

**For:** Sugar State and County Offices

**Forfeiture Procedures for Sugar Processors**

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



**1 Overview**

**A**

**Background**

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

**B**

**Purpose**

This notice:

- reminds County Offices to follow 10-SU, paragraphs 193 and 194 for loan maturities and forfeitures
- instructs County Offices to **timely** process sugar deliveries and settlements in APSS as soon as possible according to 10-SU, paragraphs 205 and 206
- provides instructions for collecting the sugar forfeiture penalty
- provides polarity premiums and discounts
- provides procedures for County Offices to:
  - offset forfeiture penalty from polarity premiums
  - accept polarity test results from the processor at time of forfeiture.

<p><b>Disposal Date</b></p> <p>August 1, 2002</p>	<p><b>Distribution</b></p> <p>Sugar State Offices; State Offices relay to applicable County Offices</p>
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## Notice SU-69

### 2 County Office Action

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#### A

#### Notice of Intent to Forfeit

County Offices shall:

- issue loan maturity notification according to 10-SU, paragraph 193
  - include, in the loan maturity notification, instructions for the sugar processor to forward CCC-560 to KCCO, Bulk Commodities Division (BCD), Inventory Management Branch (IMB) at least 30 calendar days before loan maturity if the processor intends to forfeit
  - 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, **except** for the sampling and testing for polarity
  - FAX the following to the State Office:
    - processor's name
    - forfeiture date
    - copy of notice completed according to 10-SU, subparagraph 194 B.
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#### 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 Offices 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).

County Offices must remind the processor that:

- the forfeiture penalty is **due** and **payable** in the County Office the first workday after maturity
  - unless a forfeiture penalty is received the first workday after maturity, the forfeiture is not considered bonafide.
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**Notice SU-69**

**2 County Office Action (Continued)**

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**C**

**Polarity  
Premiums and  
Discounts**

Sugarcane processors may request premiums and discounts **only** at forfeiture at the County Office on the first workday after maturity for polarity adjustments to be made.

County Offices shall:

- remind processors that polarity tests are the processor’s responsibility
- calculate the applicable premium and discount according to Exhibit 1
- offset the forfeiture penalty from the premium payment.

**Example:** If a sugarcane processor forfeits 2,500 lbs. of sugarcane, the penalty would be \$25 (2,500 lbs. x .01000=\$25). The processor presents polarity results that tested 99.0 degrees of which, according to Exhibit 1, will result in a premium of \$23.63 (2,500 lbs. x 0.9450=\$23.63).

Subtract the forfeiture penalty from the premium, and collect and deposit the remaining monies due according to subparagraph D.

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**D**

**Deposits**

County Offices shall collect and deposit the forfeiture penalty according to 3-FI, using the program code “00SUGFORF”.

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**3 State Office Action**

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**A**

**Action**

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

Office	FAX Number
PSD	202-690-3307
KCCO, BCD, IMB	816-823-1804

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**Bulk Raw Cane Sugar Polarity Premium and Discount Schedule**

This table provides a schedule for premiums and discounts adjusted for polarity degree.

<b>Premiums</b>		<b>Discounts</b>	
<b>Polarity Degree</b>	<b>Adjustment (Cents/Lb.)</b>	<b>Polarity Degree</b>	<b>Adjustment (Cents/Lb.)</b>
99.0+	0.9450	95.9	-0.0315
98.9	0.9135	95.8	-0.0630
98.8	0.8820	95.7	-0.0945
98.7	0.8505	95.6	-0.1260
98.6	0.8190	95.5	-0.1575
98.5	0.7875	95.4	-0.1890
98.4	0.7560	95.3	-0.2205
98.3	0.7245	95.2	-0.2520
98.2	0.6930	95.1	-0.2835
98.1	0.6615	95.0	-0.3150
98.0	0.6300	94.9	-0.3465
97.9	0.5985	94.8	-0.3780
97.8	0.5670	94.7	-0.4095
97.7	0.5355	94.6	-0.4410
97.6	0.5040	94.5	-0.4725
97.5	0.4725	94.4	-0.5040
97.4	0.4410	94.3	-0.5355
97.3	0.4095	94.2	-0.5670
97.2	0.3780	94.1	-0.5985
97.1	0.3465	94.0	-0.6300

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**Bulk Raw Cane Sugar Polarity Premium and Discount Schedule (Continued)**

<b>Premiums</b>		<b>Discounts</b>	
<b>Polarity Degree</b>	<b>Adjustment (Cents/Lb.)</b>	<b>Polarity Degree</b>	<b>Adjustment (Cents/Lb.)</b>
97.0	0.3150		
96.9	0.2835		
96.8	0.2520		
96.7	0.2205		
96.6	0.1890		
96.5	0.1575		
96.4	0.1260		
96.3	0.0945		
96.2	0.0630		
96.1	0.0315		
96.0	0		