

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **May 20, 2010**

MGP Ingredients, Inc.

(Exact name of registrant as specified in its charter)

KANSAS
(State or other jurisdiction
of incorporation)

0-17196
(Commission
File Number)

48-0531200
(IRS Employer
Identification No.)

**Cray Business Plaza
100 Commercial Street
Box 130
Atchison, Kansas 66002**
(Address of principal executive offices) (Zip Code)

(913) 367-1480
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

In its Quarterly Report on Form 10-Q for the period ended March 31, 2010, the Company disclosed that it would exceed a source-wide, rolling 12-month volatile organic compounds (VOC) emissions cap on the Company's Atchison facility imposed in a 2006 Consent Agreement with the Kansas Department of Health and Environment (KDHE) and was negotiating a second amendment to the Consent Agreement with the KDHE (a previously disclosed amendment addressed an earlier instance of noncompliance with the emission limit). The Company has agreed to the second amendment, which is filed herewith as an exhibit, along with the first amendment to the Consent Agreement. As previously reported, the second amendment requires the Company to complete a closed-loop, process cooling water system project, resulting in significant VOC reduction, in accordance with a scheduled timeline extending over an approximate seventeen month period which ends on September 30, 2011. The Company has agreed to a \$5,000 per month penalty for any month that it exceeds the rolling 12-month cap, as well as a \$1,000 per day penalty for each day it fails to file monthly progress reports or exceeds established completion dates for various stages of the project.

Item 9.01. Financial Statements and Exhibits

- (d) Exhibits
- 10.1 Amendment 2 of Consent Agreement and Final Order of the Secretary
- 10.2 Amendment 1 of Consent Agreement and Final Order of the Secretary

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MGP INGREDIENTS, INC.

BEFORE THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

IN THE MATTER OF:

Case No. 04-E-0034

MGP Ingredients, Inc.
1300 Main Street
P.O. Box 130
Atchison, Kansas 66002

Source ID No. 0050002

AMENDMENT 2 OF CONSENT AGREEMENT AND FINAL ORDER OF THE SECRETARY

Roderick L. Bremby, Secretary, Kansas Department of Health and Environment (KDHE) and MGP Ingredients, Inc. (MGP) hereby state and agree:

1. On January 11, 2006, KDHE and MGP entered into Consent Agreement and Final Order (CAO) for Case No. 04-E-0034, attached and incorporated herein by reference.
2. Within paragraph 29 of the CAO, MGP agreed to accept a source-wide Volatile Organic Compound ("VOC") cap of 95 tons based on a 12 month rolling average. MGP has failed to maintain continuous compliance with the VOC cap. On November 23, 2009 KDHE and MGP entered in to an amendment of the CAO to address the non-compliance with the VOC cap.
3. On February 23, 2010 MGP and KDHE held a meeting to address increased production at MGP's facility. MGP noted that the increased production has caused more VOCs to enter into the cooling tower water and could cause MGP to exceed the VOC cap. MGP has agreed to amend paragraph 29 of the CAO and develop a compliance plan, which includes a specific timeline to replace the existing cooling towers with a new water cooling system.
4. Paragraph 29 shall be amended to read; Source-wide VOC Emission Cap: MGP shall accept source-wide allowable emission caps for the facility equivalent to 95 TPY for VOCs for a period of twenty-four months or until termination of this CAO whichever is later. Beginning April 1, 2007, MGP shall continually operate the Facility so as not to exceed the source-wide allowable emission cap of 95 TPY for VOCs based on a 12-month rolling sum, rolled monthly, and recorded monthly. For the first eleven months, beginning April 1, 2007, compliance with the 12-month rolling sum will be demonstrated based on a schedule to meet applicable emission caps as set forth in the approved CTP. To demonstrate compliance with the VOC cap, MGP shall replace the existing cooling towers, resulting in a significant VOC reduction. MGP shall follow the timeline and submit monthly progress reports. The monthly progress reports shall be postmarked no later than 30 days after the last day of the month. The first report is due May 30, 2010 covering April 1, 2010 to April 30, 2010. MGP may discontinue the monthly reports upon written notification from KDHE. The progress report shall contain information regarding the VOC cap and the construction progress (e.g. VOC calculations, pictures, explanation of delays etc.) The timeline to be followed is:

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- A. Obtain project funding no later than June 30, 2010;
 - B. Obtain a construction contract no later than July 30, 2010;
 - C. Break ground on project no later than September 30, 2010;
 - D. Begin commissioning new cooling system no later than June 30, 2011; and
 - E. Finish project and begin full-time operation no later than September 30, 2011.
5. No other requirements or conditions contained within the CAO for Case No. 04-E-0034 are amended or changed by this Amendment 2.
 6. Nothing in this Amendment 2 to the CAO shall be considered an admission of any fact or an acknowledgement of any liability by MGP.

STIPULATED PENALTIES

7. MGP shall be liable for stipulated penalties for the failure to comply with the terms of the CAO, as provided herein. For the purposes of this section, compliance shall mean timely and complete performance in accordance with the CAO. If for any reason the compliance with emission limits, or submission of any documents is delayed beyond the dates set forth in this CAO, then upon written demand by KDHE, MGP agrees to pay additional penalties as follows:
 - A. For failure to submit or maintain compliance with the source-wide allowable emission cap of 95 TPY for VOCs based on a 12-month rolling sum, rolled monthly, and recorded monthly in paragraph 4 of this CAO Amendment 2, will result in a \$5,000 civil penalty for each month the 12-month rolling average exceeds the 95 ton VOC cap.
 - B. For failure to meet the dates as specified outlined in the timeline or submit monthly reports by the end of each month in paragraph 4 of this Amendment 2 of the CAO, every day past the due date a \$1,000 penalty will be assessed.
8. The Secretary of Health and Environment has reviewed Amendment 2 to the CAO and finds that the action of this Amendment 2 is consistent with the Kansas Air Quality Act and rules and regulations. An executed copy will be provided to MGP upon signature of the Secretary and the signed agreement will constitute the Final Order of the Secretary in this manner.

/s/ Roderick L. Bremby

Roderick L. Bremby, Secretary
Kansas Department of Health
And Environment

/s/ David E. Rindom

David E. Rindom, VP of HR
MGP Ingredients, Inc.

Date: 5/20/2010

Date: 5/14/10

BEFORE THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

IN THE MATTER OF:

Case No. 04-E-0034

MGP Ingredients, Inc.
1300 Main Street
P.O. Box 130
Atchison, Kansas 66002

Source ID No. 0050002

AMENDMENT I OF CONSENT AGREEMENT AND FINAL ORDER OF THE SECRETARY

Roderick L. Bremby, Secretary, Kansas Department of Health and Environment (KDHE) and MGP Ingredients, Inc. (MGP) hereby state and agree:

1. On January 11, 2006, KDHE and MGP entered into Consent Agreement and Final Order (CAO) for Case No. 04-E-0034, attached and incorporated herein by reference.
2. Within paragraph 29 of the CAO, MGP agreed to accept a source-wide VOC cap of 95 tons based on a 12 month rolling average. MGP has failed to maintain continuous compliance with the VOC cap.
3. Within paragraph 30 and 31 of the CAO, MGP agreed to conduct a performance test on the DDGS dryer annually and all other units in accordance with Attachment 2 of the CAO, which requires a test annually for three years and then a reduced frequency based on the results of the testing. Since MGP entered into the CAO on January 11, 2006 annual performance tests were conducted late for units S1402, S1480, S1567, S1702, the Swiss Combi dryer, the dead box and Boiler #8.
4. Section 6.0 of Attachment 1 of the CAO, MGP agreed to monitor the pressure drop across Scrubbers S1567, S1402, S1480, and S1702 daily. MGP failed to monitor the pressure drop until the first calendar quarter of 2008.
5. Within paragraph 39 of the CAO, MGP agreed to apply for a federally enforceable construction permit within 180 days after the execution of the CAO to incorporate provisions of the CAO. As of the date of this agreement MGP has failed to apply for a federally enforceable construction permit.

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6. During a meeting held June 18, 2009, KDHE and MGP mutually agreed to address non-compliance issues by setting the following new compliance schedule, replacing Attachment 2 of the CAO:
 - A. MGP shall conduct performance testing on the Swiss Combi dryer, Scrubbers S1567, S1402, S1480, S1702, Boiler #6, #7, and #8, the dead box, and the unloading baghouse in the third calendar quarter of 2010.
 - B. MGP shall conduct performance testing on the Swiss Combi dryer and Scrubbers S1567, S1402, S1480, and S1702 in the third calendar quarter annually beginning in 2011.
 - C. MGP shall conduct performance testing on Boiler #6, #7, and #8, the dead box, and the unloading baghouse in the third quarter every three years, beginning in 2013.
 - D. MGP shall test the water going to the cooling tower weekly for VOC content using EPA method 8015 modified.
 7. MGP shall apply for a for a federally enforceable construction permit as stated in paragraph 39 within 180 days after the execution of the CAO amendment.
 8. No other requirements or conditions contained within the CAO for Case No. 04-E-0034 are amended or changed by this Amendment 1.
 9. Nothing in this Amendment 1 to the CAO shall be considered an admission of any fact or an acknowledgement of any liability by MGP.
 10. Pursuant to K.S.A. 65-3018 and K.S.A. 65-3025, it is the intent of KDHE to assess a civil penalty in this matter. MGP shall pay a civil penalty in the amount of \$66,000 for the violations of the CAO. As mutually agreed, this civil penalty will be paid in three payments of \$22,000 each, with the first payment due no later than 30 days after the execution date of the Amendment 1 to the CAO. The second payment of \$22,000 is due not later than 90 days after the execution date of the Amendment 1 to the CAO, and the third and final payment of \$22,000 is due not later than 180 days after the execution date of this Amendment 1 to the CAO. Checks or money orders are acceptable for payments, made payable to the Kansas Department of Health and Environment, and shall be submitted to Mr. Victor Cooper, Bureau of Air, Kansas Department of Health and Environment, 1000 SW Jackson, Suite 310, Topeka, Kansas 66612-1366.

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11. The Secretary of Health and Environment has reviewed Amendment 1 to the CAO and finds that the action of this Amendment 1 to the CAO is consistent with the Kansas Air Quality Act and rules and regulations. An executed copy will be provided to MGP upon signature of the Secretary and the signed agreement will constitute the Final Order of the Secretary in this manner.

/s/Roderick L. Bremby
Roderick L. Bremby, Secretary
Kansas Department of Health
And Environment

/s/David E. Rindom
David E. Rindom, VP of HR
MGP Ingredients, Inc.

Date: 11/23/09

Date: 11/04/09

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