



United States
Department of
Agriculture

July 11, 2005

BCD-105

Farm and Foreign
Agricultural Services

NOTICE TO THE TRADE

Farm Service
Agency

To: All Warehouse Operators Approved Under the Uniform Grains and Rice Storage Agreement (UGRSA)

Kansas City
Commodity Office
P.O. Box 419205
Kansas City,
Missouri
64141-6205

Subject: Selling Wheat from the Bill Emerson Humanitarian Trust (BEHT)

Background

On June 22, 2005, Secretary Johanns authorized the release of wheat from the BEHT for use under Public Law 480, Title II. The United States Agency for International Development (USAID) has indicated that it will need 500,000 metric tons (MT) of wheat from the BEHT to meet its program needs for Africa.

General Provisions

The Kansas City Commodity Office (KCCO) has received a request from USAID for the first 54,810 MT of Hard Red Winter (HRW) wheat needed for Ethiopia. CCC will issue two invitations for this purchase. To meet this request, the Commodity Credit Corporation (CCC) will conduct buy/sell transactions. CCC has issued Invitation 768 offering to purchase 25,000 MT of HRW wheat. The balance of 29,810 MT of HRW will be issued in the near future. Accordingly, CCC will sell a corresponding quantity of BEHT wheat stocks.

CCC is making all classes of wheat stocks receipted as U.S. No 2 or better available for sale through negotiated sales. CCC-owned wheat inventory information is available at www.fsa.usda.gov/catalogs. CCC will not issue specific wheat listings for the sale.

Warehouse operators have the exclusive right to purchase any or all of the CCC-owned wheat stored in their locations from 9:00 a.m. central time (CT) on July 12, 2005, through 4:30 p.m. CT on July 14, 2005. CCC will sell wheat to any interested party beginning at 9:00 a.m. CT on July 15, 2005. CCC will NOT contact storing warehouse operators for right of first refusal on any third party bids.

Sales Provisions

All interested parties must submit bids by calling KCCO at 816-926-3816. The bidder must supply the following information:

- Lot number(s)
- Warehouse code
- Location (city, county, and State)
- And instore flat price bid.

Lots must be bid on in their entirety, except one partial lot will be permitted to achieve the maximum quantity at each warehouse code. CCC reserves the right to accept or reject any and all bids.

Beginning July 15, 2005, the following provisions are applicable to all interested parties:

- Calls will be returned in the order they are received;
- A company may not have multiple entries on the call back list;
- Bids will be limited to three separate warehouse codes per call; and
- Maximum quantity KCCO will sell per telephone call is 15,000 MT (551,150 bushels).

For the entire 500,000 MT release, the maximum quantity to be sold at a particular location based on the CCC warehouse code is 40 percent of the CCC-owned wheat stored at that warehouse code as of June 28, 2005. This will be inclusive of any quantity purchased by the storing warehouse operator. However, CCC will allow a storing warehouse operator to purchase a quantity of wheat in excess of the 40 percent maximum level, provided the additional quantity does not result in total sales in excess of the 500,000 MT quantity that CCC is offering to sell under this release.

Exception: CCC-owned wheat totaling less than 30,000 bushels at a particular location (based on CCC warehouse code) will be available to third party buyers with no quantity limitations.

If it is determined that attempts are being made to circumvent bid limits through prearranged third party sales, both parties involved in the suspected transaction will be referred to the Office of the Inspector General for investigation.

Prior to submitting a bid, interested parties are:

- Advised to check with the storing warehouse operator regarding applicable loadout rates, scheduling, quality and location of grain; and
- Strongly encouraged to work with the storing warehouse operator to establish premium and discount schedules in cases of quality or location discrepancies.

Any differences must be settled between the buyer and the storing warehouse operator.

When CCC transfers title of wheat instore to a third-party buyer, the storing warehouse operator is expected to load out for the third party the number of bushels per day specified in the UGRSA, including unit train load out rates applicable to CCC.

Title and risk of loss will transfer from CCC to the contractor at the time CCC transmits delivery notification (wire release) to the storing warehouse operator. The warehouse receipts will be mailed within two business days after notification of payment. If payment

has not been made within five business days after the date of the contract, interest at the rate of **7.0 percent** per annum will start for the account of the buyer from the first calendar day after the date of the contract through the date payment is received by CCC.

CCC will pay storage through the date of the transfer of title but no later than five business days after the date of sale. Storing warehouse operators are obligated to maintain the CCC storage and load out rates after CCC transfers title in accordance with Part 2 of the UGRSA.

The buyer must remit payment to CCC by check at the following address within five business days after the date of the contract to:

Kansas City Finance Office
Attention: DMD/DCAB
P.O. Box 419205
Kansas City, MO 64141-6205
(Include the contract number on the payment)

- OR -

The buyer must remit payment to CCC by wire transfer within five business days after the date of the contract to:

Federal Reserve Bank New York City, ABA# 0210-3000-4,
BNF=/AC-00004992
OBI=CCC/KCCO, Contract Number and Company Name

The provisions of criminal and civil fraud statutes, including 18 U.S.C. 286, 287, 371, 641, 651, 1001, **and 1014; 15 U.S.C. 714m; and 31 U.S.C. 3729**, may be applicable to the information provided to CCC in conjunction with the CCC commodity sales process.

George W. Aldaya
Director