



**United States
Department of
Agriculture**

September 12, 2005

BCD-111

NOTICE TO THE TRADE

Farm and
Foreign
Agricultural
Services

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

Subject: Disposition Policy for Commodity Credit Corporation (CCC)-Owned Rice

Farm Service
Agency

Background

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

The total quantity of 2004-crop rice pledged as collateral for marketing assistance loan was about 147.3 million cwt. As of September 12, 2005, about 97 percent of the quantity has been redeemed from loan, and CCC has 182,591 cwt. of inventoried rice available for sale to all interested parties.

When loan forfeitures occur, CCC's general policy is to dispose of all commodities as rapidly and orderly as possible. Farm Service Agency's county offices have been instructed to process rice loan forfeitures and settlements without delay, and to submit warehouse receipts to the Kansas City Commodity Office (KCCO). Accordingly, storing warehouse operators and all other parties interested in acquiring CCC-owned rice will have an opportunity to negotiate a sale with KCCO when the rice is added to CCC inventory.

CCC expects to acquire about 620,000 cwt. of rice through the forfeiture of marketing assistance loans which matured June 30 through August 31, 2005. In many cases, the rice was pledged as collateral under a farm-stored loan, in which case CCC takes title to the rice and includes it as CCC inventory after the rice is delivered to a warehouse operating under a UGRSA. As additional deliveries occur and warehouse receipts are received at KCCO, the rice inventory will be updated and made available for sale to all interested parties without notice to the trade.

Sales Provisions

Effective 9:00 a.m. central time (CT), September 15, 2005, all rice on the inventory listing will be available for immediate sale through negotiated sales to storing warehouse operators and all other interested parties. All parties must submit bids by calling KCCO at (816) 926-3816.

Information on CCC-owned rice will be available at:

< <http://www.fsa.usda.gov/catalogs> >, beginning at 12:00 p.m. CT on Tuesday, September 13, 2005. Warehouse operators may want to consider subscribing to one or more reports on Commodity Operations E-List, such as the Daily Cash Sales report. There is no subscription fee. This service is available at:

< <http://www.fsa.usda.gov/daco/subscribe.asp> >.



Each bidder must supply the following information: lot number(s), warehouse code and location (city, county, and State), and an in-store flat price bid. Lots, regardless of size, must be bid on in their entirety. Partial lot bids will be rejected.

CCC-owned rice will be sold and released in-store at the point of origin using the factors shown on the warehouse receipt. Prior to submitting a bid, interested parties are advised to check with the storing warehouse operator regarding applicable load out rates, scheduling, and quality and location of rice. Additionally, interested parties are strongly urged to work with the storing warehouse operator to establish premium and discount schedules in cases of quality or location discrepancies, as any differences must be settled between the buyer and the storing warehouse operator.

Title and risk of loss will transfer from CCC to the buyer 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 5 business days after the date of the contract, interest 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. When CCC transfers title of rice in-store to a third party, the storing warehouse operator is expected to load out for the third party the quantity of rice per day specified in the UGRSA, including unit train load out rates applicable to CCC.

CCC reserves the right to accept or reject any or all bids.

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

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

By Wire Transfer: Federal Reserve Bank New York City, ABA# 0210-3000-4,
BNF=/AC – 00004992
OBI=CCC/KCCO, Contract Number & Company Name

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

Any questions regarding this Notice should be directed to KCCO at (816) 926-3816.

/s/

William Turbitt
Acting Director