

For: Sugar State and County Offices

Forfeiture Penalty for Sugar Processors

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Several sugar processors have recently indicated their intention to forfeit loan collateral to CCC.

B

Purpose

This notice:

- reminds County Offices to follow 10-SU, Part 6, Section 1 for loan maturities and forfeitures
- provides instructions for collecting the sugar forfeiture penalty.

2 County Office Action

A

Notice of Intent to Forfeit

County Offices shall:

- issue loan maturity notification according to 10-SU, paragraph 193
- upon receipt of forfeiture notice from processor, issue to the processor a notice citing the responsibilities for maintaining CCC-owned sugar according to 10-SU, paragraph 194
- FAX to the State Office:
 - processor's name
 - forfeiture date
 - copy of notice completed according to 10-SU, subparagraph 194 B.

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| <p>Disposal Date</p> <p>August 1, 2001</p> | <p>Distribution</p> <p>Sugar State Offices; State Offices relay to County Office</p> |
|---|---|

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2 County Office Action (Continued)

**B
Forfeiture
Penalty**

A penalty shall be assessed and paid by a processor at the time of forfeiture of any sugar pledged as collateral for nonrecourse loans. County Office shall calculate the penalty as follows:

- 1 cent per pound, raw value, for raw sugar
- 1.072 cent per pound, refined basis, for refined beet sugar.

Example: If a sugar processor forfeits 2,500 lbs. of refined beet sugar, the penalty would be \$26.80 (2,500 lbs. x .01072 = \$26.80).

**C
Deposits**

County Offices shall collect and deposit the forfeiture penalty according to 3-FI, using the program code "OTHPENALTY".

3 State Office Action

**A
Action**

State Offices shall FAX the forfeiture intention information to the following offices.

| Office | Telephone Number |
|----------|------------------|
| PSD | 202-690-3307 |
| KCCO-IMB | 816-823-1804 |
