



United States
Department of
Agriculture

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Farm and Foreign
Agricultural Services

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)

SUBJECTS: Updated Instructions for Preparing Warehouse Receipts, Proper Filing of the Farm Service Agency's (FSA) Form 1007; Restatement of Warehouse Operator's Duty Regarding Daily Position Record (DPR) Maintenance and the Issuance and Cancellation of Warehouse Receipts

Background:

The 2002 Farm Security and Rural Investment Act converted the Peanut Program from a quota price support system into a marketing assistance loan program. For the 2004 peanut crop year, FSA is requesting warehouse operators to include additional information on warehouse receipts in order to improve marketing assistance loan processing. Also, warehouse examinations have revealed illegal handling of warehouse receipts and unacceptable record-keeping maintenance practices by peanut warehouse operators.

Purpose:

The purpose of this notice is to provide instructions to peanut warehouse operators for making additional required entries on warehouse receipts, provide instructions for correct filing procedures for the FSA-1007, remind peanut warehouse operators of their legal duty regarding the issuance and cancellation of warehouse receipts, and DPR maintenance.

Action:

WAREHOUSE RECEIPT PREPARATION

In order that FSA's Price Support Division may 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 and name of the primary location where the peanuts were first delivered and graded. The warehouse operators will enter this information in the shaded area (see Exhibit One) 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 (see Exhibit One) above the “Comments” area of a paper warehouse receipt or within the identified blocks of the EWR profile.

INSTRUCTION CHANGE

Instruction E2 (Comments) is changed to read:

Enter any information, such as off the FSA-1007, desired to be on this warehouse receipt. In addition, the following statements must be entered “Return of peanuts will be both net pounds and LSK pounds. Both have been reduced for a shrinkage factor.” “For the _____ crop year peanuts only, total loan value of the peanuts, Net Pounds and LSK Pounds represented by this warehouse receipt, calculated using USDA’s Price Table File issued on _____, is \$_____. Warehouse operator’s obligation shall be to deliver this total loan value upon demand.”

[In this statement, the warehouse operator enters the current crop year, the date of the applicable USDA’s Price Table File and the loan value of the peanuts after the “\$” sign.]

FILING REQUIREMENTS FOR THE FSA-1007

Those warehouse operators electing to use the FSA-1007 in lieu of a weight and inspection 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.

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

ISSUANCE AND CANCELLATION OF WAREHOUSE RECEIPTS

Besides maintaining sufficient peanuts in licensed or approved space to cover all obligations including company-owned, the warehouse operator must only issue a warehouse receipt 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 other document of release 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.

CONTACTS

- **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: tlchapman@kcc.usda.gov

• **Contact for Non-USWA or State Licensed warehouses.**

If operating as a Non-USWA 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: sasearcy@kcc.usda.gov

Thank you for your attention to this important matter.

/s/

George W. Aldaya
Director

Attachments

EXHIBIT ONE

[A1] Warehouse Receipt No

[A6] CONTROL No.

[A2] CCC Code No.

[A3] License No.

[A4] Name of Warehouse

[A5] Location City and State

United States Warehouse Act Warehouse Receipt for Peanuts Original - Negotiable

[B1] Received From	
[B2] of City, State	

for storage in the above named warehouse in the course of interstate or foreign commerce, peanuts in the amount, type, grade / segregation, and status as described below, for which this receipt is issued subject to the United States Warehouse Act, 7 CFR Part 735, and the Nut Licensing Agreement. Quality will be determined by a Federal or Federal - State inspector. Weight is as determined by a weigher licensed under the United States Warehouse Act. The undersigned warehouse operator is not the owner of the peanuts covered by this receipt, either solely, jointly, or in common with others, unless stated hereon. Upon the return of this receipt properly endorsed and with the payment of all charges and liabilities due the undersigned warehouse operator as stated below, these peanuts, or peanuts of the same or better quality will be delivered to the named depositor or ORDER.

[C1] These peanuts are insured uninsured by the undersigned warehouse operator against loss or damage by fire, lightning, and other risk under a form of policy which automatically attaches for the full replacement value of stored nuts.

[C2] Issue Date	[C3] Crop Year	[C4] Type	[C5] Segregation / Grade	[C6] Net Pounds	[C7] LSK Pounds	Virginia (shelled)	
		<input type="checkbox"/> Runner <input type="checkbox"/> Virginia <input type="checkbox"/> Spanish <input type="checkbox"/> Valencia				[C14] % ELK	[C15] % Fancy
[C8] Storage Date	[C9] How Stored	[C10] Status	[C11] Net Tons	[C12] % Moisture	[C13] % foreign material	Valencia (unshelled)	
	<input type="checkbox"/> Bags <input type="checkbox"/> Bulk	<input type="checkbox"/> Unshelled <input type="checkbox"/> Shelled				[C16] % Cracked or Broken Shells	[C17] % Discolored Shells

[C18] Identity Preserved Lot No.

Factors For All Peanuts:

[D1] Total KRS (Gr.)	[D2] Damage KRS (Gr.)	[D3] % SMKRS	[D4] % Sound Splits	[D5] % Total SMK	[D6] % Other Kernels	[D7] Damage Splits (Gr.)	[D8] % Total Damage	[D9] % Total Kernels	[D10] % HULLS	[D11] % Total Kernels & HULLS

Buying Point Number: _____ Name: _____	←		[D13] % Freeze Damage	[D14] % Concealed RMD
[Optional] Gross Weight: _____	←	<input type="checkbox"/> Found <input type="checkbox"/> Not Found		

The undersigned warehouse operator claims a lien on these peanuts for charges and liabilities as follows: [E 1]

Handling and other accrued charges according to the tariff of the company. Full amount of charges furnished upon request.

Comments: [E2]

Issued At [F1] _____ <div style="text-align: center;">City, State</div>	_____ <div style="text-align: center;">[F2] Warehouse Operator</div>
	_____ <div style="text-align: center;">[F3] By</div>

Issuing a fraudulent warehouse receipt, illegal conversion, or removal of the peanuts represented by this receipt is punishable by imprisonment, fines, and other penalties. All information provided herein is subject to verification by the United States Warehouse Act (7 U.S.C.. 254). The provisions of criminal and civil fraud statutes that apply to this certification, include but are not limited to the following: 18 U.S.C. 286, 287, 371, 641, 651, 1001, and 1014; 15 U.S.C. 714m.; and 31 U.S.C. 3729.