



PLAINS COTTON COOPERATIVE ASSOCIATION □ P. O. BOX 2827 □ LUBBOCK, TEXAS 79408 □ FAX: (806) 762-7335 □ PHONE (806) 763-8011

October 4, 2001

Mr. Roger Hinkle  
Chief, Licensing Authority Branch, Warehouse and Inventory Division  
Farm Service Agency  
United States department of Agriculture  
STOP 0553  
1400 Independence Avenue, SW  
Washington, DC 20250-0553

*Re: Proposed Rule: "Implementation of the United States Warehouse Act," 66 F.R. 46310  
(September 4, 2001)*

*Federal Register Docket #: RINo560-AG45 Implementation of the United States Warehouse Act*

Dear Mr. Hinkle:

Thank you for the opportunity to make the following comments:

Regulations  
735.401 (5)

Conflict of Interest requirements:

What constitutes a conflict of interest? This issue is spelled out more clearly in Exhibit F, section I paragraph c., "The Provider will operate a CFS in a manner that does not favor the interests of any party over those of another party or which creates the appearance of operation in a manner that is biased in favor of any other party." For instance, could this be interpreted to mean that PCCA could not operate a cotton trading system and a cotton title provider system, like it had from 1989 to 2001?

Exhibit C.

V. Liability

The word "strictly" in the first sentence is not appropriate and should be removed. This makes any problem dealing with the provider system the provider's fault, irregardless of whether the provider has any control over such a problem.

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Exhibits C and F

Fees

The FSA fee for an approved provider has been the same since 1995. We understand the need for a rise in fee, however, we feel that a 450% increase (2,000 to 9,000) is a bit steep.

Warehouse Inspections:

Section IV, 10, deals with the inspection/examination of warehouses. Wording needs to be added to the opening paragraph. "The warehouse operator agrees to permit any officer or agent of the United States, authorized by the FSA, to enter and inspect... and will furnish that officer or agent the assistance necessary to enable making any inspection or examination **without disrupting the normal business duties of the warehouse.**" In the past, some warehouse inspectors have been disruptive and disrespectful of warehouse personnel.

Section V, 1,3. (relating to paper receipts) states that nothing contained in this section would keep a warehouse from selling the cotton when charges are greater than the market value of the cotton. This is agreeable, but should also be included in electronic warehouse receipt wording as well.

Once again, thank you for the opportunity to comment. Please feel free to call if we can clarify our concerns.

Sincerely



Joe Tubb  
Vice-President Information Systems