

SUMMARY OF THE
KEEPSEAGLE
SETTLEMENT

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Compensation and loan forgiveness for Native American farmers and ranchers who:

Farmed or ranched or attempted to do so
between January 1, 1981 and November 24,
1999

Owned or leased land for farming or
ranching or attempted to do so

Applied or attempted to apply for a USDA
farm loan or loan servicing between January
1, 1981 and November 24, 1999

Farm loan or loan servicing was denied,
inadequate, provided late, or applicant
otherwise was treated unfairly by USDA

Suffered economic loss as a result of
USDA's unfair treatment

Complained of discrimination to USDA or
other government official (including tribal
officials)

Types of Claims:

Track A

- Lower “standard of proof” – substantial evidence - established with claim form sworn to under penalty of perjury
- \$50,000 compensation
- \$12,500 paid to IRS for income taxes
- Forgiveness of farm loan debt to USDA plus an additional 25% of principal amount of debt paid to IRS for income taxes

Track B

- Higher “standard of proof” – preponderance of evidence – established with documentation relating to the USDA loan process
- Up to \$250,000 in damages based upon proof
- No tax payment relating to damages
- Forgiveness of farm loan debt to USDA plus an additional 25% of principal amount of debt paid to IRS for income taxes

Claims Process

- Claims period – June 29, 2011 to December 27, 2011
- 427 meetings
- 32 states

Results of Claim Process

- 6,246 claims filed with Claims Administrator
- 4,466 claims determined by the Claims Administrator to be complete and without defects and forwarded to Claims Neutrals
- 3,587 Track A claims approved
- 786 Track A claims denied
- 14 Track B claims approved
- 79 Track B claims denied
- 299 claimants received debt forgiveness totaling \$57 million

Some Key Tax Facts:

- You must file a tax return if you received compensation
 - If you do not file a tax return, you cannot receive a tax refund
- Debt forgiveness is taxable income **BUT** there are exceptions:
 - Qualified farm indebtedness
 - Insolvency
- Consult a tax professional if you received debt forgiveness
- For Estate claims – file USDA Farmers Project Certification with the Claims Administrator
 - Estate income tax rate – 35% on amounts over \$11,650

Tax Problems for Claimants in Black Farmers Case:

- Failure to file income tax returns with state of residence
- Failure to file federal income tax returns – no refunds
 - 3 years to file
- Failure to take advantage of exceptions for taxation of debt forgiveness
- Failure to distribute compensation to heirs of Estates or to file
USDA Farmers Project Certification
 - What if one of the beneficiaries will not provide Social Security number?

Call Claims Administrator (1-888-233-5506) if:

- You have not received a Form 1099-C
- Assistance with USDA Farmers Project Certification
- Other questions regarding forms

USDA FARMERS PROJECT CERTIFICATION

In order to process the 25% tax payment on behalf of a deceased claimant, for whom you submitted a clam in the Keepseagle v. Vilsack Settlement, we need you to provide the following certification information.

Please provide the following Decedent information:

Decedent's Full Name: _____

Decedent's Social Security Number: ____ - ____ - _____

If an Estate has been established, please provide the Federal Estate Tax Number: ____ - ____ - _____

Please provide the following Beneficiary information:

Beneficiary Full Name: _____

Beneficiary Address: _____

City/State/Zip: _____

Beneficiary's Social Security Number: ____ - ____ - _____

Beneficiary's Telephone Number: (____) ____ - _____

Was the \$50,000 settlement payment claimed fully by the above Beneficiary? Yes ____ No ____

If the \$50,000 income cash settlement was distributed to other than the Beneficiary listed above, please complete the below information.

Name	Social Security Number	Amount Distributed	Date Distributed
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Under penalties of perjury, I declare this form to be true, correct, and completed.

Signature: _____ Date: _____

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Tax laws and regulations change frequently, and their application can vary widely based on the specific facts and circumstances involved. The tax information contained in these educational materials and discussed during the accompanying oral presentation is for informational and educational purposes only and does not constitute legal or tax advice. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.