

For: State and County Offices

**Entities With Majority Interest Holders**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Current regulation and operating procedure require that the majority interest holder in a corporation, limited liability company, limited partnership, limited liability partnership, or similar entity be considered one "person" with the entity. This determination of one "person" for the entity and the majority interest holder must also be recorded in the automated subsidiary files for correct nationwide payment limitation control.

Audits and reviews revealed that the majority interest holder and the respective entity were not recorded in the automated system as a combined "person." The error condition occurred because COC either failed to correctly determine that the majority interest holder and the entity were one "person" for program payment limitation purposes or County Office personnel failed to correctly enter the determination in the automated system.

**When this error condition is present, there are no assurances that payments are correctly limited to entities and the majority interest holders.**

**B Purpose**

This notice provides information and instructions on identifying and correcting this error condition if it is present. This completion of these activities will provide assurance that payments are correctly limited to the entities described and the majority interest holders in these entities.

<b>Disposal Date</b>	<b>Distribution</b>
December 1, 2005	State Offices; State Offices relay to County Offices

## Notice PL-133

### 2 Requirements

#### A “Person” Determinations

The majority interest holder and a corporation, limited liability company, limited partnership, limited liability partnership, or similar entity, must be considered one “person” for payment limitation purposes. See 1-PL, paragraph 313 and 7 CFR §1400.101.

The required “person” determination is to be made by COC or reviewing authority and documented on CCC-503 A according to 1-PL, paragraphs 393 and 394.

This determination is to be recorded in the automated subsidiary files according to 2-PL, paragraphs 303 through 331.

**Note:** There are **no** exceptions authorized.

### 3 Instructions

#### A Identifying Entities With Majority Interest Holders

Upon installation of Software Release No. 557, queries designated ENTITY04 and ENTITY 05 were added to the QRPRADJ1 Query library. This query will identify entities with majority interest holders for 2004 and 2005, respectively.

#### B County Office Action

County Offices are instructed to use these queries to identify entities with a majority interest holder for the current year 2004 and 2005, and if necessary, take corrective actions.

#### C State Office Action

State Offices shall ensure that County Offices follow provisions of this notice and monitor County Office actions, as needed.