



November 11, 2011

Office of Government Ethics
1201 New York Avenue NW, Suite 500
Washington DC 2005-3917
Attention: Richard M. Thomas, Associate General Counsel

Re: Proposed Amendments to 5 CFR Part 2635

Dear Mr. Thomas,

On behalf of the National Dairy Promotion and Research Board (the "National Dairy Board" or "Board"), thank you for the opportunity to comment on the proposed standards for ethical conduct for employees of the executive branch, issued September 13, 2011 (Regulation Identifier Number 3209-AA04a) and to provide input on the potential impact these proposed standard may have on the Board and its programs.

As you know, the National Dairy consists of thirty six members appointed by the Secretary of Agriculture. It is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets and is financed by a mandatory 15-cent per hundredweight assessment on all milk marketed commercially by dairy producers. The programs of the National Dairy Board are implemented by Dairy Management, Inc. ("DMI").

We are particularly concerned about the impact of the Proposed Rule on employees of the Agricultural Marketing Service ("AMS") at the United States Department of Agriculture ("USDA"). We respectfully offer our comments as follows:

1. Importance of AMS Attendance at Industry Events

Industry events, such as trade shows, conferences and seminars provide AMS employees with important information about the Board and the dairy industry. At these events, AMS employees have the opportunity to meet and work with Board and industry members to collaborate on issues of importance. Many of these events are co-sponsored by the Board and industry associations that lobby, such as the National Milk Producers Federation. We fear that under the Proposed Rule, AMS employees would be prohibited from attending these events. This will mean the loss of valuable opportunities for AMS employees to become informed about the dairy checkoff program that they are tasked with overseeing.

2. Restrictions on Invitations to Social Gatherings

The interaction between AMS employees, Board members and DMI employees facilitates and enhances AMS oversight of the dairy checkoff program. AMS employees should have the ability to interact with board members and DMI employees in a more relaxed social setting, which encourages a collaborative relationship and free-flowing exchange of ideas. We are concerned that the proposed significant limitation of the social invitation exception in the regulations will hamper AMS employees' ability to meet in person with board members and DMI employees, which will negatively impact AMS oversight of the dairy checkoff program.

3. Restrictions on Hospitality and Token Gifts

Under the Proposed Rule, AMS employees will be forced to turn down customary offerings of hospitality that frequently accompany the transaction of business in many foreign countries. This could offend foreign nationals and foreign entities and could damage important business relationships to the detriment of the checkoff.

In addition, the Proposed Rule would restrict employees from accepting de minimis gifts. Government ethics rules currently permit AMS employees to accept token gifts of no material value. As a result of the changes imposed in the Proposed Rule, employees will be forced to question whether a gift is being offered by someone engaged in professional lobbying, in addition to having to consider whether the gift is being offered from an otherwise prohibited source or because of the employee's position in AMS under existing regulations. We believe this puts employees and individuals who might offer de minimis gifts in an awkward and unreasonable position, given that the issue is, by the very definition of "de minimis", a trifling matter.

Again, the National Dairy Board appreciates the opportunity to provide input into the Proposed Rule and would welcome a dialogue about any of our comments.

Sincerely,



Kevin D. Ponticelli
Senior EVP, Dairy Management, Inc.