

USDA warns of possible fraud affecting the Biomass Crop Assistance Program (BCAP)

By Agri-Pulse Staff

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Washington, Jan. 13 – USDA’s Farm Service Agency (FSA) issued a warning Wednesday of possible fraud affecting the Biomass Crop Assistance Program (BCAP). This warning comes in response to reports FSA has received which indicate that some USDA-registered “Biomass Conversion Facilities” (BCFs) are requiring farmers delivering biomass materials to pay “kickbacks,” “value-shares,” or “BCAP Administrative Fees” to the BCF.

FSA points out that such required payments or fees are “an abuse of BCAP and are not permissible” under USDA’s “Collection, Harvest, Storage, and Transportation (CHST) Matching Payment Program.”

FSA also points out that all Biomass Conversion Facilities are required to maintain complete documentation on all renewable biomass purchases. This documentation, to include the “spreadsheet, books, papers, records, contracts, scale tickets, settlement sheets, invoices, written price quotations, or other documents related to BCAP,” must be available to USDA representatives and must be retained for at least three years from the date of any renewable biomass purchase.

FSA states that fraudulent activities include but are not limited to:

- “requiring eligible material owner receiving BCAP matching payment to pay any type of fee associated with participation in BCAP, such as an “administrative fee”
- “requiring eligible material owners to return any portion of their matching payments to BCF for any reason (also know as “kick-backs” or “value-shares”)
- “refusing purchase of eligible material from eligible material owners that do not work through aggregators
- “colluding with eligible material owners to purchase material for prices in excess of the market price
- “colluding with eligible material owners to purchase ineligible material
- “requiring material owners to assign matching payments to wholly or partially owned subsidiaries of CHST-qualified BCF, such as subsidiaries that harvest or transport material.”

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