

**For:** State and County Offices

**Entities With Majority Interest Holders**

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**Approved by:** Deputy Administrator, Farm Programs



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**1 Overview**

**A Background**

The majority interest holder in a corporation, limited liability company, limited partnership, limited liability partnership, or similar entity is to be considered 1 “person” with the entity. The determination of 1 “person” for the entity and the majority interest holder **must** also be recorded in the automated systems for correct nationwide payment limitation control.

There are no capabilities available on the web-based combined system or System 36 subsidiary files to automatically make the required “person” combination of the majority stockholder with the entity, or to identify if such a combination is required. Consequently, there are no assurances that payments are correctly limited to entities and the majority interest holders.

**B Purpose**

This notice provides:

- information on using a query to identify entities with majority interest holders
- instructions for determining whether the correct “person” determinations have been made and recorded.

**C Expected Results**

Completing the activities in this notice by September 30, 2008, will provide a greater level of assurance that program year 2008 payments are correctly limited to the entities described and the majority interest holders in the entities.

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<b>Disposal Date</b>	<b>Distribution</b>
July 1, 2009	State Offices; State Offices relay to County Offices

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### 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.

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

#### B Record “Person” Determinations

The correct “person” determination shall be recorded in the:

- automated subsidiary files according to 2-PL, Part 5, Sections 1 and 2 and paragraphs 330 and 331
- web-based combined system according to 3-PL, Part 5, Section 2.

### 3 Instructions

#### A Identifying Entities With Majority Interest Holders

Upon installing Software Release No. 648, a query designated “ENTITY08” will be added to the QRPRADJ1 query library. The query will identify entities with majority interest holders for 2008.

#### B County Office Action

County Offices shall use query ENTITY08 to identify entities with a majority interest holder for current year 2008, and if necessary, make the appropriate determinations according to subparagraph 2 A.

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

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### 3 Instructions (Continued)

#### B County Office Action (Continued)

Initiate and run the query according to the following table.

Step	Action
1	On Menu FAX250, ENTER "3" or "4", as applicable.
2	Select the appropriate office from the Office Selection Screen FAX09002.
3	On the Application Selection Menu FAX07001, ENTER "11".
4	On the PFC/DCP/Compliance Menu M00000, ENTER "6".
5	On Menu MCD600, ENTER "5", "Print Temporary Query Reports".
6	On the Temporary Query Reports Screen MCD60501, ENTER "ENTITY08" 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
- monitor County Office actions as needed.