



## **Compliance Policy**

*Revised and Approved by Finance Committee: April 3, 2012*

*Approved by Board: May 8, 2012*

*Approved by USDA: May 22, 2012*

As required by the Softwood Lumber Research, Promotion, Consumer Education and Industry Information Order and AMS Guidelines, the Softwood Lumber Board (hereinafter the “Board”) is responsible for promptly identifying delinquencies in assessments and is required to develop procedures that include a timetable for the referral of compliance cases to AMS for appropriate action.

Promptly paying assessments supports the fundamental principle on which the check-off is built—the fair and equal application of the Order to all eligible companies. Paying assessments is also a requirement of the authorizing legislation for the check-off which provides that USDA may assess a person who willfully violates the provisions of the Order a civil penalty of not less than \$1,200 per day for each day they are in violation. Therefore the Board will make every attempt possible to bring delinquencies into compliance. Should its efforts not be successful, the Board will notify AMS of any delinquency and describe the exhaustive efforts made by the Board before referring the case to AMS.

To fulfill its compliance obligations and thereby maintain the fairness and integrity of the program, the Board will institute procedures for periodic verification of shipments of companies paying assessments or requesting exemption from payment of assessments. The Finance Committee will oversee this review function.

As prescribed in the Order, assessments are due by the 30<sup>th</sup> calendar day of the month following the end of the quarter in which the lumber was shipped. To fulfill its obligation to collect assessments, the Board will:

- Mail the “Shipment / Import Quarterly Report” (OMB No. 0581-0264), which serves both as an invoice and the form on which companies report shipments for the quarter, ten (10) calendar days prior to the end of each quarter;
- Send the first past due notice by registered demand letter and e-mail fifteen (15) calendar days after the due date;
- Make the first follow-up reminder call twenty-five (25) calendar days after due date.

- Send the second past due notice, including an option to negotiate a payment plan approved by USDA, by registered mail and e-mail forty (40) calendar days after the due date;
- Make the second follow-up reminder call fifty (50) calendar days after the due date.
- For delinquent domestic manufacturers who have not paid the assessment and submitted a shipment report as required by the Order within sixty (60) calendar days after due date, or agreed on a plan with the Board to remit delinquent payments, the Board will notify the delinquent U.S. manufacturer by registered letter and email of the Board's intention to conduct an audit of shipment data. The Board will also keep USDA advised of delinquent companies and when appropriate request that a telephone call be made and/or a letter issued.

If the company denies the Board access, or if after the audit is conducted, the company refuses to pay or enter into a payment plan with the Board, the Board will refer the case to USDA. Upon receipt of compliance cases (including audit results if available), AMS will, *if appropriate*:

1. Contact the delinquent party either by telephone, letter with delivery confirmation (e.g., FedEx or certified mail), or other means;
2. Issue an administrative subpoena for shipment records (if one has not already been performed);
3. Pursue collection by administrative offset, if applicable;
4. Refer violations to USDA's Office of the General Counsel (OGC) for action (collections pursued through administrative offset would not be sent to OGC); and/or
5. Other actions as appropriate.

A pro forma calendar is attached.

## Pro Forma Calendar

- March 20: Q1 “Shipment / Import Quarterly Report” mailed to non-exempt companies. This report serves both as an invoice and the form on which companies report shipments for the quarter.
- April 10: Q4 Commence audit of shipment records. If the company denies the Board access or, if after the audit is conducted, the company refuses to pay or enter into a payment plan with the Board, the Board will refer the case to USDA.
- May 15: Q1 First past due notice by registered demand letter and e-mail.
- May 20: Q1 First follow-up reminder call.
- May 30: Q1 Second past due notice, including an option to negotiate a payment plan, by registered mail and e-mail.
- June 10: Q1 Second follow-up reminder call.
- June 20: Q1 Inform USDA of delinquent companies and request that a telephone call be made and/or a warning letter (educational) be issued (for companies that have not paid the assessment, submitted a shipment report, or agreed on a plan with the Board to remit delinquent payments).
- Q1 If the manufacturer fails to respond and makes no attempt to come into compliance within twenty (20) calendar days after contact by USDA, the Board will notify the delinquent U.S. manufacturer by registered letter and email of the Board’s intention to conduct an audit of shipment data. If efforts to conduct an audit fail and the company continues to refuse payment and deny access to records, the Board will request that USDA issue an administrative subpoena for the records. If the company denies the Board access or, if after the audit is conducted, the company refuses to pay or enter into a payment plan with the Board, the Board will refer the case to USDA.
- June 20: Q2 “Shipment / Import Quarterly Report” mailed to non-exempt companies.
- August 15: Q2 First past due notice by registered demand letter and e-mail.
- August 20: Q2 First follow-up reminder call.
- August 30: Q2 Second past due notice, including an option to negotiate a payment plan, by registered mail and e-mail.
- Sept. 10: Q2 Second follow-up reminder call.

- Sept 20: Q2 Refer delinquent companies to USDA with request that a telephone call be made and/or a warning letter (educational) be issued.
- Q2 If the manufacturer fails to respond and makes no attempt to come into compliance within twenty (20) calendar days after contact by USDA, the Board will notify the delinquent U.S. manufacturer by registered letter and email of the Board's intention to conduct an audit of shipment data. If the company denies the Board access or, if after the audit is conducted, the company refuses to pay or enter into a payment plan with the Board, the Board will refer the case to USDA.
- Sept 20: Q3 "Shipment / Import Quarterly Report" mailed to non-exempt companies.
- Nov. 15: Q3 First past due notice by registered demand letter and e-mail.
- Nov. 20: Q3 First follow-up reminder call.
- Nov. 30: Q3 Second past due notice, including an option to negotiate a payment plan, by registered mail and e-mail.
- Dec. 10: Q3 Second follow-up reminder call.
- Dec. 20: Q3 Inform USDA of delinquent companies and request that a telephone call be made and/or a warning letter (educational) be issued.
- Dec. 20: Q3 If the manufacturer fails to respond and makes no attempt to come into compliance within twenty (20) calendar days after contact by USDA, the Board will notify the delinquent U.S. manufacturers by registered letter and email of the Board's intention to conduct an audit of shipment data. If the company denies the Board access or, if after the audit is conducted, the company refuses to pay or enter into a payment plan with the Board, the Board will refer the case to USDA.
- Dec. 20: Q4 "Shipment / Import Quarterly Report" mailed to non-exempt companies.
- Feb. 15: Q4 First past due notice by registered demand letter and e-mail.
- Feb. 20: Q4 First follow-up reminder call.
- Feb. 30: Q4 Second past due notice, including an option to negotiate a payment plan, by registered mail and e-mail.
- March 10: Q4 Second follow-up reminder call.
- March 20: Q4 Inform delinquent companies to USDA with request that a telephone call be made and/or a warning letter (educational) be issued.

Q4 If the manufacturer fails to respond and makes no attempt to come into compliance within twenty (20) calendar days after contact by USDA, the Board will notify delinquent U.S. manufacturers by registered letter and email of the Board's intention to conduct an audit of shipment data. If the company denies the Board access or, if after the audit is conducted, the company refuses to pay or enter into a payment plan with the Board, the Board will refer the case to USDA.