

Monitor Update: Noncredit Claims—\$3,000 for Each Prevailing Class Member

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This is not a USDA publication.

Noncredit Claims—\$3,000 for Each Prevailing Class Member

1. Introduction

The Consent Decree divided *Pigford* claims into two types—credit claims and noncredit claims. The vast majority of class members in the case have credit claims. Several hundred class members, however, have both a credit claim and a noncredit claim, or have only a noncredit claim. This Monitor Update describes noncredit claims, and describes the payment that class members with prevailing noncredit claims will receive.

2. Noncredit Claims and Credit Claims—Defining the Difference

In general, a credit claim is a claim based on the class member's effort to get a farm loan from USDA. For example, if a class member claimed that USDA discriminated against him or her in the making of a Farm Operating Loan or a Farm Ownership Loan, the class member made a credit claim.

A noncredit claim, on the other hand, is a claim that is not based on an effort to get a farm loan—but instead is based on the class member's effort to receive some other type of benefit, including the payment of money, from USDA. For example, if a class member claimed that USDA discriminated against him or her in providing a USDA disaster payment, or in implementing a USDA conservation cost-share program, the class member made a noncredit claim.

3. Award for Noncredit Claimants

The amount to be given to class members who prevail on a noncredit claim is controlled by two legally binding documents. First, the Consent Decree sets the general rules. Second, an agreement by the parties that was entered as an official Order by the Court fills in many of the details.

a. Consent Decree—Receive Amount Denied

The Consent Decree provides that a class member who prevails on a noncredit claim is to receive the amount of the benefit that was wrongly denied to the class member. In addition, according to the Consent Decree, these payments will only be made if there are certain funds available in the USDA budget.

b. February 7, 2001, Stipulation and Order—\$3,000 Payment

On February 7, 2001, Judge Paul L. Friedman signed a Stipulation and Order that spells out the details regarding the award that class members will receive in noncredit cases.

The Order is based on an agreement that was reached by the government and Class Counsel. According to the Order, the government and Class Counsel believe that deciding the amount that should be paid for noncredit claims for each person would be difficult, if not impossible.

The Government and Class Counsel therefore agreed, and the Court has ordered, that a class member who prevails on one or more noncredit claims will receive a single payment from USDA in the amount of \$3,000.

4. Other Details about the \$3,000 Payment

Several other details about the \$3,000 noncredit payment were explained in the February 7, 2001, Stipulation and Order. These are discussed below.

a. Only One \$3,000 Payment Per Class Member

Each class member who prevails on a noncredit claim may receive only one \$3,000 payment. This is true even if the class member prevailed on more than one noncredit claim. This means, for example, that if the class member had a successful claim for a disaster payment in both 1990 and 1992, he or she would receive only one payment of \$3,000.

b. Credit and Noncredit Claim Combined

If a class member prevailed on both a credit claim and a noncredit claim, the class member will receive a payment for both the credit claim and the noncredit claim. A class member, therefore, could receive both a \$50,000 payment for a credit claim and a \$3,000 payment for a noncredit claim.

c. No Tax Payments for Noncredit Claims

Class members who receive a \$3,000 payment for a noncredit claim will not receive any more funds—either paid to them or paid directly to the Internal Revenue Service—to cover any tax obligations the class member might incur as a result of the \$3,000 payment.

5. More Information

Anyone who has any question regarding noncredit payments should feel free to call the Office of the Monitor at 1-877-924-7483. For more information about the Judge's Order, or for a copy of the Order, please call the Monitor's Office.