

For: State and County Offices

Entities With Majority Interest Holders

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Under current regulation and operating procedure, the majority interest holder in a corporation, limited liability company, limited partnership, limited liability partnership, or similar entity shall be considered 1 “person” with the entity. Determination of 1 “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** always recorded in the automated system as a combined person. **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 the error condition if it is present.

Note: Completing the activities in this notice will provide assurance that payments are correctly limited to the entities described and the majority interest holders in the entities.

2 Requirements

A “Person” Determinations

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

Disposal Date	Distribution
June 1, 2007	State Offices; State Offices relay to County Offices

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2 Requirements (Continued)

A "Person" Determinations (Continued)

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

The 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. 590, a query designated "ENTITY06" was added to the QRPRADJ1 query library. The query will identify entities with majority interest holders for 2006.

B County Office Action

County Offices shall use query ENTITY06 to identify entities with a majority interest holder for current year 2006, and if necessary, make the appropriate determinations.

Before running the query, compress the print by typing "**LINES 88,15,8**" on a command line and PRESS "Enter".

Initiate and run the query according to the following table.

Step	Action
1	On Menu FAX250, select option "4".
2	Select the appropriate office from the Office Selection Screen.
3	On the Application Selection Menu, select option "11".
4	On PFC/DCP/Compliance Menu M00000, select option "6".
5	On Menu MCD600, select option "5", "Print Temporary Query Reports."
6	On the next screen, ENTER "ENTITY06" in the "Name of Query" field.
7	ENTER "N" in the "Select Records" field.
8	ENTER "QRPRADJ1" in the "Name of Query Library" field and PRESS "Enter".
9	The query will print on the printer defaulted for the terminal.

C State Office Action

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