Oregon Tilth was not one of the signatories.

¹³ https://apps.zoominfo.com/zi-lite/#/profile/company/88802663/overview

¹⁴ https://realorganicproject.org/wp-content/uploads/2023/09/Organic-Agriculture-is-Soil-Based-Position-Statement-6.20.23.pdf

While choosing to certify hydroponic systems, OTCO clearly recognized and specified in a document titled <u>Hydroponic FAQS</u> (produced in 2015), that "Most hydroponic systems are obviously deficient of micronutrients, however deficiency must still be documented..." [to qualify for the use of additional synthetic plant nutrients].

Hydroponic/Aquaponic Operations

Organic Tilth currently certifies the following hydroponic/aquaponic operations, all of which grow a long list of certified organic vegetables, fruits, and herbs in a liquid solution that includes the excrement from conventionally fed and managed fish in their operations:

- The Seventh Son Inc, DBA Live Local Organic LLC
- Crisp Farms, Chris Nagelhout
- Living Waters Farm, DBA Green Light Organics
- HS Farms Inc., Tiffany Mojica

Hydroponic Operations

Organic Tilth certified these hydroponic operations in the past (some of the largest in the country):

- Agua Dulce Farms (Efficient Organics), now certified by (PAO) Primus Auditing Operations. Crops: Basil, Lettuce, Miscellaneous Herbs & Spices, Mixed salad greens, Mixed Vegetables
- Naturesweet Invernaderos, now certified by CCOF. Crops: Tomatoes
- Brighthouse Organics (NS Brands), now certified by CCOF. Crops: Cucumbers, Tomatoes, Peppers
- H2O Produce, now certified by (OC) Organic Certifiers. Crops: Basil, Cucumbers, Lettuce, Peppers, Tomatoes
- Sunrise Growers (SunOpta), shifted certification to QAI, suspended in 2022. Crops: Berries

Certifying Bad Actors: Jirah Milling

 Canadian company Jirah Mills was a major supplier of feed exported to the US for livestock. The alleged fraudulent grain was sold to giant egg operations and grain mills servicing livestock producers.¹⁵

¹⁵ <u>https://www.ams.usda.gov/sites/default/files/media/transcriptri.pdf</u>

- Voluntarily surrendered their Canadian certification and was soon after recertified by OTCO.
- The Internet Archive shows they were certified by the Canadian Organic Biologic in February 2011.¹⁶ The next available information, captured in December 2013, lists their certifier as OTCO. A January 2015 capture also indicates OTCO as certifier.¹⁷
- By August 2016, the Jirah Group website was no longer available on the Internet Archive.

Corporate Structure

Oregon Tilth is a single corporation filing a 501(c)(3) Non-Profit IRS Form 990. The corporate headquarters for legal and corporate operations is located at 2525 SE 3rd Street Corvallis, OR 97333. Oregon Tilth is composed of three organizational initiatives — certification, education, and advocacy — that are said to "shape food systems that benefit people and planet, together."¹⁸

While these three programs purport to be independent, it is hard to avoid any potential conflict of interest when they operate as a single corporate unit with unified governance.

This is in direct conflict with legal requirements the USDA began enforcing in 2002 when the regulations implementing the Organic Food Production Act went into effect.

Based on 2022 data, **ninety-three percent of Oregon Tilth Inc.'s revenues come from certification services.**¹⁹ Huge industrial organic operations are paying large certification fees which, in turn, support the organization's advocacy and lobbying at state and federal levels.²⁰

Although OrganicEye has not pursued an enforcement action with the IRS, this would seem to be a violation of federal law governing nonprofits. Public charities are allowed to glean a very modest amount of income from for-profit businesses they control (for example, a museum might have a shop or restaurant – those profit centers would be subject to taxation, unlike charitable contributions).

However, OTCO appears to be a certification business fronting as a nonprofit, competing with other certifiers that are for-profit business enterprises and subject to paying taxes. How the organization can reconcile this legally is beyond our imagination.

Principal Officer:

¹⁶ <u>https://web.archive.org/web/20110207174801/http://jirahgroup.com/certification</u>

¹⁷ https://web.archive.org/web/20150121125738/http://jirahgroup.com/certification

¹⁸ <u>https://tilth.org/about/mission/</u>

¹⁹ https://issuu.com/tilth/docs/2023_growth_impact_report_issuu?fr=sZWNIMzY1MDE3Mzg

²⁰ https://tilth.org/oregon-tilth-2024-advocacy-agenda/

CHRIS SCHREINER Executive Director PO Box 368 Corvallis, OR 97339

Mission Statement

Oregon Tilth is a leading nonprofit certifier, educator and advocate for sustainable organic agriculture and products since 1974. The organization's mission to make the food system and agriculture biologically sound and socially equitable requires it to find practical ways to tackle big challenges. Oregon Tilth advances its mission to build a brighter food future through strategic focus areas of engaged teams, empowered clients, and exemplary leadership.²¹

Organization Details²²

- Staff/Team: 116
- Certified Crops and Wild Crops Operations: 1105
- Certified Processors and Handlers:1081
- Certified Livestock Operations: 366
- Grower Groups: 21 (Mexico and US)
- OTCO is closely linked with Oregon Department of Agriculture and Oregon State University

Donations and Sponsorships

OTCO has published *In Good Tilth* magazine, with 9000 print copies and 17,000 views online.

During 2018 and 2019, the following OTCO-certified operations were listed in *In Good Tilth* as having made donations to Oregon Tilth as a "sponsor" or "patron."

Certified Operation	Donation Tier	Insertions
Cantagree Farms*	Patron	2
Café Mam Organic Coffee	Sponsor (\$1000)	1
Harmony Organic Dairy	Patron	2
HS Farms	Patron	2

²¹ <u>https://tilth.org/about/mission/</u>

²² https://www.ams.usda.gov/sites/default/files/media/NOP%20OTCO.pdf

IFC Solutions (Specialty Ingredients)	Patron	2
Kumu Farms	Patron	1
Ladd Hill Orchards	Patron	2
BFF Agriculture LLC**	Patron	2

* Surrendered their organic certification in 2023

** Surrendered their organic certification in 2021

Unfortunately, the lack of transparency at OTCO made it much more challenging than our analysis of conflicts of interest in the revenue stream at CCOF. However, we were able to conclude that the certified operations listed above had contributed over and above their inspection certification fees, which is prohibited under federal statutes to prevent conflicts of interest. There are likely others. The USDA has the investigative leverage and tools to fully examine this issue.

Over the years, OTCO, along with The Organically Grown Company, a proprietary business enterprise with an OTA board seat, has also cosponsored a conference called Organicology. Donations and sponsorships were solicited from the business community which likely included both OTCO-certified operations and suppliers of fertilizers and other farm inputs that certification agencies are required to scrutinize and approve for use on the farms they inspect.

Government Grants and Loans

The grants and loans below are listed by the year they were awarded. Some may have been paid out in the following year or over several years, therefore the revenue may not appear in the financial statement the year they were awarded.

- 2023 \$95,000: USDA/AMS Market Protection and Promotion (Grant)
- 2023 \$15,000,000: USDA/AMS Market Protection and Promotion (Grant)
- 2022 \$95,000: USDA/AMS Market Protection and Promotion (Grant)
- 2021 \$125,000: USDA/Natural Resources Conservation Service Environmental Quality Incentives Program (Grant)
- 2020 \$1,005,400: SBA Paycheck Protection Plan Covid-19 (Loan, forgiven)

Oregon Tilth is an active member, and fiscal sponsor, of the organic industry's leading trade-lobby group, The Organic Trade Association (OTA) which represents business interests in the organic industry.

Despite decades of well-funded public relations efforts attempting to convince organic stakeholders and political officials that they are a "public interest group," OTA lobbies on

behalf of business interests. These are the big food businesses that *buy from* farmers — not the hard-working farm families that, through their annual certification fees, support OTCO's OTA membership.

A number of the country's largest operators of certified organic livestock factories and major hydroponic installations are OTA members and the organization lobbies on their behalf. The OTA has virtually no family-scale farmers as members.

There are few exceptions to this rule, including farmers who are sponsored to sit on the OTA Farmer Advisory Council by corporate certifiers and agribusinesses. Sponsors include OTA certifier member-donors such as CCOF, OTCO, Florida Organic Growers, and Pennsylvania Certified Organic.

Key Leadership and Staff

Oregon Tilth

- Chris Schreiner, Executive Director: total professional experience is almost exclusively at Oregon Tilth, nearly 25 years.
- Leonard Freeman, Managing Director: Forbes Non-Profit Council Member, also Organic Trade Association (OTA) Board Member. Graduated with a Bachelor's Degree in Kinesiology, Sam Houston State University. Received a Master's Degree in Public Administration from Grand Canyon University in 2019. Resides in Houston, Texas. No food or farming experience.
- Renee Kempka, Director of Finance: Provender Alliance, Board Member, Treasurer, 2004-2019 Sundance Natural Foods, General Manager, 1993-2015
- Kim Nelson, Director of HR: \$135,184 (salary/benefits) Previously Oregon State Lottery

Oregon Tilth Certified Organic Program

- Connie Karr, Certification Director Oregon Tilth, 25+ years
- Sally Lammers, Deputy Director, Certification Services Previously, Executive Director - Stellar Certification Services, and concurrently Director of Certification – Demeter USA
- Krista Wanser, Deputy Director, Quality and Accreditation Previously, Executive Director, Quality Certification Systems Note: There has not been a position in the past described as Executive

Director at QCS. Wanser was listed as a contract Quality System Manager on a QCS staff list dated 6/7/2018²³.

Oregon Tilth Education and Advocacy Programs

 Ben Bowell, Deputy Director of Education and Advocacy Previously: American Farmland Trust, Field Representative, 2007 – 2013

Board of Directors²⁴

- Tina Consentino, Member Past: 2009-2013 CCOF Program and Member Services, managed organic marketing training program
- Poppy Davis, Member Business and Policy Consultant for businesses, nonprofits, and local governments
- Kim Gibson Clark, President CEO of Cosmic Bliss (previously Coconut Bliss) Certified by OC (Organic Certifiers, Inc.) 2022 Revenue: \$3.3 million²⁵
- Kellee James, Treasurer, Founder and CEO of Mercaris Mercaris Data Service provides information on organic and non-GMO commodity prices, market insights, and analysis 2022 Revenue: \$1.2 billion
- Ani Kame'enui, Member Director of Strategic Initiatives, Breakthrough Energy Founded by Bill Gates in 2015 to accelerate innovation in sustainable energy and in other technologies to reduce greenhouse gas emissions.²⁶ Past: National Parks Conservation Association
- Roger Kubalek, Secretary Full Harvest, Director of Operations and Quality Services Certified by MOSA Past: Amy's Kitchen, Agricultural Field Representative
- Tinia Pina, Member CEO and President of Re-Nuble, manufacturers organic nutrients for

²³ <u>https://foginfo.org/wp-content/uploads/2019/06/QCS-Staff-Contact-List-2018-06-07.xls</u>

²⁴ <u>https://tilth.org/about/board/</u>

²⁵ <u>https://apps.zoominfo.com/zi-lite/#/profile/company/565046486/overview</u>

²⁶ <u>https://en.wikipedia.org/wiki/Breakthrough_Energy</u>

hydroponic production 2022 Revenue: ~\$2.0 million

- Erin Silva, Member
 Associate Professor, State Extension Specialist in Organic and Sustainable Cropping Systems, and Director for the Center for Integrated Agricultural Systems in the College of Agricultural and Life Sciences at UW-Madison; first recipient of the Clif Bar Endowed Chair in Organic Agriculture and Outreach
- Glenn Ward, Member COO, General Manager, and co-owner of BumbleBar Certified by WSDA (Washington State Department of Agriculture) 2022 Revenue \$8.1 million²⁷

Executive Staff Compensation

Staff compensation from 2021 IRS Form 990; includes salaries, pension plan contributions, other benefits, and payroll taxes.

- Chris Schreiner, Executive Director: \$176,416 (salary/benefits)
- Leonard Freeman, Managing Director: \$174,440 (salary/benefits)
- Renee Kempka, Director of Finance: \$159,959 (salary/benefits)
- Kim Nelson, Director of HR: \$135,184 (salary/benefits)
- Connie Karr, Certification Director: \$174,414 (salary/benefits)

Financials: 2022 IRS Form 990

Revenue

- Government Grants: \$50,877
- Does not include grant of \$95,000 from the USDA, on 5/10/22²⁸
- Certification income: \$9,536,115
- In Good Tilth: \$735
- Research and Education: \$463,030
- Investment Income: \$215,428
- Other Income: \$5,517

²⁷ https://apps.zoominfo.com/zi-lite/#/profile/company/8259016/overview

²⁸ https://www.usaspending.gov/recipient/626329ac-2dd6-c0aa-a83d-9771cf5da9f5-C/latest?section=transactionsover-time0

• Total Revenue/Income: \$10,271,702

Note: 93% of Oregon Tilth's revenues come from certification services.²⁹

Expenses

- Salaries/Compensation: \$8,208,636 (79.9% of revenue)
- Accounting: \$26,506
- Fees for Services: \$217,222
- Advertising and promotion: \$110,316
- Office Expenses: \$266,481
- Information technology: \$296,666
- Occupancy: \$13,985
- Travel: \$11,360
- Conferences, conventions, and meetings: \$20,223
- Depreciation, depletion, and amortization: \$17,199
- Insurance: \$82,819
- Program service expense: \$826,457
- Credit card fees: \$116,762
- Accreditation fees: \$94,785
- Staff & board training: \$49,132
- All other expenses: \$83,137
- Total Expenses: \$10,441,686
- Revenue less expenses: (\$169,984)

Assets

- Cash–non-interest-bearing: \$3,137,821
- Savings and temporary cash investments: \$227,304
- Accounts receivable, net: \$1,942,272
- Prepaid expenses and deferred charges: \$223,107
- Land, Buildings and equipment: \$36,456

²⁹ <u>https://issuu.com/tilth/docs/2023_growth_impact_report_issuu?fr=sZWNIMzY1MDE3Mzg</u>

- Investments Publicly Traded Securities: \$7,547,665
- Total Assets: \$13,114,625

Liabilities

- Accounts payable and accrued expenses: \$670,772
- Deferred Revenue: \$2,886,259
- Total Liabilities: \$3,557,031
- Total net assets or fund balances: \$9,557,594
- Total liabilities and net assets/fund balances: \$13,114,625

OTA/OTCO Relationships (member of the most powerful agribusiness lobby group in the organic industry)

OTCO Member of:

- OTA Board of Directors
- OTA Fiber Sector Council, Chair
- OTA Farmer Advisory Council
- OTA Diversity Council

OTA Events and Sponsorships

Sponsors for OTA Organic Week 2023 events include Organic Valley, General Mills, Amy's Kitchen, Danone, Ardent Mills, Applegate, Stonyfield, Driscoll's, **Oregon Tilth**, and Mercaris.³⁰

³⁰ <u>https://ota.com/news/press-releases/22718</u>