



**United States
Department of
Agriculture**

Farm and Foreign
Agricultural Services

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BCD-109

Farm Service
Agency

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

NOTICE TO THE TRADE

TO: All Peanut Warehouse Operators Licensed Under the U.S. Warehouse Act (USWA) and/or Approved Under the Peanut Storage Agreement (PSA)

SUBJECT: Instructions and Reminders for Recording and Maintaining 2005-Crop Peanuts

Background:

The Farm Security and Rural Investment Act of 2002 converted the Peanut Program from a quota price support program into a marketing assistance loan program. For the 2005 crop year, the Farm Service Agency (FSA) has revised the form FSA-1007, Inspection Certificate and Calculation Worksheet, and is requesting warehouse operators to include additional information on warehouse receipts to facilitate marketing assistance loan processing. Also, warehouse examination reports have revealed the mishandling of warehouse receipts and unacceptable record-keeping practices by some warehouse operators.

The Purpose of This Notice Is To:

- 1) Direct warehouse operator's attention to new data fields on the Form FSA-1007,
- 2) Remind warehouse operators of the filing and maintenance requirements for the Form FSA-1007,
- 3) Advise warehouse operators that electronic warehouse receipts (EWRs) will be accepted for marketing assistance loans and loan deficiency payments (LDP),
- 4) Instruct warehouse operators in proper issuance and cancellation of warehouse receipts, including a reminder in the instructions for filling out a 2005-crop warehouse receipt,
- 5) Remind warehouse operators of properly maintaining a current and complete daily position record (DPR),
- 6) Update Commodity Credit Corporation (CCC) receiving charges for three States, and
- 7) Urge warehouse operators to immediately request examinations of any additional storage facilities.

ActionFORM FSA-1007 “INSPECTION CERTIFICATE AND CALCULATION WORKSHEET”

Form FSA-1007 has been revised for the 2005 crop year. In section II, it now has an area to record factors for high moisture peanuts. FSA requires that area to be completed if it applies to the high moisture peanuts covered by the FSA-1007. For non-USWA licensed warehouses, the use of form FSA-1007 requires that the non-USWA licensed warehouse operator cross out the certification of a licensed weigher in the box as well as the word “licensed” above the signature of the weigher.

FILING and MAINTENANCE REQUIREMENTS FOR THE FSA-1007

Those warehouse operators electing to use the FSA-1007 in lieu of an inspection weight and certificate must maintain a complete consecutive numerical file system that contains every “DACO” dedicated copy of the FSA-1007 used and unused. This file must also contain all misfeeds, spindles, voids and un-issued “DACO” copies of their FSA-1007’s.

EWRs ACCEPTABLE FOR LOAN AND LDP PROCESSING

During the 2003 and 2004 crop years, a pilot project to handle EWRs for peanuts was successfully implemented. For the 2005 crop year, warehouse operators with signed agreements with EWR, Inc. (the approved FSA provider) will be issuing all peanut warehouse receipts as EWRs. At the request of producers, the EWRs may be converted to paper warehouse receipts. FSA will be able to use the data stored with EWR, Inc. to process loans and LDPs. The data files will eliminate the entry of warehouse information and peanut grading factors associated with a receipt by county offices when processing loans or LDPs.

WAREHOUSE RECEIPT PREPARATION

For the FSA county office to properly and efficiently process loan requests, each warehouse operator, when issuing a warehouse receipt for any peanuts stored within their warehouse, will enter on each warehouse receipt the buying point number, city and State of the primary location where the peanuts were first delivered and graded. The warehouse operators will enter this information in the shaded area above the “Comments” area of a paper warehouse receipt or within the identified blocks of the Electronic Warehouse Receipt (EWR) profile.

Warehouse operators who elect to maintain their DPR in gross weight must also enter on the warehouse receipt the gross weight of the peanuts represented by the warehouse receipt. The warehouse operators will enter this information in the shaded area above the

“Comments” area of a paper warehouse receipt or within the identified blocks of the EWR profile.

REMINDER: CHANGE IN WAREHOUSE RECEIPT PREPARATION INSTRUCTION

Current instructions for the issuance of negotiable warehouse receipts may be found on the Commodity Operations website at the following address,
<http://www.fsa.usda.gov/daco/peanuts.htm>.

The warehouse operator must include in the comment section of each warehouse receipt concerning Net Pounds and Loose Shelled Kernels (LSK) the following:

- The total value of the peanuts, Net Pounds and LSK pounds represented by this warehouse receipt, calculated using USDA’s Price Table File issued on _____, is \$ _____. The warehouse operator’s obligation shall be to deliver this total value upon demand.
- Return of peanuts will be both net pounds and LSK pounds. Both have been reduced for a shrink factor.

ISSUANCE AND CANCELLATION OF WAREHOUSE RECEIPTS

Besides maintaining sufficient peanuts in licensed or approved space to cover all obligations including company-owned peanuts, the warehouse operator must issue a warehouse receipt only for peanuts physically received and stored within their licensed or approved space. Likewise, the warehouse operator must **not redeliver, ship or remove** any peanuts from licensed or approved storage space based on written or oral orders from the current holder or other lawful person without the warehouse operator having physical possession of the paper warehouse receipt, or being made the final holder of the EWR, or upon receipt of DACO approval for such peanuts.

FSA **prohibits** any warehouse receipt or warehouse record to remain outstanding and uncanceled for any peanuts shipped or removed from licensed or approved storage space and no longer stored by the warehouse operator. FSA may suspend a warehouse operator’s operations, even during the harvest season, pending further investigation into serious violations of the USWA and/or PSA.

DPR MAINTAINENCE REQUIREMENT

The warehouse operator must maintain current and complete records at all times with respect to all peanuts stored, handled, or under the control of the warehouse operator.

The required records must include, but are not limited to, a DPR showing, **as activity occurs**, the total net or gross quantity of each kind and type of peanuts in licensed or approved space and outstanding storage obligations including company-owned peanuts as of the close of each

business day during which any activity, adjustment, or transaction occurred. This record must include all locations in a combined report by license and/or PSA (CCC code) number. The warehouse operator must provide access and make these records available on-site, unless otherwise agreed to by FSA in writing.

CCC RECEIVING RATES FOR PEANUTS

Supplementing the Notice to the Industry BCD-96, dated April 22, 2005, are the following rate changes:

For receiving of peanuts delivered to buying points in:

STATE	RATE (per ton)
North Carolina	\$36.75
Oklahoma	\$37.00
Virginia	\$37.95

AMENDMENT EXAMINATIONS

Warehouse operators are cautioned to carefully consider their storage needs for the 2005 crop year. Requests for amendment examinations should be made as soon as possible. Specifically, warehouse operators planning to use conventional space must request an amendment examination and Kansas City Commodity Office (KCCO) must perform an amendment examination prior to storing peanuts in these facilities.

CONTACTS

Contact for Non-USWA or State Licensed warehouses.

If operating as a Non-USWA or a State licensed warehouse with a PSA, direct your questions to:

Steve Searcy, Chief, Storage Contract Branch

Bulk Commodities Division

Kansas City Commodity Office -- MAIL STOP 8748

PO Box 419205

Kansas City, Missouri 64141-6205

Telephone: (816) 926-6446 -- Facsimile: (816) 926-1426 or (816) 823-1804

E-mail: steve.searcy@kcc.usda.gov

Contact for U.S. Warehouse Act (USWA) Licenses.

If operating under a USWA license with a PSA, direct your questions to:

Terry Chapman, Chief, Licensing Branch,
Warehouse Licensing and Examination Division
Kansas City Commodity Office -- MAIL STOP 9148
PO Box 419205
Kansas City, Missouri 64141-6205
Telephone: (816) 926-6474 -- Facsimile: (816) 926-1774
E-mail: terry.chapman@kcc.usda.gov

Thank you for your attention to these important matters.

/s/

George W. Aldaya
Director