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shall be made under the direction or supervision of the Board.

(d) *Restricted credits.* During any marketing year, handlers who dispose of a quantity of eligible hazelnuts in restricted outlets in excess of their restricted obligations, may transfer such excess credits to another handler or handlers. Upon a handler's written request to the Board during a marketing year, the Board shall transfer any or all of such excess restricted credits to such other handler or handlers that the handler may designate. The Board, with the approval of the Secretary, shall establish rules and regulations for the transfer of excess restricted credits.

[40 FR 53227, Nov. 17, 1975, as amended at 51 FR 29549, Aug. 19, 1986; 61 FR 17560, Apr. 22, 1996]

§ 982.53 Substandard hazelnuts.

The Board shall, with the approval of the Secretary, establish such reporting and disposition procedures as it deems necessary to insure that hazelnuts which do not meet the effective inshell or shelled hazelnut minimum standards do not enter normal market outlets for certified hazelnuts.

§ 982.54 Deferment of restricted obligation.

(a) *Bonding.* Compliance by any handler with the requirements of § 982.50 when restricted hazelnuts may be withheld shall be temporarily deferred to any date requested by the handler, but not later than 60 days prior to the end of the marketing year. Such deferment shall be conditioned upon the voluntary execution and delivery by the handler to the Board of a written undertaking before beginning to handle merchantable hazelnuts during the marketing year. Such written undertaking shall be secured by a bond or bonds with a surety or sureties acceptable to the Board that on or prior to such date the handler will have fully satisfied the restricted obligation required by § 982.50, subject to any adjustment pursuant to § 982.51.

(b) *Bonding requirement.* Such bond or bonds shall, at all times during their effective period, be in such amounts that the aggregate thereof shall be no less than the total bonding value of the

handler's deferred restricted obligation. The bonding value shall be the deferred restricted obligation poundage multiplied by the applicable bonding rate. The cost of such bond or bonds shall be borne by the handler filing same.

(c) *Bonding rate.* Said bonding rate shall be an amount per pound as established by the Board. Such bonding rate shall be based on the estimated value of restricted credits for the current marketing year. Until bonding rates for a marketing year are fixed, the rates in effect for the preceding marketing year shall continue in effect. The Board should make any necessary adjustments once such new rates are fixed.

(d) *Restricted credit purchases.* Any sums collected through default of a handler on the handler's bond shall be used by the Board to purchase restricted credits from handlers, who have such restricted credits in excess of their needs, and are willing to part with them. The Board shall at all times purchase the lowest priced restricted credits offered, and the purchases shall be made from the various handlers as nearly as practicable in proportion to the quantity of their respective offerings of the restricted credits to be purchased.

(e) *Unexpended sums.* Any unexpended sums which have been collected by the Board through default of a handler on the handler's bond, remaining in the possession of the Board at the end of a marketing year, shall be used to reimburse the Board for its expenses, including administrative and other costs incurred in the collection of such sums, and in the purchase of restricted credits as provided in paragraph (d) of this section.

(f) *Transfer of restricted credit purchases.* Restricted credits purchased as provided for in this section shall be turned over to those handlers who have defaulted on their bonds for liquidation of their restricted obligation. The quantity delivered to each handler shall be that quantity represented by sums collected through default.

(g) *Collection upon bonds.* Collection upon any defaulted bond shall be deemed a satisfaction of the restricted

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obligation represented by the collection.

[40 FR 53228, Nov. 17, 1975, as amended at 46 FR 26039, May 11, 1981; 51 FR 29549, Aug. 19, 1986; 61 FR 17560, Apr. 22, 1996]

§ 982.55 Exchange of certified merchantable hazelnuts withheld.

Any handler who has withheld from handling certified merchantable hazelnuts pursuant to the requirements of § 982.50 may exchange therefor an equal quantity, by weight, of other certified merchantable hazelnuts. Any such exchange shall be made under the direction or supervision of the Board.

§ 982.56 Interhandler transfers.

Within the area of production, interhandler transfers of hazelnuts may be made as follows:

(a) Uncertified inshell hazelnuts may be sold or delivered by one handler to another for packing or shelling, and the receiving handler shall be responsible for compliance with the regulations effective pursuant to this part with respect to such hazelnuts.

(b) Restricted hazelnuts withheld by a handler may be sold or delivered to another handler for shelling, export, or other authorized outlet subject to the disposition requirements set forth in § 982.52.

(c) Certified hazelnuts other than restricted hazelnuts may be sold or delivered by one handler to another and the transferring handler shall be responsible for compliance with the requirements effective pursuant to this part, unless specified and agreed upon in writing by both handlers that the receiving handler shall be responsible for such compliance and a copy of such agreement is furnished to the Board.

(d) The Board, with the approval of the Secretary, shall establish procedures, including necessary reports, for such transfers.

§ 982.57 Exemptions.

(a) *General.* The Board, with the approval of the Secretary, may establish such rules, regulations, and safeguards that exempt from any or all requirements pursuant to this part such quantities of hazelnuts or types of shipments as do not interfere with the volume and quality control objectives of

this part, and shall require such reports, certifications, or other conditions as are necessary to ensure that such hazelnuts are handled or used only as authorized.

(b) *Sales by growers direct to consumers.* Any hazelnut grower may sell hazelnuts of such grower's own production free of the regulatory and assessment provisions of this part if such grower sells such hazelnuts in the area of production directly to end users at such grower's ranch or orchard or at roadside stands and farmers' markets. The Board, with the approval of the Secretary, may establish such rules, regulations, and safeguards and require such reports, certifications, and other conditions, as are necessary to ensure that such hazelnuts are disposed of only as authorized. Mail order sales are not exempt sales under this part.

[51 FR 29549, Aug. 19, 1986, as amended at 61 FR 17560, Apr. 22, 1996]

MARKET DEVELOPMENT

§ 982.58 Research, promotion, and market development.

(a) *General.* The Board, with the approval of the Secretary, may establish or provide for the establishment of projects involving production research, marketing research and development, and marketing promotion, including paid advertising, designed to assist, improve, or promote the marketing, distribution, consumption, or efficient production of hazelnuts. The Board may also provide for crediting the pro rata expense assessment obligations of a handler with such portion of such handler's direct expenditures for such marketing promotion including paid advertising as may be authorized. The expenses of such projects shall be paid from funds collected pursuant to § 982.61, § 982.63, or credited pursuant to paragraph (b) of this section.

(b) *Creditable expenditures.* The Board, with the approval of the Secretary, may provide for crediting all or any portion of a handler's direct expenditures for marketing promotion including paid advertising, that promotes the sale of hazelnuts, hazelnut products, or their uses. No handler shall receive credit for any allowable direct expenditures that would exceed the total of