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GRAIN STORAGE AND PRICE STABILIZATION

in the

DOMINICAN REPUBLIC

By

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Cooperating with

AGENCY FOR INTERNATIONAL DEVELOPMENT

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in the DOMINICAN REPUBLIC
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This assignment was accomplished as a USDA/PASA to AID/ Dominican Republic. This short-term tour was in response to a request from AID/DR after it was apparent to the mission that the Dominican Government was showing renewed interest in the development of their basic grain industries and, in particular, the updating of their price stabilization program.

After a brief review of the conditions, it was obvious that to be effective, a complete revision of present methods was necessary. As soon as the real purpose of the tour became apparent, the effort was directed toward preparing and presenting to the Dominican Government a proposed law which would provide a structure in which the grain industry can grow and develop with special attention being given to all segments of the industry, the producer, the user, the private grain trade segment and the government.

The real crisis emerged from a law which was being proposed by the government and which covered the entire agricultural field, a small part of which dealt with grain problems.

AID became very concerned, and convinced the government that this portion of the law should be withdrawn. This presented a need for immediate action in presenting a substitute plan.

It was learned that the Agricultural Bank had assembled their version of a substitute law. A copy of this was acquired, and the proposal that was prepared was accomplished by writing into their law

rather than preparing an entirely new version. In many respects, their proposal was good. It did however contain certain aspects that were not operative and it was not complete. The material that has been prepared consists of four proposals.

1. The law which establishes a semi-autonomous institute which would acquire all of the grain marketing activities now handled by the Agricultural Bank including present bank owned grain facilities. Under the proposal, the new institute would have a wide range of authority and responsibilities throughout the entire grain industry. (See attachment 1) The major items are:

- a. Price Stabilization
- b. Institute Grain Storage and Handling
- c. Official Grain Quality Laboratory
- d. Establish Grain Standards
- e. Develop and Operate a Bonded Warehouse Law

2. In order to clarify the real meaning of a Bonded Warehouse, a proposed Bonded Warehouse Law was prepared for their attention. (See attachment 2)

3. In order to clarify the manner in which grains would be handled under a Bonded Warehouse Law, a set of Rules and Regulations for applying the law to the grain industry was prepared. (See attachment 3)

4. In order to complete this facet of the law, a proposed contract between the Institute and private grain warehousemen for applying the Warehouse Law was prepared. (See attachment 4)

At the present time, the grain industry law is being studied by the government.

Just prior to the conclusion of this tour, a meeting was held with an executive from the Agricultural Bank and several proposed changes were reviewed, most of which were acceptable. As a result, it must be recognized that attachment 1 hereto is the original draft, and the first rewrite will be submitted upon its receipt from AID/DR.

The period of time used in research and study was very limited. It included a one day trip to the country. The locations visited included the cities of La Vega, Santiago and San Francisco de Marcos, all of which are located in the North Central portion of the country in what is recognized as the major rice producing area.

New permanent grain storage facilities are being established at these three cities by a domestic contractor under a contract held by the Agricultural Bank. The elevators are poured concrete silo type. They will be equipped with drying equipment, cleaning equipment and designed entirely for the handling of bulk grain. The elevator at La Vega will have a capacity of 250,000 cwt. The other two will each have a capacity of 150,000 cwt. The first elevator to be built is located at Santiago. At the present time, it is complete to the extent that most of the concrete has been poured. No equipment has been installed. It appears that most of the equipment is on the site except for the dryers. The second unit at La Vega is only being started. The foundation is poured and the first silos should be in the process of being slipped at this time. It is not possible, at this time, to determine the date of completion of any of these units, with the exception possibly of the first unit. With no extended delays, it appears that this unit could be completed by August or September of 1969.

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The Bank, in addition to this, owns 20 flat storage structures which were designed primarily for the storage of bag grain. These 20 structures are located at 9 locations, three of which are the identical locations where the new elevators are being built. Of the 20 flat storage structures, 8 of them are at these three central locations. The others are very well distributed throughout the other grain producing areas, with four of them located at Santo Domingo to serve the city. Each of these units has a capacity of approximately 20,000 cwt. of grain. The flat storage structures are of two types. One type is of concrete block with concrete roofs and they are in excellent condition. The other structures are of steel curnet type set on concrete walls. It is very questionable as to whether these buildings could be converted to bulk storage. It appears that they should continue to use these buildings for the storage of bag grain and that they be made operative by installing some additional bulk storage with handling and drying equipment so that bulk grain can be received. If the new program is adopted, this would be one of the first requirements, as such a program will entail the purchasing of grain as it comes from harvest and drying and bulk handling will be necessary.

Any addition of storage space and equipment, however, should be done only after a complete study is made as to the type, quantity needed and new locations to be chosen as the program is expanded to more thoroughly cover the production area.

No research was necessary at this time insofar as statistics and information necessary to suggest new legislation. Everything required was readily available in the AID Agricultural Office.

A great deal was contained in formal reports and such reports are current. In addition, everyone in the AID Office has a real interest in the grain industry and a great deal of study and understanding are in evidence.

If the new law is activated, then is when the storm will strike. The development will result in a mountain of work. The fact that the country is small has little influence on the size of the job. Everything must be done to activate the program and the size of the country is not a determining factor. Of course, the actual operation will then be easier in a small country and, for this, a person should be thankful.

A preliminary flow chart has been prepared to show what appears to be necessary for program development and department responsibilities. (See attachment 5) Also, worked into this flow chart is an outline of what appears will be necessary insofar as U. S. counterparts during the development period. (See attachment 6) It is not possible to anticipate the exact timing in regard to this counterpart personnel. The timing will depend upon when the law is passed and upon further study and planning with the Board of Directors and General Manager of the new Institute. It seems obvious however, that immediately after the law is passed, at least two persons must return to the Dominican Republic and work with the AID personnel in setting up a plan of action and a timetable for activating different segments of the program. One of these persons should, if at all possible, be the person who would possibly permanently fill position A or B on the proposed counterpart outline which is attached hereto. All of the persons involved as counterparts should be experienced in operating similar programs in

the United States and, to the extent possible, should be drawn from the different departments of agriculture who carry out similar duties in the United States. It will be extremely important that all of these counterparts work as a team in the same manner that the Institute personnel will be required to work as a team within their organization. It goes without saying, that in view of present conditions, counterparts chosen must look to counterpart A as their focal point. In addition, counterpart A will succeed only if he looks directly to AID/DR agriculture for internal guidance.

NATIONAL INSTITUTE OF AGRICULTURAL COMMERCIALIZATION

CHAPTER I

ORGANIZATION, PURPOSES, DUTIES AND OFFICIAL LOCATION

ARTICLE 1. The Institute of Agricultural Commercialization (Institute) is hereby established as an autonomous institute of state with its own capital and unlimited duration, subject to the provisions of this Law and to such regulations as will be dictated by the Board of Directors of the said Institution.

ARTICLE 2. The Institute shall have legal status with all the attributions of such status and its official seat of operation shall be in the City of Santo Domingo, National District, Capital of the Dominican Republic.

ARTICLE 3. The Institute is the highest national authority of the development of agricultural marketing industries; it is, therefore, authorized and obligated to apply the content of this Law to that end. It being here stated however, that the intent of this Law is to include only the grain industry and will be applied to the interests of the producer, the user and the related private segments of the industry equally and no more. Furthermore the Institute shall confine its operation to dealing with only unprocessed grains except to include milled rice.

ARTICLE 4. The Institute is an organization established in order to promote a sound grain industry, and it is to operate in close touch with agricultural policies outlined by the Secretariat of Agriculture and those

programs that the Dominican Government would be willing to incorporate for the promotion of production and aimed at ameliorating living standards of the whole people, providing an operating structure within which the private sector of the industry may develop. The Institute, in accordance with the purpose of which it is established and further in recognition of mutual obligations and interests, shall maintain close relations with the Executive Power through the Secretary of Agriculture, the Dominican Republic Central Bank and the Dominican Republic Agricultural Bank.

If at a later date it becomes necessary to include other agricultural industries under the Institute, it shall be accomplished by preparing additional and specific legislation in order to provide the authorities and responsibilities peculiar to that industry. Such additional legislation will be recommended by the Institute's Board of Directors which will make an annual study of the agricultural sector. All such proposals should be accompanied by:

- a) A feasibility study of the industry under consideration.
- b) A completed plan for the financing of the marketing mechanism of such proposed industry to include obligating documents from the GODR and/or the financing agency involved.
- c) A completed plan for the financing or acquisition of the physical facilities required to include obligating documents from the GODR and/or the financing agency involved.

ARTICLE 5. The Institute is hereby given the responsibility and authority to control and coordinate the importation and distribution of all commodities imported under US Public Law 480, Title I, or other international organizations.

ARTICLE 6. Those persons chosen to activate and operate the Institute shall recognize the purpose of this Law and are hereby obligated to apply their effort to that end to the extent of the authority herein granted.

The following are its functions:

- a) To establish buying prices on those basic grains determined to be important to the national economy.
 - 1) Such buying prices shall recognize the producers input cost including labor. Such price shall also recognize export market prices in the interest of recovery of investment.
 - 2) To influence market prices by the process of buying and not through the process of establishing prices within the private sector of the industry.
- b) To establish selling prices on those basic grains for which buying prices have been established.
 - 1) Such selling prices shall recognize the users economic position as it relates to the grains.
 - 2) The selling price shall be established at the wholesale level to permit the private sector of the industry to maintain economic stability in distribution and use of the grain.
 - 3) The selling price shall recognize import market prices in the interest of recovery of investment.
 - 4) The spread between the buying price and the selling price shall be sufficient to encourage participation and development of the private sector of the national grain industry and to the extent possible to assure recovery of all the Institute's investment and related expenses.

- c) The Board of Directors shall review current buying and selling prices each six (6) months. Such announcements shall be made at least thirty (30) days prior to the recognized grain planting seasons in the production areas to permit producers and users to plan accordingly.

After prices have been determined and announced to the public no change shall be permitted prior to the next semi-annual announcement, for the ensuing period. Drastic changes in prices from one period to the next should be averted if possible by using imports and exports to adjust current conditions.

- d) To establish and operate Institute owned or leased grain warehouses throughout the country for the storage of only Institute owned grain obtained by purchase from either domestic or import sources.
- e) To set up, build and administer such facilities as may be necessary to cause the activities of the Institute to be efficient and effective.
- f) To prepare a Bonded Warehouse Law for the private sector and present it to the Executive Power for consideration. To implement and administer such Law if found acceptable by the Executive Power.
- g) To prepare quality standards for those certain basic grains in which the Institute has become involved through the implementation of this Law.
- l) To establish a Grain Inspection and Grading Department within the Institute under the direction of the General Manager which

will sample, grade and issue official grade certificates. Such grade certificates will be issued at no cost in those instances where the Institute is involved.

- 2) The official Grain Inspection and Grading Department will also train and supervise the grading activities of the Institute's employees engaged in the operation of the buying and selling stations.
 - 3) The Grain Inspection and Grading Department shall also inspect, inventory and prepare quantity and quality reports for the General Manager on Institute grain while in storage.
 - 4) The official Inspection and Grading Department will also inventory and inspect and prepare quantity and quality reports for the General Manager in regard to any licensed warehouseman operating under the Bonded Warehouse Law when activated.
 - 5) No segment of the private sector will be permitted to advertise or cause such grains to be represented as meeting the requirements of the grain standards unless such is true.
 - 6) The services of the Inspection Department shall be available to serve anyone within the private sector and official samples shall be drawn, graded and official certificates will be issued revealing the official grade of the grain represented. Fees will however be charged for such services. Such fees shall be established by the Board of Directors.
- h) To obtain financing from domestic or foreign institutions for its operations.

- 1) To carry out any activity related to its purposes.

ARTICLE 7. The Central Bank shall make every effort to provide financing as necessary for the operation of the Institute. Whenever the Institute receives financing from any source, such financing shall be approved by the Board of Directors.

ARTICLE 8. The authorized capital of the Institute amounts to 25.0 million Dominican Pesos (RD\$25,000,000)

The Institute's paid-in capital shall be made up of such cash money, securities, and goods as may be contributed or granted by official semi-official or private institutions, as well as those goods, securities, rights and financial resources resulting from the operations it may perform pursuant to the provisions of this Law.

ARTICLE 9. The Institute's financing resources shall be such contributions as may be made to the said Institute by the Dominican Government through the National Budget, special allocations determined by Law, the contributions from domestic or foreign institutions, and the profits from its commercial operations. The foregoing shall not modify the provisions of Article 27.

ARTICLE 10. The Institute may issue vouchers and warrants which are documents payable to the bearer, negotiable and transferable by endorsement, in accordance with the rules and regulations governing its activities. Such official documents to be drawn on the Institute's bank account. In

the interest of converting such official documents to national currency, the Institute shall formalize and enter into agreements with national banks and other recognized money handlers to accept and pay on the documents at no cost to the bearer. The previously mentioned agreement will state the fee to be paid to such institutions for such service. Such fee shall be established by the Board of Directors of the Institute.

ARTICLE 11. The Institute may engage in such legal activities and operations as may be necessary to achieving its purposes.

CHAPTER II

MANAGEMENT

BOARD OF DIRECTORS AND GENERAL MANAGER

ARTICLE 12. The Board of Directors shall administer the Institute whose activities shall be under the General Manager's Direct Control.

ARTICLE 13. The Board of Directors shall be composed of eight (8) members and eight (8) substitutes as follows:

- a) The General Manager of the Institute, who will preside over the Board of Directors.
- b) The General Administrator of the Dominican Republic Agricultural Bank and the Governor of the Dominican Republic Central Bank, who shall act as Vice-Presidents.
- c) The Secretary of Agriculture.
- d) The Secretary of Finance.
- e) The General Manager of the Dominican Republic Reserve Bank.

- f) President IDECOOP.
- g) Director of Agrarian Reform.

Paragraph I. Members of the Board of Directors shall be replaced, in the case of absence or physical impediment, by their substitute in the institution or agency they represent, or by such officer from their departments as may be appointed.

Paragraph II. Whenever the General Manager of the Institute does not attend a meeting, this shall be presided over by the Administrator of the Dominican Republic Agricultural Bank and in case of absence or physical impediment of the latter, by the Governor of the D.R. Central Bank, and, in the case of absence of the latter, by one of the members selected among those who have attended.

ARTICLE 14. The Board of Directors shall hold regular meetings at least once each month, or whenever it may be convened by the General Manager. The attendance of a majority of members is necessary for quorum and all resolutions shall be on a majority of votes.

ARTICLE 15. The General Manager shall be named by the Executive.

ARTICLE 16. The Board of Directors shall be served by an advisory board representing related private industries. Such board shall hear reports, projected plans and policy and may offer advice and suggestions. Such board will convene each six months at the invitation of the Board of Directors or more often at the Board's pleasure. Such members shall

be chosen by their association or may be named by the Board of Directors if such industry exists without a recognized association. Members of the advisory Board shall receive no payment. Such advisory Board shall not set in presence during Board of Director's formal sessions.

ARTICLE 17. The following persons cannot be members of the Board of Directors:

- a) A person less than 25 or more than 65 years old.
- b) The Representatives and Deputies.
- c) The members of the Judiciary.
- d) Those persons who have been affected by a prohibition to engage in commerce, are not enjoying full political rights, or have received a legal penalty for any violations.

ARTICLE 18. Following are the duties of the Board of Directors:

- a) To establish the Institute's organization and approve its rules and regulations.
- b) To make known the Institute's prime policy, interest and discount rates.
- c) To formulate the Institute's Annual Budget.
- d) To revise the Annual Report, the Balance Sheet, and the Profit and Loss Statement, which shall be submitted to the Board of Directors by the General Manager.
- e) To resolve on the publication of the Institute's Semi-annual Financial Report and other reports required by Law.

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- f) To analyze the availability of annual investment funds in order to determine the credit and economic policy to be followed by the Institute for the implementation of this Law.
- g) To establish or abandon positions as may be necessary for the Institute's efficient operation and functioning. To establish salaries, duties and attributions. To select personnel at department head level, and to have the privilege of refusing employment of other personnel chosen by the Manager.
- h) To establish and close, anywhere in the Dominican Republic, any of its agencies as may be considered necessary for its purposes.
- i) To contract technical representation and functional services with those foreign institutions of which the Dominican Republic is a signatory member.
- j) To grant possession, administration, and transaction powers of attorney, and such other powers as may be necessary.
- k) To take such judicial and extrajudicial measures as may be necessary for the Institute.
- l) To agree on the purchase, sale or lease of real estate.
- m) To obtain financing from domestic and foreign institutions, and any other service which could be useful for its activities.
- n) To review current buying and selling prices and review recommended adjustment for the ensuing period and to finally announce the prices to be used in accordance with Article 6.
- o) To comply with and enforce this Law and the Institute's rules and regulations.

ARTICLE 19. Neither the General Manager nor the members of the Board of Directors are authorized to directly or indirectly engage in business with the Institute, give their signature in order to guarantee any obligations with a third party, or hold any managerial post in agricultural, industrial or commercial corporations.

Paragraph - Operation applications wherein the officers referred to in this article, and their relatives in the fourth degree of consanguinity and second of affinity, may have an interest, shall be processed by those Institute's officers who are not their relatives. The approval of such operations shall be the duty of the Financial Board.

CHAPTER III

GENERAL MANAGER'S OFFICE

OFFICERS AND EMPLOYEES

ARTICLE 20. The Institute's Executive and Legal Representative shall be the General Manager, who may delegate his functions to other Institute's officers, prior approval by the Board of Directors.

ARTICLE 21. Duties and faculties of the General Manager:

- a) To comply with and enforce the resolutions of the Board of Directors which he can stop at his discretion and report his reasons to the Board of Directors at the next meeting.
- b) To inform the Board of Directors about the most important aspects of his activities, resolutions issued and proposals received on those matters of the said Board's incumbency.

- c) To take care of transactions successfulness, office orderliness and staff's efficiency. For this purpose all employees of the Institute shall remain under his supervision and they may temporarily be discontinued by him.
- d) To work up Balance Sheets and Profit and Loss Statements as well as the Annual Report and submit the same to the Board of Directors.
- e) To contract for local or foreign technicians for such terms of time and on conditions as he may consider necessary.

ARTICLE 22. All certificates issued shall carry two signatures, in order to authenticate these documents insofar as accounting entries on the Institute's books and records is concerned. One signature shall be that of the General Manager and the other by an official of the Institute to be chosen by the Board.

ARTICLE 23. Relatives and in-laws of the Board of Directors members and of the General Manager shall not be allowed for employment with the Institute nor shall they be admitted as officials within the same up to the third degree of consanguinity and the second degree by marriage. This shall not be applicable to officials and employees within the staff of the warehouses of the Dominican Republic Agricultural Bank engaged prior to enactment of this Law.

CHAPTER IV

INTERNAL ORGANIZATION

ARTICLE 24. The Institute's internal organization and all matters concerning personnel shall be covered in the regulations under the title of "General Regulations," which shall be revised at least once a year.

ARTICLE 25. The administrative organization shall be established by sections under corresponding heads.

CHAPTER V

INSTITUTE OPERATION

ARTICLE 26. The Institute shall extend its efforts and influence within the powers vested by this and subsequent laws for the improvement of grain marketing, grading and standardization both for local and export markets.

ARTICLE 27. The Institute shall take care of the following activities:

- a) To purchase, sell and receive in storage certain basic grains in unprocessed form except to include milled rice.
- b) To establish Institute buying prices for the purpose of eliminating free market prices from receding below production cost.
- c) To determine what grains are intended for purchase on the basis of a production cost survey.
- d) To establish Institute selling prices for certain grains.
- e) To determine what selling price is proper on the basis of a users cost survey.
- f) To import or export certain grains whenever local production is insufficient or in excess of local demand, as the case may be.

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- g) To exert the full impact as intended by this Law to offer to purchase in the areas of production and to maintain and offer for sale a normal supply in the areas of consumption.
- h) To conduct surveys, promote and disburse information concerning care, storage, preservation and marketing of basic grains.
- i) To take care of any additional activities in keeping with those purposes for which the Institute has been established.

CHAPTER VI

CREDIT POLICY AND SUPERVISION

ARTICLE 28. The Institute shall adhere to such credit policy on all of its business transactions as commensurate with the provisions of Central Bank Organic Law No. 6142, Article 26, enacted December 21, 1962, and as a credit institution it shall also be subject to supervision and inspection by the Bank Superintendency Department as and when the latter may see fit.

CHAPTER VII

TAX EXEMPTION

ARTICLE 29. The Institute shall be tax and excise tax exempt on all of its operations and business transactions and, as a rule, on all legal actions or business and documents thereof such as required for registrations, transfers or operations.

CHAPTER VIII

INSPECTION AND AUDITING

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ARTICLE 30. The Institute shall be subject to such inspections provided by law, and audits called for under international agreements.

ARTICLE 31. The Institute staff shall include an Auditor to take care of internal control and inspection. The Auditor shall inform the Board of Directors and the General Manager directly on the results of his activities at least every quarter of the year. The Institute shall not be subject to any other inspections and supervisions from any fiscal organization whatsoever not specifically set forth in this Law.

Paragraph - The Institute shall publish a Financial Statement at the end of each year.

CHAPTER IX

DUTY FREE IMPORTS

ARTICLE 32. The Institute shall enjoy full exemption on all imported vehicles, office furniture and fixtures, as well as on any other materials or products required for building silos, warehouses or other facilities that may be required for operation purposes.

CHAPTER X

GENERAL AND TRANSITORY PROVISIONS

ARTICLE 33. At the discretion of the Board of Directors, the Institute shall procure financing involving short-term loans in order to assure the price stabilization through a minimum reasonable reserve supply of those grains involved, which will be purchased locally or imported.

ARTICLE 34. All personnel presently working for the Warehouse Manager's Office of the Agricultural Bank of the Dominican Republic, is hereby affiliated to the Institute. Additional positions required as a consequence of establishing the Institute shall in all preference be filled by employees of the aforementioned Bank.

ARTICLE 35. Officials and employees of the Warehouse Manager's Office as well as of any other Agricultural Bank of the Dominican Republic's agencies who may be transferred to the Institute, shall not be entitled to any labor benefits whatsoever as prescribed by the Dominican Labor Code. However, the Institute shall take into consideration time served for the purpose of liquidation of each particular instance.

ARTICLE 36. The Dominican Government shall acquire all silos, warehouses, equipment, furnishings, transport and supplies from the Agricultural Bank, presently assigned to the Bank's Department of General Warehouses, which shall be transferred to the Institute as a contribution to capital.

NATIONAL PUBLIC WAREHOUSE LAW

Article.

1. Uniform Warehouse Receipts Act.

Part I. The Issue of Warehouse Receipts. 101 to 107.

Part II. Obligations and Rights of Warehousemen Upon Their Receipts. 108 to 136

Part III. Negotiation and Transfer of Receipts. 137 to 149.

Part IV. Criminal Offenses. 150 to 155.

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ARTICLE I

UNIFORM WAREHOUSE RECEIPTS ACT

PART 1

THE ISSUE OF WAREHOUSE RECEIPTS

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102. Warehouse receipts; essential terms.
103. Warehouse receipts; what terms may be inserted.
104. Nonnegotiable warehouse receipt, defined.
105. Negotiable warehouse receipt, defined.
106. Negotiable warehouse receipt; duplicate; duty to mark; failure; liability.
107. Nonnegotiable warehouse receipt; duty to mark, failure; liability.

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OBLIGATIONS AND RIGHTS OF WAREHOUSEMEN UPON THEIR RECEIPTS

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109. Warehouseman; delivery of goods; to whom authorized.
110. Warehouseman; misdelivery; liability.

111. Warehouseman; delivery of goods, failure to cancel negotiable receipt; liability.
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113. Warehouse receipt; alterations; extent of liability.
114. Negotiable warehouse receipt; loss or destruction; order for delivery of goods; liability of warehouseman.
115. Warehouse receipt; duplicate; liability.
116. Warehouseman; refusal to deliver goods; when not justified.
117. Warehouseman; interpleader of adverse claimants.
118. Warehouseman; claim of goods by third person; refusal to deliver for reasonable time justified.
119. Warehouseman; failure to deliver to depositor or person claiming under him; claim of third person no defense.
120. Warehouseman; nonexistence or misdescription of goods; liability.
121. Warehouseman; care required.
122. Warehouseman; goods; duty to segregate.
123. Warehouseman; fungible goods; commingling; when authorized.
124. Warehouseman; fungible goods; liability.
125. Negotiable warehouse receipt; attachment or levy upon goods.
126. Negotiable warehouse receipt; creditor's remedies.
127. Warehouseman's lien; claims included.
128. Warehouseman's lien; enforcement.
129. Warehouseman's lien; how lost.
130. Warehouseman's lien; limitations when negotiable receipt issued.

- 131. Warehouseman's lien; nondelivery until lien satisfied.
- 132. Warehouseman; legal remedies against depositor.
- 133. Warehouseman's lien; satisfaction by sale; proceeds; disposition; redemption; failure to pay excess to the municipal treasurer; penalty.
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- 135. Warehouseman's lien; remedy cumulative.
- 136. Warehouseman's lien; sale; exemption from liability for nondelivery.

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- 138. Negotiable warehouse receipt; endorsement.
- 139. Nonnegotiable warehouse receipt; transfer.
- 140. Negotiable warehouse receipt; who may negotiate.
- 141. Negotiable warehouse receipt; rights of person to whom negotiated.
- 142. Warehouse receipt; rights of transferee.
- 143. Negotiable warehouse receipt; transfer without endorsement.
- 144. Negotiable warehouse receipt; negotiation; warranties.
- 145. Negotiable warehouse receipt; endorser not a guarantor.
- 146. Warehouse receipt; transfer as security; no warranty implied.
- 147. Negotiable warehouse receipt; when negotiation not impaired by fraud, mistake or duress.
- 148. Negotiable warehouse receipt; mortgage or pledge of goods; subsequent negotiation.
- 149. Negotiable warehouse receipt; negotiation defeats vendor's lien.

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154. Warehouseman; delivery of goods without surrender of negotiable receipt; penalty.
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PART V

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163. Warehouses; inspection, rules and regulation; reports.
164. Supplemental Rules and Regulations.

PART I

THE ISSUE OF WAREHOUSE RECEIPTS

101. Warehouse receipts may be issued by any warehouseman licensed under this law.
102. Warehouse receipts shall be in the form prescribed by the law and will embody within its written or printed terms; (1) The location of the warehouse where

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the goods are stored; (2) the date of issue of the receipts; (3) the consecutive number of the receipt; (4) a statement that the goods received will be delivered to the bearer; (5) the rate of storage charges or reference to such charges; (6) a description of the goods or of the packages containing them; (7) the signature of the warehouseman; which may be made by his authorized agent; (8) if the receipt is issued for goods of which the warehouseman is owner; either solely or jointly of in common with others, the fact of such ownership; and (9) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien.

103. A warehouseman may insert in a receipt issued by him any other terms and conditions; Provided, such terms and conditions shall not: (1) Be contrary to the provisions of this act; (2) in any way impair his obligation to exercise that degree of care in the safekeeping of the goods entrusted to him which a reasonably careful man would exercise in regard to similar goods of his own.

Note: "This act" includes sections 101 to 164

104. A receipt in which it is stated that the goods received will be delivered to the depositor is a nonnegotiable receipt.

105. A receipt in which it is stated that the goods received will be delivered to the bearer, or to the order of any person named in such receipt, is a negotiable receipt. No provision shall be inserted in a negotiable receipt to indicate that it is nonnegotiable. Such provisions, if inserted, shall be void.

106. When more than one negotiable receipt is issued for the same goods, the word "duplicate" shall be plainly placed upon the face of every such receipt, except the one first issued. A warehouseman shall be liable for all damages caused by his failure to make such entry to any one who purchased.

the subsequent receipt for value, supposing it to be an original, even though the purchase be after the delivery of the goods by the warehouseman to the holder of the original receipt.

107. A nonnegotiable receipt shall have plainly placed upon its face by the warehouseman issuing it "nonnegotiable" or "not negotiable". In case of the warehouseman's failure so to do, a holder of the receipt who purchased it for value, supposing it to be negotiable, may at his option treat such receipt as imposing upon the warehouseman the same liabilities he would have incurred had the receipt been negotiable.

PART II

OBLIGATIONS AND RIGHTS OF WAREHOUSEMEN UPON THEIR RECEIPTS

108. A warehouseman, in the absence of some lawful excuse provided by this act, is bound to deliver the goods upon demand made either by the holder of a receipt for the goods or by the depositor, if such demand is accompanied with: (1) An offer to satisfy the warehouseman's lien; (2) an offer to surrender the receipt, if negotiable, with such endorsements as would be necessary for the negotiation of the receipt; and (3) a readiness and willingness to sign, when the goods are delivered, an acknowledgment that they have been delivered, if such signature is requested by the warehouseman. In case the warehouseman refuses or fails to deliver the goods in compliance with a demand by the holder or depositor so accompanied, the burden shall be upon the warehouseman to establish the existence of a lawful excuse for such refusal.

Note: "This act" includes sections 101 to 164.

109. A warehouseman is justified in delivering the goods, subject to the provisions of sections 110 to 112, to one who is: (1) The person

lawfully entitled to the possession of the goods, or his agent; (2) a person who is either himself entitled to delivery by the terms of a nonnegotiable receipt issued for the goods, or who has written authority from the person so entitled either endorsed upon the receipt or written upon another paper; or (3) a person in possession of a negotiable receipt by the terms of which the goods are delivered to him or to order or to bearer, or which has been endorsed to him or in blank by the person to whom delivery was promised by the terms of the receipt or by his mediate or immediate endorsee.

110. Where a warehouseman delivers the goods to one who is not in fact lawfully entitled to the possession of them, the warehouseman shall be liable, as for conversion, if he delivered the goods otherwise than as authorized by subdivisions (2) and (3) of section 109, and though he delivered the goods as authorized by said subdivisions, he shall be so liable if prior to such delivery he had either: (1) Been requested by or on behalf of the person lawfully entitled to a right of property or possession in the goods, not to make such delivery; or (2) had information that the delivery about to be made was to one not lawfully entitled to the possession of the goods.

111. Except as provided in section 136, where a warehouseman delivers goods for which he had issued a negotiable receipt, the negotiation of which would transfer the right to the possession of the goods, and fails to take up and cancel the receipt, he shall be liable to any one who purchases for value in good faith such receipt, for failure to deliver the goods to him, whether such purchaser acquired title to the receipt before or after the delivery of the goods by the warehouseman.

112. Except as provided in section 136, where a warehouseman delivers part of the goods for which he had issued a negotiable receipt and fails either to take up and cancel such receipt, or to place plainly upon it a statement of what goods or packages have been delivered, he shall be liable to any one who purchases for value in good faith such receipt, for failure to deliver all the goods specified in the receipt, whether such purchaser acquired title to the receipt before or after the delivery of any portion of the goods by the warehouseman.

113. The alteration of a receipt shall not excuse the warehouseman who issued it from any liability if such alteration was: (1) Immaterial; (2) authorized; or (3) made without fraudulent intent. If the alteration was authorized, the warehouseman shall be liable according to the terms of the receipt as altered. If the alteration was unauthorized, but made without fraudulent intent, the warehouseman shall be liable according to the terms of the receipt, as they were before alteration. Material and fraudulent alteration of a receipt shall not excuse the warehouseman who issued it from liability to deliver, according to the terms of the receipt as originally issued, the goods for which it was issued, but shall excuse him from any other liability to the person who made the alteration and to any person who took with notice of the alteration. Any purchaser of the receipt for value without notice of the alteration shall acquire the same rights against the warehouseman which such purchaser would have acquired if the receipt had not been altered at the time of the purchase.

114. Where the negotiable receipt has been lost or destroyed, the NIGM may order the delivery of the goods upon satisfactory proof of such loss or destruction and upon the rightful owner of the receipt giving of a bond with sufficient sureties to be approved by the court, to protect the warehouseman from

any liability or expense which he or any person injured by such delivery may incur by reason of the original receipt remaining outstanding.

115. A receipt upon the face of which the word "duplicate" is plainly placed is a representation and warranty by the warehouseman that such receipt is an accurate copy of an original receipt properly issued and uncanceled at the date of the issue of the duplicate, but shall impose upon him no other liability.

116. No title or right to the possession of the goods, on the part of the warehouseman shall excuse the warehouseman from liability for refusing to deliver the goods according to the terms of the receipt except the warehouseman's right of title to the extent of his lien.

117. If more than one person claims the title or possession of the goods, the warehouseman may, either as a defense to an action brought against him for nondelivery of the goods, or as an original suit, whichever is appropriate, require all known claimants to interplead.

118. If someone other than the depositor, or person claiming under him, has a claim to the title or possession of the goods, and the warehouseman has information of such claim, the warehouseman shall be excused from liability for refusing to deliver the goods, either to the depositor or person claiming under him or to the adverse claimant, until the warehouseman has had a reasonable time to ascertain the validity of the adverse claim or to bring legal proceedings to compel all claimants to interplead.

119. Except as provided in sections 117 and 118, and in sections 109 and 136, no right or title of a third person shall be a defense to an action brought by the depositor against the warehouseman for failure to deliver the goods according to the terms of receipt.

120. A warehouseman shall be liable to the holder of a receipt for damages caused by the nonexistence of the goods or by the failure of the goods to correspond with the description thereof in the receipt at the time of its issue. If, however, the goods are described in a receipt merely by a statement of marks or labels upon them, or upon packages containing them, or by a statement that the goods are said to be goods of a certain kind, or that packages containing the goods are said to contain goods of a certain kind, or by words of like purport, such statements, if true, shall not make liable the warehouseman issuing the receipt, although the goods are not of the kind which the marks or labels upon them indicate or of the kind they were said to be by the depositor.

121. A warehouseman shall be liable for any loss or injury to the goods caused by his failure to exercise such care in regard to them as a reasonably careful owner of similar goods would exercise, but he shall not be liable, in the absence of an agreement to the contrary, for any loss or injury to the goods which could not have been avoided by the exercise of such care.

122. Except as provided in section 123, a warehouseman shall keep the goods so far separate from goods of other depositors, and from other goods of the same depositor for which a separate receipt has been issued, as to permit at all times the identification and redelivery of the goods deposited.

123. If authorized by agreement or by custom, a warehouseman may mingle fungible goods with other goods of the same kind and grade. In such case the various depositors of the mingled goods shall own the entire mass in common, and each

depositor shall be entitled to such portion thereof as the amount deposited by him bears to the whole.

124. The warehouseman shall be severally liable to each depositor for the care and redelivery of his share of such mass to the same extent and under the same circumstances as if the goods had been kept separate.

125. If goods are delivered to a warehouseman by the owner or by a person whose act in conveying the title to them to a purchaser in good faith for value would bind the owner, and a negotiable receipt is issued for them, they cannot thereafter, while in the possession of the warehouseman, be attached by garnishment or otherwise, or be levied upon under an execution, unless the receipt be first surrendered to the warehouseman, or its negotiation enjoined. The warehouseman shall in no case be compelled to deliver up the actual possession of the goods until the receipt is surrendered to him or impounded by the court.

126. A creditor whose debtor is the owner of a negotiable receipt shall be entitled to such aid from courts of appropriate jurisdiction, by injunction and otherwise, in attaching such receipt or in satisfying the claim by means thereof as is allowed at law or in equity in regard to property which cannot readily be attached or levied upon by ordinary legal process.

127. Subject to the provisions of section 130, a warehouseman shall have a lien on goods deposited, or on the proceeds thereof in his hands, for all lawful charges for storage and preservation of the goods; also for all lawful claims for money advanced, interest, insurance, transportation, labor weighing, and other charges and expenses in relation to such goods; also for all reasonable charges and expenses for notice and advertisements of sale, and for sale of the goods where default has been made in satisfying the warehouseman's lien.

Lien does not attach if inconsistent with terms of agreement..

128. Subject to the provisions of section 130, a warehouseman's lien may be enforced against: (1) All goods, whenever deposited, belonging to the person who is liable as debtor for the claims in regard to which the lien is asserted: (2) all goods belonging to others which have been deposited at any time by the person who is liable as debtor for the claims in regard to which the lien is asserted, if such person had been so entrusted with the possession of the goods that a pledge of the same by him at the time of the deposit to one who took the goods in good faith for the value would have been valid.

129. A warehouseman loses his lien on goods by: (1) Surrendering possession thereof; or (2) by refusing to deliver the goods when a demand is made with which he is bound to comply under the provisions of this act.

Note: "This act" includes sections 101 to 164.

130. If a negotiable receipt is issued for goods, the warehouseman shall have no lien thereon, except for charges for storage of those goods subsequent to the date of the receipt, unless the receipt expressly enumerates other charges for which a lien is claimed. In such case there shall be a lien for the charges enumerated so far as they are within the terms of section 127.

131. A warehouseman, having a lien valid against the person demanding the goods, may refuse to deliver the goods to him until the lien is satisfied.

132. Whether a warehouseman has or has not a lien upon the goods, he is entitled to all remedies allowed by law, to a creditor against this debtor, for the collection from the depositor of all charges and advances which the depositor has expressly or impliedly contracted with the warehouseman to pay.

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133. A warehouseman's lien for a claim which has become due may be satisfied as follows: The warehouseman shall give a written notice to the person on whose account the goods are held, and to any other person known by the warehouseman to claim an interest in the goods. Such notice shall be given by delivery in person or by registered letter to the last-known place of business or abode of the person to be notified and a copy shall be directed to NIGM. The notice shall contain: (1) An itemized statement of the warehouseman's claim, showing the sum due at the time of notice and the date or dates when it became due; (2) a brief description of the goods against which the lien exists; (3) a demand that the amount of the claim as stated in the notice, and of such further claim as shall accrue, shall be paid on or before a day mentioned, not less than ten days from the delivery of the notice if it is personally delivered, or from the time when the notice should reach its destination, according to the due course of post, if the notice is sent by mail; (4) a statement that unless the claim is paid within the time specified, the goods will be advertised for sale and sold by auction at a specified time and place under the supervision of NIGM.

In accordance with the terms of a notice so given, a sale of the goods by auction may be had to satisfy any valid claim of the warehouseman for which he has a lien on the goods. The sale shall be had in the place where the lien was acquired, or, if such place is manifestly unsuitable for the purpose, at the nearest suitable place. After the time for the payment of the claim specified in the notice to the depositor has elapsed, an advertisement of the sale, describing the goods to be sold, and stating the name of the owner

or person on whose account the goods are held, and the time and place of the sale, shall be published once a week for two consecutive weeks in a newspaper published in the place where such sale is to be held. The sale shall not be held less than fifteen days from the time of the first publication. If there is no newspaper published in such place, the advertisement shall be posted at least ten days before such sale in not less than six conspicuous places therein agreeable to NIGM. From the proceeds of such a sale the warehouseman shall satisfy his lien, including the reasonable charges of notice, advertisement and sale. The balance, if any, of such proceeds shall be held by the warehouseman, and delivered on demand to the person to whom he would have been bound to deliver or justified in delivering the goods; provided, however, in the event such balance remains unclaimed in the hands of such warehouseman for a period of six months after such sale as herein provided, then the warehouseman shall, immediately upon the expiration of said period of six months, deliver such balance in money as shall be in his hands, as the result of the sale, to the treasurer of the municipal in which the property was sold, who shall issue his receipts therefor. The municipal treasurer shall make proper entry in the books of his office for all money so paid over to him, and shall hold the money for a period of five years, and immediately thereafter shall be appropriated for the support of the schools, unless the owner of the property sold, or his legal representatives, shall within such period of five years after such money shall have been deposited with the treasurer, furnish satisfactory evidence of the ownership of such property, in which event he or they shall be entitled to receive from such treasurer the amount so deposited with him.

At any time before the goods are so sold, any person claiming a right of property or possession therein may pay the warehouseman the amount necessary to satisfy his lien and to pay the reasonable expenses and liabilities incurred in serving notices

and advertising and preparing for sale up to the time of such payment. The warehouseman shall deliver the goods to the person making such payment if he is a person entitled, under the provisions of this act, to the possession of the goods on the payment of charges thereon. Otherwise the warehouseman shall retain possession of the goods according to the terms of the original contract of deposit.

Any warehouseman or officer, agent or servant of a warehouseman, who shall fail or neglect to pay over to the municipal treasurer the balance in money remaining from the sale of unclaimed goods, as provided in this section, shall be subject to a fine in the amount determined by the Court or subject to a penal term as described by law or both.

Note: "This act" includes sections 101 to 160.

134. If goods are of a perishable nature, or by keeping will deteriorate greatly in value, or by their odor, leakage, inflammability or explosive nature will be liable to injure other property, the warehouseman may give such notice to the owner, or to the person in whose name the goods are stored, as is reasonable and possible under the circumstances, to satisfy the lien upon such goods and to remove them from the warehouse, and, in the event of the failure of such person to satisfy the lien and to remove the goods within the time so specified, the warehouseman may sell, with further approval of NIGM, the goods at public or private sale without advertising. If the warehouseman after a reasonable effort is unable to sell such goods, he may dispose of them upon receipt of approval of NIGM in any lawful manner, and shall incur no liability by reason thereof. The proceeds of any sale made under the terms of this section shall be disposed of in the same way as the proceeds of sales made under the terms of section 133.

135. The remedy for enforcing a lien herein provided does not preclude any other remedies allowed by law for the enforcement of a lien against personal property, nor bar the right to recover so much of the warehouseman's claim as shall

not be paid by the proceeds of the sale of the property.

136. After goods have been lawfully sold to satisfy a warehouseman's lien, or have been lawfully sold or disposed of because of their perishable or hazardous nature, the warehouseman shall not thereafter be liable for failure to deliver the goods to the depositor, or owner of the goods, or to a holder of the receipt given for the goods when they were deposited, even if such receipt be negotiable.

PART III

NEGOTIATION AND TRANSFER OF RECEIPTS

137. A negotiable receipt may be negotiated by delivery: (1) Where, by the terms of the receipt, the warehouseman undertakes to deliver the goods to the bearer; or

(2) Where, by the terms of the receipt, the warehouseman undertakes to deliver the goods to the order of a specified person, and such person or a subsequent endorsee of the receipt has endorsed it in blank or to bearer;

(3) Where, by the terms of a negotiable receipt the goods are deliverable to bearer, or where a negotiable receipt has been endorsed in blank or to bearer, any holder may endorse the same to himself or to any other specified person, and in such case the receipt shall thereafter be negotiated only by the endorsement of such endorsee.

138. A negotiable receipt may be negotiated by the endorsement of the person to whose order the goods are, by the terms of the receipt, deliverable. Such endorsement may be in blank, to bearer or to a specified person. If endorsed to a specified person, it may be again negotiated by the endorsement of such person in blank, to bearer or to another specified person. Subsequent negotiation may be made in like manner.

139. A nonnegotiable receipt cannot be negotiated, and the endorsement of such receipt gives the transferee no additional right. A receipt which is not in such form that it can be negotiated by delivery may be transferred by the holder to a purchaser or donee; however, the warehouseman may surrender the goods only upon receipt of a directive from the original depositor.

140. A negotiable receipt may be negotiated: (1) By the owner thereof; or (2) by any person to whom the possession or custody of the receipt has been entrusted by the owner, if, by the terms of the receipt, the warehouseman undertakes to deliver the goods to the order of the person to whom the possession or custody of the receipt has been entrusted, or if at the time of such entrusting the receipt is in such form that it may be negotiated by delivery.

141. A person to whom a negotiable receipt has been duly negotiated acquires thereby: (1) Such title to the goods as the person negotiating the receipt to him had or had ability to convey to a purchaser in good faith for value, and also such title to the goods as the depositor or person to whose order the goods were to be delivered by the terms of the receipt had or had ability to convey to a purchaser in good faith for value; and (2) the direct obligation of the warehouseman to hold possession of the goods for him according to the terms of the receipt as fully as if the warehouseman had contracted directly with him.

142. A person to whom a receipt has been transferred, but not negotiated, acquires thereby, as against the transferor, the title to the goods subject to the terms of any agreement with the transferor. If the receipt is nonnegotiable such person also acquires the right to notify the warehouseman of the transfer to him of such receipt, and thereby to acquire the direct obligation of the warehouseman to hold possession of the goods for him according to the terms of the receipt.

Prior to the notification of the warehouseman by the transferor or transferee of a nonnegotiable receipt, the title of the transferee to the goods and the right to acquire the obligation of the warehouseman may be defeated by the levy of an attachment or execution upon the goods by a creditor of the transferor, or by a notification to the warehouseman by the transferor or a subsequent purchaser from the transferor of a subsequent sale of the goods by the transferor.

143. Where a negotiable receipt is transferred for value by delivery, and the endorsement of the transferor is essential for negotiation, the transferee acquires a right against the transferor to compel him to endorse the receipt unless a contrary intention appears. The negotiation shall take effect as of the time when the endorsement is actually made.

144. A person who for value negotiates or transfers a receipt by endorsement or delivery, including one who assigns for value a claim secured by a receipt, unless a contrary intention appears, warrants: (1) That the receipt is genuine; (2) that he has legal right to negotiate or transfer it; (3) that he has knowledge of no fact which would impair the validity or worth of the receipt; and (4) that he has a right to transfer the title to the goods, and that the goods are merchantable or fit for a particular purpose whenever such warranties would have been implied, if the contract of the parties had been to transfer without a receipt the goods represented thereby.

145. The endorsement of a receipt shall not make the endorser liable for any failure on the part of the warehouseman or previous endorsers of the receipt to fulfill their respective obligation.

146. A mortgagee, pledgee or holder for security of a receipt, who in good faith demands or receives payment of the debt for which such receipt is security, whether from a party to a draft drawn for such debt or from any other person, shall not by so doing be deemed to represent or to warrant the genuineness of such receipt or the quality or quantity of the goods therein described.

147. The validity of the negotiation of a receipt is not impaired by the fact that such negotiation was a breach of duty on the part of the person making the negotiation, or by the fact that the owner of the receipt was induced by fraud, mistake or duress to entrust the possession or custody of the receipt to such person, if the person, to whom the receipt was negotiated, or a person to whom the receipt was subsequently negotiated, paid value therefor, without notice of the breach of duty, or fraud, mistake or duress.

148. Where a person having sold, mortgaged or pledged goods which are in a warehouse and for which a negotiable receipt has been issued, or having sold, mortgaged or pledged the negotiable receipt representing such goods, continues in possession of the negotiable receipt, the subsequent negotiation thereof by that person under any sale or other disposition thereof, to any person receiving the same in good faith for value, and without notice of the previous sale, mortgage or pledge, shall have the same effect as if the first purchaser of the goods or receipt had expressly authorized the subsequent negotiation.

149. Where a negotiable receipt has been issued for goods, no seller's lien or right of stoppage in transit shall defeat the right of any purchaser for value in good faith to whom such receipt has been negotiated, whether such

negotiation be prior or subsequent to the notification to the warehouseman who issued such receipt of the seller's claim to a lien or right of stoppage in transit. Nor shall the warehouseman be obliged to deliver or be justified in delivering the goods to an unpaid seller unless the receipt is first surrendered for cancellation.

PART IV

CRIMINAL OFFENSES

150. A warehouseman or any officer, agent or servant of a warehouseman, who issues or aids in issuing a receipt knowing that the goods for which such receipt is issued have not been actually received by such warehouseman or are not under his actual control at the time of issuing such receipt, shall be subject to a fine in the amount determined by the Court or subject to a penal term as described by law or both.

151. A warehouseman or any officer, agent or servant of a warehouseman, who fraudulently issues or aids in fraudulently issuing a receipt for goods knowing that it contains any false statement, shall be subject to a fine in the amount determined by the Court or subject to a penal term as described by law or both.

152. A warehouseman or any officer, agent or servant of a warehouseman, who issues or aids in issuing a duplicate or additional negotiable receipt for goods knowing that a former negotiable receipt for the same goods or any part of them is outstanding and uncanceled, without plainly placing upon the face thereof the word "duplicate", except in the case of a lost or destroyed receipt after

proceedings as provided for in section 144, shall be subject to a fine in the amount determined by the Court or subject to a penal term as described by law or both.

153. Where there are deposited with or held by a warehouseman goods of which he is owner, either solely or jointly or in common with others, such warehouseman, or any of his officers, agents or servants who, knowing this ownership, issues or aids in issuing a negotiable receipt for such goods which does not state such ownership, shall be subject to a fine in the amount determined by the Court or subject to a penal term as described by the law or both.

154. A warehouseman or any officer, agent or servant of a warehouseman, who delivers goods out of the possession of such warehouseman, knowing that a negotiable receipt, the negotiation of which would transfer the right to the possession of such goods, is outstanding and uncanceled, without obtaining possession of such receipt at or before the time of such delivery, shall, except in the cases provided for in sections 114 and 136, be subject to a fine in the amount determined by the Court or subject to a penal term as described by law or both.

155. Any person who deposits goods to which he has not title, or upon which there is a lien or mortgage, and who takes for such goods a negotiable receipt which he afterwards negotiates for value with intent to deceive and without disclosing his want of title or the existence of the lien or mortgage, shall be subject to a fine in the amount determined by the Court or subject to a penal term as described by law or both.

PART V

INTERPRETATION

156. In any case not provided for in this act the rules of law and equity, and in particular the rules relating to the laws of principal and agent and to the effect of fraud, misrepresentation, duress or coercion, mistake, bankruptcy or other invalidating cause, shall govern.

Note: "This Act" includes section 101 to 164,

157. Sections 101 to 164 shall be so interpreted and construed as to effect their general purpose to make the law uniform.

158. As used in sections 101 to 164, unless the context otherwise requires:

- (1) Action shall mean and include counterclaim, set-off, and suit in equity;
- (2) Delivery shall mean voluntary transfer of possession from one person to another;
- (3) Fungible goods shall mean goods of which any unit is from its nature or by mercantile custom, treated as the equivalent of any other unit;
- (4) Goods shall mean chattels or merchandise in storage, or which has been or is about to be stored;
- (5) Holder of a receipt shall mean a person who has both actual possession of such receipt and a right of property therein;
- (6) Order shall mean an order by endorsement on the receipt;
- (7) Owner does not include mortgagee or pledgee;
- (8) Persons shall mean and include a corporation or partnership of two or more persons having a joint or common interest;

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(9) To purchase shall mean and include to take as mortgagee or as pledgee;

(10) Purchaser shall mean and include mortgagee and pledgee;

(11) Receipt shall mean a warehouse receipt;

(12) Value shall mean any consideration sufficient to support a simple contract;

(13) An antecedent or preexisting obligation, whether for money or not, shall constitute value where a receipt is taken either in satisfaction thereof, or as security therefor;

(14) Warehouseman shall mean a person, firm or corporation lawfully engaged in the storage of property for a compensation;

(15) Warehouse shall mean a building, fenced enclosure, or receptacle wherein and whereat personal property is received for storage for compensation;

(16) Compensation shall mean any consideration or service received, and the fair value thereof, in connection with the receipt, storage, or delivery of property; and

Note: The Uniform Warehouse Receipts Act proper ends with section 158

PART VI

ADDED PROVISIONS

159. (1) Any person doing a warehouse business or advertising himself as a warehouseman or storer of goods by means of use of warehouse receipts before transacting any business as such, shall submit a certified financial statement and an application to the NIGM for a license for each warehouse to be operated

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as a licensed warehouse. Upon approval of the application by NIGM the persons submitting the application shall file with the NIGM to be approved by it, a bond running to the NIGM with good and sufficient sureties in such amount as may be determined by the Board of Directors of NIGM. The persons submitting the application shall also file with the NIGM to be approved by it, proof and evidence of insurance against certain destruction elements. Such elements and the extent of insurance to be set out in the appropriate Rules and Regulations as established by the Board of Directors of NIGM. The bond and insurance, referred to in subsection (2) of this section shall be for the protection of all persons or companies who may have goods or property stored in such warehouse.

(2) Upon approval of the bond and proof of insurance referred to in subsection (1) of this section, the NIGM shall issue a license to the warehouseman upon receipt of an annual license fee. The amount of the fee to be fixed by the Board of Directors of NIGM. Such fee shall be collected by NIGM and accounted for the same as other fees collected under this act.

(3) All fees collected shall be deposited in the Central Bank to the account of NIGM.

160. Any person, firm or corporation who shall transact a warehouse business suggested to be licensed or advertise himself or themselves as licensed public warehouseman for the storing of property for a compensation, as provided in sections 101 to 164, without first giving a bond proof of insurance and securing a license, as provided in section 159 or who shall continue to transact such business after such license has been revoked or such bond may have become void or found insufficient for the penal sum in which it is executed, save only that he may be permitted to deliver property previously stored in such warehouse, shall be subject to a fine in the amount determined by the court or subject to a penal term as described by law or both.

161. The license shall set forth the number assigned to the warehouse, the name and location of each warehouse, and the individual name of each person, either as owner, tenant, or principal interested in the management of the same, or if the warehouse be owned, leased, or managed by a corporation, the names of the president, secretary, and treasurer. The license shall give authority to carry on and conduct the business of a warehouseman in one locality in accordance with the rules and regulations of the Institute provided a bond in an amount as determined by the NIGM is in full force and effect.

162. (1) Every licensed warehouseman, shall, on the receipt of any goods thereto for storage or within ten (10) days thereafter, issue a lawful receipt to the owner or deliverer of such goods except those goods owned by the warehouseman. The NIGM shall prepare and furnish at cost, plus the expense of delivery and the cost of registration receipt forms which shall be used.

(2) Any warehouseman may issue a receipt, as provided for in subsection (1) of this section, to himself as the owner of goods stored in his own warehouse, which receipt shall be registered with the Institute. The warehouseman shall cause any receipt to be registered with the Institute which is issued to any owner of goods stored in his warehouse.

(3) Upon receiving an actual copy of a warehouse receipt for registration, as provided for in subsection (2) of this section, and upon being satisfied that all of the provisions in regard thereto have been complied with, the Institute shall cause such receipt to be registered.

163. All licensed warehouses operating in the nation shall be under the supervision and subject to the inspection of the NIGM. The property, books, records, and papers of every warehouseman shall, at all times during business hours be subject to inspection by the commission. The commission shall promulgate and adopt such rules and regulations as may be necessary for the efficient enforcement and administration of this act. All warehousemen shall make such reports to the commission as are required.

164. At the pleasure of the Board of Directors of NIGM and as the need arises Rules and Regulations shall be developed by the board for each segment of industry and within the broadest terms possible in order to be able to fully serve that industry. Such Rules and Regulations shall be described in its title and shall carry the next numerical article number.

The purpose of such Rules and Regulations are to place responsibility of administration and to further define conditions, terms and requirements peculiar to that industry. Such Rules and Regulations must however be consistent and within the overall requirements contained in this Article I.

ARTICLE 2

RULES AND REGULATIONS FOR LICENSED GRAIN WAREHOUSES

- Section
- 201 Public grain warehouses; license; acceptance of act notice to N.I.G.M.
- 202 Public grain warehouses; supervision and inspection by N.I.G.M.
- 203 Public grain warehouses; application; license fee; bond; multiple warehouses.
- 204 Public grain warehouses; license; expiration date; renewal; increase in storage capacity.
- 205 Public grain warehouses; reports required; contents.
- 206A Public grain warehouses; storage receipts; registration with N.I.G.M.
- 206B Public grain warehouses; negotiable warehouse receipt; duplicate receipts; bond; approval; conditions of bond; effect.
- 206C Public grain warehouses; duplicate receipt; issuance; approval; requirements; liability.
- 207 Public grain warehouses; supervisor; appointment; duties.
- 208 Public grain warehouses; delivery of grain; when required; liability of warehouseman; freight and weigh-in charges.
- 209 Public grain warehouses; rates; regulation.
- 210 Public grain warehouses; books and records; inspection.
- 211 Public grain warehouses; issuance of receipt without receiving grain; wrongful removal of grain; penalty.
- 212 Public grain warehouses; storage contracts; termination.
- 213 Public grain warehouses; rules and regulations of N.I.G.M.; violations; penalty; suspension or revocation of license; procedure.

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- 214 Public Grain Warehouse Act; dealers exempt.
- 215 Public Grain Warehouse Fund; what constitutes; disbursement.
- 216 Weighing of grain; rules and regulations.
- 217 Weighing of grain
- 218 Weighing of grain, facilities available; violations of act; penalty
- 219 Grain moisture measuring devices; inspections; fee.
- 220 Grain moisture measuring devices; make comparative tests.
- 221 Grain moisture measuring devices; comparative tests; sealing or marking.
- 222 Grain moisture measuring devices; use in receiving; delivering, buying or selling grain; approval; violations; penalty.
- 223 Grain moisture measuring devices; act; violations; penalty.

201. Any grain dealer, person, firm, corporation, or association who receives grain from others for storage in his warehouse where delivered or who receives grain from others for shipment to other points for storage, consignment, or resale either in or out of the nation may avail himself of the provisions of sections 201 to 215 by securing a license from N.I.G.M. and thereby become a licensed public grain warehouseman. Any grain, which has been received at any grain elevator or grain warehouse and for which the actual sale price is not fixed and payment made therefore within 10 days after the receipt of the same, is construed to be grain held in storage within the meaning of said sections.

Licensed Public Grain Warehouses shall operate under the supervision of and subject to the inspection of N.I.G.M.

203. (1) Every person, firm, corporation, or association handling grain as a licensed public warehouse shall each year file an application with the N.I.G.M. for license to do business under the terms of sections 201 to 215. (2) The application, referred to in subsection (1) of this section, shall set forth the location of the grain elevator, building, or receptacle, its relation to railroad trackage and highways, its capacity, its general plan and equipment, its ownership, and the amount of grain handled the previous year on storage. It shall be accompanied by monies in payment of an annual license fee for each warehouse to be operated which have been determined by the Board of Directors of N.I.G.M. to be as follows:

- (a) having a total capacity not to exceed 10,000 cwt.,
- (b) having a total capacity more than 10,000, not to exceed 25,000 cwt.,
- (c) having a total capacity in excess of 25,000, not to exceed 50,000 cwt.,
- (d) having a capacity more than 50,000, but not exceeding 100,000 cwt.,
- (e) for each additional 50,000 cwt., in excess of 100,000 cwt., an additional

The above fees shall be established by the Commission and are subject to change by the Commission as adjustments appear necessary. Such changes shall however be made only for subsequent years. (3) Before any license, referred to in subsections (1), (2), and (4) of this section, is issued to any warehouseman, such warehouseman shall file with N.I.G.M. a bond in such sum as the Commission may prescribe, which

shall not be less than _____ dollars for any warehouseman receiving grain for storage. Such a bond shall run to the N.I.G.M. and be for the benefit of all persons storing grain in such warehouse, referred to in subsection (2) or (4) of this section. It shall be conditioned upon such warehouseman carrying combustion, fire, lightning, wind storm and tornado insurance sufficient to cover loss upon all stored grain in such warehouse, and the delivery of all stored grain or payment of the value thereof upon the surrender of the warehouse receipt, and upon the faithful performance by the warehouseman, and rules and regulations institute relative thereto. The Commission is authorized to require such increases in the amount of such a bond, from time to time, as it may deem necessary for the protection of the storage receipt holders. The surety on such a bond must be a surety company approved by the _____.

(4) If a warehouseman operates one or more warehouses the same city, village, siding, or legally described location in conjunction with each other and with the same working force and where only one set of books is kept for such warehouses and cost slips, scale tickets, warehouse receipts and checks of but one series are issued for grain received or stored therein only one license and bond shall be required for the operation of all such warehouses. In such cases the license fee prescribed herein shall be computed on the basis of the aggregate capacity of all warehouses operated by the licensee.

204. (1) Upon the approval of the bond by the Board of Director of N.I.G.M., the license shall be issued by N.I.G.M. All licenses shall expire twelve calendar months next after the effective date of the original. A warehouse license may be kept in continuous force and effect by the warehouseman filing a proper application for renewal and a bond prior to the date of termination.

(2) No warehouseman, referred to in subsection (1) of this section shall add to

or increase storage capacity without first obtaining approval of the Institute, evidenced by an endorsement upon the license, referred to in subsection (1) of this section, and effecting such appropriate revisions in the bond as may be required by the Commission. Additional fees shall be imposed for additions or increases in storage capacity.

205. (1) Within the first five days of the months of March, June, September and December, every public warehouseman shall make a sworn report to N.I.G.M., on blanks furnished for such purpose, showing the amount of grain in storage on the last day of the preceding month. It shall list each outstanding warehouse receipt by number, giving the kind, grade, amount represented by each receipt so outstanding.

(2) Within the first five days of each of the other months of the year, every public warehouseman shall make a sworn report to the N.I.G.M. on blanks furnished for such purpose, listing the warehouse receipts issued during said month by number, giving the kind, grade, amount represented by each new receipt issued during said month and giving the same information as to all receipts cancelled since the last preceding report. The Institute may also require reports at other times from licensed grain warehouses.

206. (A) Every public warehouseman shall, on the delivery of any grain thereto for storage or within ten (10) days thereafter, issue a lawful receipt to the owner or deliverer of such grain. The receipts shall state the date, name of owner, and the grade, gross weight, dockage, and net weight of the grain represented therein. The Institute shall prepare official Warehouse Receipts which shall be used by all public warehouses and shall be registered with Commission. The Commission is also authorized and empowered to fix charges to be assessed and

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collected for such warehouse receipt forms not to exceed _____ cents per receipt. Payment of such charges shall be made in advance of delivery of such receipt forms and shall entitle each such receipt to registration without any further charge or fee. The Institute is authorized to make refunds of such charges for such unused receipt forms as may be returned to the Institute. Any public warehouseman may issue a receipt to himself as the owner of grain stored in his own warehouse, which receipt shall be registered with the Institute. Upon receiving any such grain warehouse receipt for registration and being satisfied that all of such provisions have been complied with, the Institute shall cause such receipt to be registered.

(B) Where a negotiable warehouse receipt has been lost or destroyed, the Institute may approve the delivery of the grain or the issuance of a duplicate receipt upon satisfactory proof of such loss or destruction and upon receipt of a bond with corporate surety to be approved by the Institute, conditioned to indemnify the warehouseman or any holder or other person entitled to the grain against all loss, liability or expense which he or they may sustain by reason of such delivery. The delivery of the grain or the issuance of a duplicate receipt pursuant to the approval of the Institute as provided in this section shall not relieve the warehouseman from liability to a person to whom the negotiable receipt has been or shall be negotiated for value without notice of the said proceedings before the Institute or of the delivery of the grain or the issuance of the duplicate receipt pursuant to said approval by the Institute in said proceedings. (C) A duplicate receipt shall not be issued by any warehouseman without prior approval by the N.I.G.M. A receipt so issued, upon the face of which the word "duplicate" is plainly placed, is a representation, and warrants by the warehouseman that such a receipt is an accurate copy of an original receipt properly issued and

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uncancelled at the date of the issuance of the duplicate but shall impose upon him no other liability.

207. For the proper enforcement of sections 201 to 215, the N.I.G.M. shall designate and appoint a person experienced in the handling of grain, who shall be known as supervisor of public warehouses. Such supervisor of public warehouses shall be empowered to perform all duties required of the Institute under said sections, subject to the approval of the N.I.G.M.

208. Upon demand, presentation of any receipts, and payment of lawful charges, the grain represented therein, or any part thereof, shall be immediately delivered to the owner, or his order, and the part so delivered shall not be subject to any further charge for storage after demand for delivery shall have been made and facilities for receiving and shipping the same have been provided. In case demand is made for a part only of the grain represented by any receipt, the amount so delivered shall be entered in a proper blank upon the face of said receipt and delivery thereof acknowledged thereon by the person holding said receipt. For any grain not delivered within twenty-four hours after such demand, the warehouseman shall be liable, upon his bond, to the owner in damages not exceeding _____ cent per cwt. for each day's delay, unless he shall deliver to different owners in the order demanded as rapidly as can be done by ordinary diligence.

209. Prior to July 1 of each year, the Board of Directors of N.I.G.M. shall by order fix reasonable storage rates for the ensuing year, and no public warehouseman licensed under section 203 shall charge a less or greater rate, except upon application to and a hearing before the Board. If, after a hearing, the Board

is satisfied that a situation exists which calls for a lesser or greater rate, it shall enter a supplemental order fixing a different rate for such applicant. These charges shall be full compensation for receiving, handling, storing, delivering and insuring. No discrimination shall be made between different customers by any public warehouse either in facilities, charges or handling of any grain under sections 201 to 215.

210. The property, books, records, accounts, papers and proceedings of every licensed grain warehouse shall, at all times during business hours, be subject to inspection by the Institute or their duly authorized representatives.

211. No officer or agent of any licensed grain warehouse shall issue a receipt or grain not actually received. If at any time there is less grain in a warehouse than the amount obligated to be there, which shall include in addition to that grain under receipt, grain held for others but not as yet placed under receipt and the warehouseman own grain, there shall be a presumption that officers of such warehouse have wrongfully removed or caused to be removed grain or issued receipts for grain not actually received and in violation of this section. Any officer or agent who shall violate the provisions of this section shall be subject to a fine in the amount determined by the Court or subject to a penal term as described by law or both.

212. Any storage contract on grain in store in a licensed warehouse may be terminated by the warehouseman with the approval of the Institute. Subject to such rules and regulations as the Institute may promulgate, any storage contract or any or all such grain may be terminated by the owner at any time by the

payment of tender of all legal charges and the surrender of the warehouse receipt, together with a demand for delivery of such grain, or notice to sell the same.

213. (1) It shall be the duty of the Institute, referred to in subsection (2) of this section, to enforce the provisions of sections 201 to 215 and to make and promulgate rules and regulations to aid in the administration of said sections. The owner or operator of any grain elevator or warehouse in the Nation, violating any of the provisions of said sections, shall be subject to a fine in the amount determined by Court or subject to a penal term as described by law or both, and in addition thereto shall be liable for any damages suffered by any person from said violation. It is made the duty of the Attorney General, upon request of the Institute, to assist in the prosecution of any such violations.

(2) The Institute, referred to in subsection (1) of this section, is empowered after hearing before it and upon complaint filed by such Institute or any person to suspend or revoke the license of anyone licensed under this article for the violation of or failure to comply with the provisions of this article or any rule or regulation made in pursuance of the authority therefor granted under this article. A verified complaint stating the ground for suspension or revocation shall be filed with the Institute in triplicate, and thereupon the Institute shall serve the licensee complained against with a copy of the complaint and a copy of the order of the Institute, fixing the time for hearing thereon, which time shall be at least twenty days from the date of service. If the Institute determines that the public good requires it, it may upon the filing of complaint and without hearing, temporarily suspend a license pending the determination by it of the complaint.

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214. Any dealer, person, firm, corporation, or association who receives and stores grain, even though such use may be for resale, is exempt from the provisions of this article unless he has made application to the Institute and is operating under license with the N.I.G.M.

215. All fees collected under sections 201 to 215 shall be paid to the Institute and such fees, together with what may be appropriated by law, shall be used by the Institute for the enforcement of the provisions of said sections.

216. The Institute shall have supervision over the weighing at all licensed warehouses. The Institute shall promulgate appropriate rules and regulations pertaining thereto.

217. It shall be the duty of the Institute to provide trained technicians to examine and inspect the equipment, methods and procedures used for the weighing of grain at all licensed grain warehouses.

218. All persons operating a public grain warehouse shall make all facilities including methods, books, records, accounts, scales, and other weighing equipment within their establishment available ^{to} such authorized technicians at all times during regular business hours. Any person, firm, corporation, or association failing to comply with these provisions shall be subject to a fine in the amount determined by the court.

219. The Institute shall enforce the provisions of sections 216 to 223. It shall make or cause to be made all inspections and shall have authority to establish

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tolerances and specifications for grain moisture measuring devices, which shall have for their object the establishment of accurate grain moisture measuring. It shall have authority to charge a fee to cover the cost of inspecting grain moisture measuring devices. Such fee to be determined by the Board of Directors.

220. The duly authorized technician shall have the power and it shall be their duty to inspect, make comparative tests of, and ascertain if correct, every grain moisture measuring device used or employed by a licensed warehouseman. Such inspector shall use as a standard for making such comparative tests a grain moisture measuring device meeting the tolerances and specifications established pursuant to the provisions of section 219.

21. Whenever the authorized representative of the Institute compares grain moisture tests of the device being tested with the standard grain moisture measuring device and finds that they correspond or causes them to correspond with the standard he shall seal or mark such grain moisture measuring testing device with appropriate seals or works. Any such moisture measuring testing device which upon such inspection shall be found to be defective shall be sealed or marked with an appropriate seal indicating such device to be defective and the owner or user of such device shall be notified of such defective condition by the technician on an appropriate inspection form on the date of such inspection. Upon receipt of a copy of the technicians defective notice to the warehouseman, the N.I.G.M. will officially notify the warehouseman of the corrective action to be taken and of the date of the subsequent inspection.

222. After having obtained a grain warehouse license, any person who, by himself or by his agent or as agent of another person, shall use in receiving, delivering, buying or selling grain any grain moisture measuring device which has not been tested and approved for use by the Institute or its authorized technicians shall be guilty of a misdemeanor, except that the use of a newly purchased grain moisture measuring device prior to regular inspection and approval shall not be considered a misdemeanor if the user of such device has given notice to N.I.G.M. of the purchase and intended use of such new device. Such notice shall be given not later than ten days prior to the date of such intended use.

223. Grain moisture measuring devices; act; violations; penalty. Penalties for violations of any of the provisions of sections 216 to 223 shall be as provided in section 218.

NATIONAL BONDED GRAIN WAREHOUSE AGREEMENT

1. This Agreement by and between the National Institute of Grain Marketing hereinafter referred to as "NIGM" and _____, with principal place of business at _____, hereinafter referred to as the "warehouseman":

WITNESSETH:

2. WHEREAS, the warehouseman represents that he owns or operates the warehouse, (the term "warehouse" being defined in section 16 (b) of this agreement), located at _____

and that such warehouse is described and has the equipment and facilities listed in his Application(s) for Approval of Warehouse under the National Bonded Grain Warehouse Agreement, for the receiving, handling, conditioning, warehousing, storing, buying, selling and loading out of grain, and agrees that the statements made in any such application(s), including subsequent application(s) are hereby incorporated in and made a part of this agreement. In addition to the conditions contained herein the contents of National Public Warehouse Law Article 1 and Rules and Regulations shall be considered to be a part hereof for Licensed Grain Warehouses Article 2.

3. NOW, THEREFORE, in consideration of the premises, the parties hereto covenant and agree as follows:

4. AGREEMENT TO COVER ALL THE GRAIN ACCEPTED - (a) The provisions of this agreement shall apply to all the grain accepted by the warehouseman

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and the National Bonded Grain Warehouse Agreement Schedule of Rates, hereinafter referred to as "Schedule of Rates", shall apply to all the grain on which warehouse charges are payable by a depositor or subsequent owner of a warehouse receipt. All the grain accepted by the warehouseman shall be received, stored (if in storable condition) up to the capacity made available by him, conditioned, loaded out as requested by the depositor or subsequent owner of a warehouse receipt.

(b) The period for which the grain shall be stored be at the option of the depositor or the holder of the warehouse receipt.

5. BASIS ON WHICH GRAIN IS STORED OR HANDLED - (a) All the grain accepted by the warehouseman for storage shall be deemed to be commingled with other grain and the responsibility of the warehouseman with respect thereto shall be as if stored commingled unless the depositor and the warehouseman, prior to the time the grain is accepted, mutually agree in writing, or by verbal agreement confirmed in writing, that such grain shall be stored identity preserved.

6. OBLIGATION TO MAINTAIN STOCKS IN WAREHOUSE - (a) Commingled - In the case of grain stored commingled, the warehouseman at all times shall maintain in the warehouse indicated on the warehouse receipt(s) and in which the grain was originally deposited for storage a stock of grain of the quantity, class and grade, and fairly representative of the quality which he is obligated to deliver against the warehouse receipt(s) representing grain stored subject to the terms of this agreement.

(b) Identity Preserved - In the case of grain which is stored identity preserved, the warehouseman at all times shall maintain the identical grain in the warehouse indicated on the warehouse receipt(s) and in which the grain was deposited for storage. Such grain shall be stored separate and apart from commingled grain and the bin or area shall be sealed or identified in a manner to cause identity to be preserved and in a manner making it possible to observe the identity.

7. DETERMINATION OF GRADES - The class, grade and quality of all the grain received into or removed from a warehouse shall be determined on a basis which is mutually agreeable to the owner of the grain and the warehouseman. In the event the owner of the grain and the warehouseman cannot mutually agree, the grades shall be determined by the NIGM grading laboratory, which is qualified to issue official grade certificates, on the basis of a sample which the owner and the warehouseman agree to be representative.

8. WAREHOUSE RECEIPTS AND CERTIFICATES - (a) Grain Accepted for Storage - The Warehouseman, on receipt of the grain accepted by him for storage or when grain in store is purchased shall:

(i) Issue negotiable warehouse receipts or non-negotiable warehouse receipts as requested by the person entitled thereto. Such warehouse receipts shall be issued within 10 business days following receipt of the grain from a depositor, or following the date of purchase of grain in store, except that the warehouseman's own grain may be held on open account unless he desires to issue a receipt on his grain for the purpose of obtaining a collateral loan. All warehouse receipts shall carry the class, grade, grading factors, quality and quantity represented by the grain when received by the warehouseman, or when

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acquired by a purchaser of grain in store as well as other information required by law.

- (ii) If the grain represented by a warehouse receipt must be dried or processed, in order to make it storable, the warehouseman shall be required to execute Section II of the Warehouse Receipt. Such Section II shall carry the class, grade, grading factors, quality and quantity represented by the grain after drying or processing. Such grade and grading factors and quantity shall supersede the original grade and grading factors and quantity shown in Section I of the warehouse receipt. The warehouse receipt shall be prenumbered and shall be made available by NIGM. If the grain must be dried in order to render it storable, the shrinkage factor applied to the quantity shall not exceed one and one-half percent in weight for each one percent of moisture removed.

9. RESPONSIBILITY FOR CONDITION OF GRAIN - (a) The warehouseman, at his own expense, shall take all necessary steps to keep all of the grain stored in the warehouse from going out of condition.

(b) If the grain, at the time of deposit in the warehouse, required drying or processing to make such grain storable, arrangements for such service shall be made with the owner of the grain prior to placing the grain in storage. In the absence of such arrangement and if the grain, after deposit in the warehouse, required drying or processing to make such grain conform to the condition, grade and quality described on the warehouse receipt, no payment shall be made for such service, regardless of when such service is performed.

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(c) If, during the period of storage, grain under commingled warehouse receipt(s) cannot be prevented from deteriorating or going out of condition, the warehouseman shall immediately notify the owner of the grain, with a copy of such notice being forwarded to NIGM. The copies of such notices submitted to NIGM shall be accompanied by a report which shall set out the bin or lot number, the approximate quantity of grain in each bin or lot, and a listing of the warehouse receipts covering the grain in each such bin or lot. The notice shall also stipulate that a ten (10) day period will be allowed for the owner of the grain to choose a manner of settlement.

For a period of ten days beyond the date of notice:

- (i) The warehouseman will be responsible for delivering grain to the owner of the warehouse receipt of the quantity and quality represented by the original warehouse receipt, or
- (ii) the value of the grain at the current market price as determined by NIGM, or
- (iii) for delivery of the grain to the owner, plus the difference between the current market price of the grain delivered and the grain represented by the warehouse receipt--such difference in value to be determined by NIGM.
- (iv) If the owner of the grain does not request settlement under conditions outlined in (i), (ii), or (iii) above, within ten (10) days following receipt of the notice of deterioration, he shall then relinquish his rights for recovery of the value lost, and be required to accept the grain in quantity as represented by the warehouse receipt;

however, the quality as shown on the warehouse receipt will be supplemented by the actual quality of the grain delivered.

Under (i), (iii) and (iv) above, the owner of the grain shall then immediately surrender the warehouse receipt and remove the grain from storage, or, if agreeable with the warehouseman, make arrangements for the surrender of the commingled warehouse receipt, which shall be replaced by an identity-preserved warehouse receipt, in which case the owner will become responsible for any further deterioration in quality.

(d) If settlement is requested as described in (iii) above, or if authorization to transfer the grain to identity preserved storage is furnished, settlement for the difference in value between the commingled grain described by the warehouse receipts and the value of the grain at the time of delivery or transfer to identity preserved storage shall be made on the basis of an official grade determination based upon a representative sample taken and on the basis of weights determined at the time the warehouseman delivers the grain or transfers the grain to identity preserved storage. Value for settlement purposes shall be determined on the basis of domestic cash prices current in the applicable market as of the date the representative sample is taken. The warehouseman shall give the owner of the grain or its designated representative, if any, at least twenty-four (24) hours advance notice of the date on which he intends to transfer grain to identity preserved storage under the provision of this section 9. If the warehouseman gives such notice he shall not be required to delay making the transfer beyond the time specified in such notice, even though the owner of the grain has no one present to supervise such transfer. Such transfer to identity preserved storage and

the weight and grade determination shall be at the expense of the warehouseman. If the owner of the grain neither removes the grain from the warehouse, nor authorizes the transfer of the grain to identity preserved storage within the period of time set out in (c) (i) above of this Section 9, the warehouseman may transfer such grain to identity preserved storage in accordance with the preceding paragraph above and settlement shall be as provided therein.

If the warehouseman is unwilling or unable to retain the grain in identity preserved storage, then settlement must be accepted by the owner of the grain in one of the conditions described in 9 (c) (i), (ii), or (iii) above, unless he has failed to acknowledge the notice of deterioration, in which case settlement will be made as described in 9 (c) (iv).

(e) In settling for loadout of the grain which is stored identity preserved, the warehouseman shall be liable for any failure to deliver the gross quantity of the identical grain received, except that the warehouseman shall not be liable if he establishes that such underdelivery in quantity resulted from natural shrinkage if such grain was stored in sealed bins under supervision of a disinterested custodian. If such identical grain is delivered, the warehouseman shall not be liable for deficiencies in quality if he establishes that such deficiencies in quality resulted from causes other than his failure to use due care or his failure to provide appropriate warehousing services; such services shall include giving the owner of the grain immediate notice in writing as soon as there is any change in the quality of the grain being stored identity preserved. In settling for the loadout of such grain from the warehouse, values shall be determined on the basis of the domestic cash prices current in the applicable market as of the date of loadout. Such values shall be determined on the basis of a representative

sample. If either party insists that the grading of the sample shall be done by an NIGM licensed grader, the person requesting such service shall bear the expense.

(f) For the purpose of this Section 9, a representative sample shall be a sample drawn by an NIGM Licensed Inspector or by an inspector or sampler agreed upon by the warehouseman and the owner of the grain. Such sample must be obtained by running the entire bin or lot, or by sufficient probing to obtain a representative sample at proper intervals of the entire depth and area of the bin or lot.

10. LOADOUT REQUIREMENTS - (a) The warehouseman shall, upon surrender of warehouse receipts representing the grain stored in a warehouse and when so requested deliver the grain, free of charges to the owner of the grain (except loadout charge), into transportation conveyance specified by the owner at the delivery point. The provisions of this agreement, including the requirements for insurance, shall apply to such grain until it is loaded into the transportation conveyance and accepted by the carrier.

(b) Upon the surrender of warehouse receipts representing grain subject to the terms of this agreement which is stored commingled, the warehouseman shall loadout grain of the same class and quantity as that described on the warehouse receipt.

(c) Upon surrender of warehouse receipts representing the grain which is stored identity preserved, the warehouseman shall loadout or deliver the identical grain received.

(d) If the Official Grain Standards for the grain involved are changed after the grain is received in storage and before it is loaded out, the standards in effect at the time the grain was received into storage shall govern

for such of these records as may be specified by NIGM.

(c) The warehouseman shall maintain the warehouse operating under this agreement in sound physical condition at all times. At any time during business hours, the warehouseman shall permit NIGM or their authorized representatives to inspect the warehouse and its equipment, inspect, measure and take inventories of all grain stored therein, and examine the stock records, receipt books, insurance policies and other documents pertaining to such grain. The warehouseman shall furnish whatever assistance is necessary to enable NIGM to perform such inspection and shall provide and maintain in proper condition such equipment and facilities as deemed necessary by NIGM to avoid undue risk and hazard to authorized representatives or NIGM. Examinations and inspections made by NIGM or by other recognized supervisory body shall, however, in no way relieve the warehouseman of his responsibilities under the terms of this agreement.

(d) The warehouseman shall furnish to NIGM or their authorized representatives such reports with respect to receiving, storing, conditioning and delivery of the grain, and with respect to his financial condition, total inventory of grain, and outstanding storage obligations, as NIGM may request. The warehouseman shall immediately notify NIGM of any change in ownership or operation of the warehouse, or any change in the nature of capacity of the warehouse facilities, or whenever he is unable to accomplish load out of the grain in accordance with the instructions issued by the owner of the warehouse receipt.

18. TERMS OF AGREEMENT TO PREVAIL - The terms of this agreement including the Schedule of Rates shall prevail. This agreement shall supersede any

existing National Bonded Grain Warehouse Agreement and any amendments or supplements thereto or modifications thereof between the warehouseman and NIGM except that charges with respect to services performed under any such prior agreement shall be paid in accordance with the terms of such prior agreement.

19. TERMINATION AND DEFAULT - SUSPENSION - (a) In the event of the failure of the warehouseman to load out any grain in accordance with the terms of this agreement, or in the event misrepresentations have been made in his Application for Approval of Warehouse, NIGM shall have the right, unless such failure is excused by law, to terminate this agreement with respect to any or all of the warehouses covered hereby, and, in the event either of the parties hereto default in the performance of any other provisions herein, the other party, if such default is not cured within fifteen (15) days after a written notice is mailed to the party in default, shall have the right to terminate this agreement with respect to the warehouse or warehouses involved without thereby being deprived of any claim for damage on account of such default.

(b) NIGM also shall have the right, at its discretion, with or without terminating this agreement as provided in Section 19 (a) to suspend the warehouse, by removing it from the list of warehouses approved by NIGM. During such period, the warehouseman may carry on business only to the extent determined by NIGM.

20. ADMINISTRATION - (a) The Board of Directors of the National Institute of Grain Marketing, or the duly authorized representatives of such officials or any other duly authorized representative of NIGM, may act for or on behalf of the Board of Directors in carrying out the provisions of this agreement.

(b) No depositor shall be permitted to place grain in store in the warehouse without prior consent of the warehouseman.

(c) The depositor shall, notwithstanding any other provision of this agreement, have the unrestricted right to transfer the title to its grain in store to any person, firm, corporation or legal entity after paying or providing for payment of such charges as may have accrued prior to the date of the transfer.

21. NOTIFICATION - The warehouseman shall have fulfilled his obligation to notify the Institute as required in this agreement only when such notice is received in writing by the General Manager of NIGM.

22. EFFECTIVE DATE - This agreement shall become effective upon its signature of NIGM. This agreement shall be renewed automatically from year to year thereafter, unless either party notifies the other, by written notice, at least thirty (30) days prior to the next anniversary date, of his election to terminate the agreement upon such renewal date. In the event this agreement is terminated by mutual consent or for cause, or either party elects to terminate this agreement on any annual anniversary date, and at the time of such termination there is stored in the warehouse grain for which the warehouseman is obligated, all portions of this agreement shall remain in effect until all such grain is removed or otherwise disposed of. Upon order of the Board of Directors NIGM shall notify all warehouse receipt holders of such action and request forfeiture of the receipts within sixty (60) days.

23. CONTINGENT FEES - The warehouseman warrants that he has not employed any person to solicit or secure this agreement under any agreement for a

commission, percentage, brokerage, or contingent fee; that no such consideration or payment has been or will be made. Breach of this warranty shall give NIGM the right to annul the agreement. This warranty shall not apply to commissions payable by the warehouseman under contracts secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purposes of securing business.

24. DESCRIPTIVE HEADINGS - The descriptive headings of the various sections hereof were formulated and inserted for convenience only and shall not be deemed to affect the meaning or constructions of any of the provisions hereof.

25. EXECUTION - This agreement shall be executed by the National Institute of Grain Marketing of the Dominican Republic, and the warehouseman, and shall not be amended or superseded except by written agreement executed in the same manner as this agreement.

WAREHOUSEMAN _____

In Presence of _____ by _____

Title

DATE TO BE ENTERED BY NIGM

This agreement shall be effective
as of the _____ day of _____
19__.

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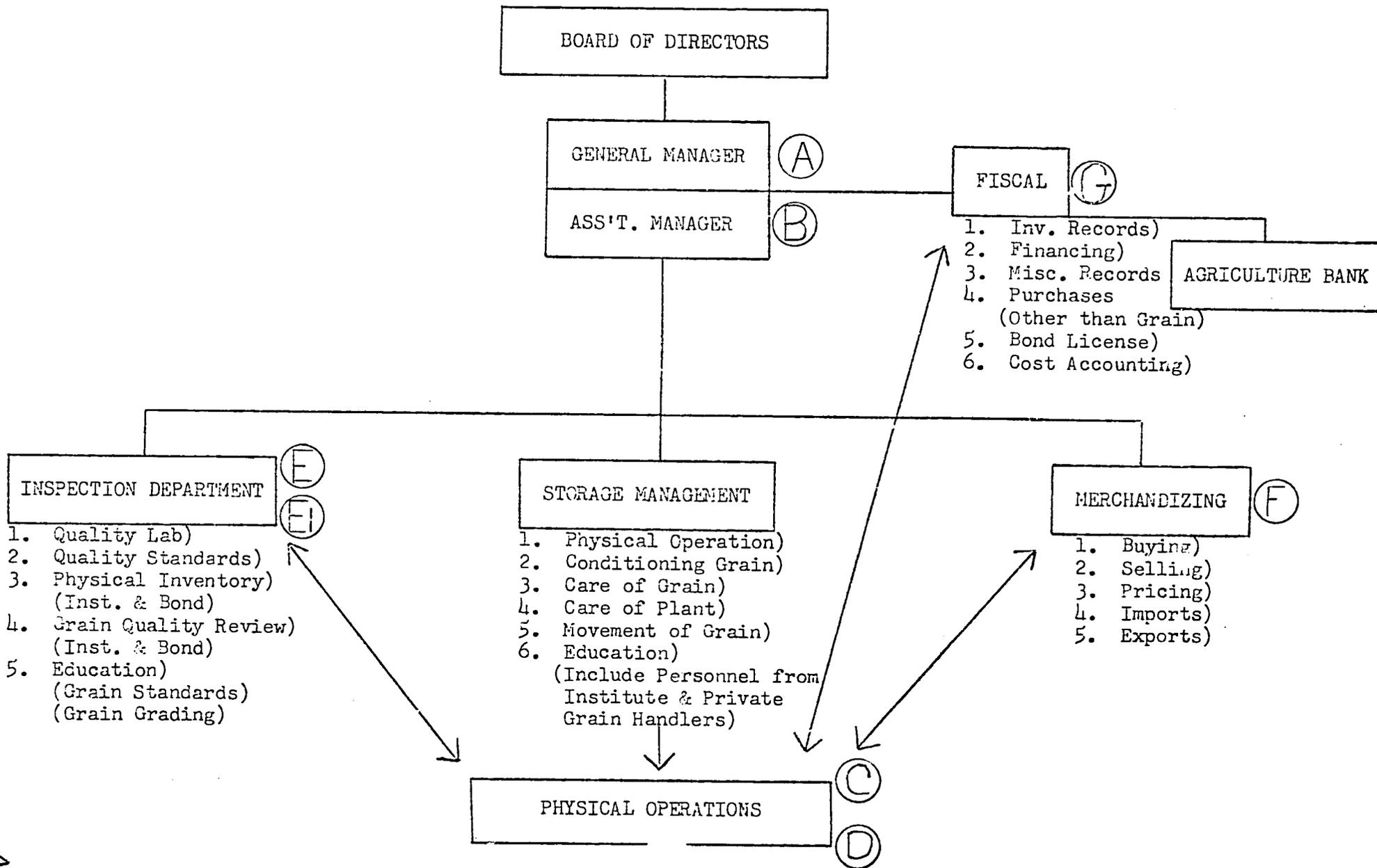
BOARD OF DIRECTORS OF NATIONAL INSTITUTE OF GRAIN MARKETING OF THE
DOMINICAN REPUBLIC BY:

1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____

Name

Title

FLOW CHART
NIGM



NS

SUGGESTED LONG-TERM AND SHORT-TERM TECHNICIAN NEEDS
FOR
NATIONAL INSTITUTE OF AGRICULTURAL COMMERCIALIZATION
DOMINICAN REPUBLIC

I. Initial Development Period

It appears that the National Institute of Agriculture Commercialization will require several advisory technicians during the development period. There is always a possibility that the same person might be able to handle more than one advisory position. This possibility, however, is rather remote. Although some of the positions are closely related, it would be unusual to find a person who is proficient in both jobs.

The timing for arrival of this advisory personnel is quite indefinite at this time. If the law is activated, the most immediate need will be related to the overall organization, the establishment of responsibilities and duties. As soon as this can be accomplished, the specialized technicians should then be moved in to start preparing procedure and operating hand-books and forms.

Referring to the Flow Chart, Counterpart A should be the first to arrive. Within a month after that, it appears that Counterparts B, E, F and G would be needed.

A considerable amount of the paper work developed in these departments will flow between departments. As a result all operating procedure should be formalized at the same time in order to eliminate omission and duplication.

As soon as the procedure starts to take form, Counterparts C and D would be needed to start their review and to start their training program in the country.

At some later date, when the new equipment is available, Counterpart E 1 would be needed.

At this early period, it appears that the following assistance would be necessary.

<u>Position</u>	<u>Number of Persons</u>	<u>Position</u>	<u>Time</u>
A	1	Advisor to General Manager	2 yrs. plus
B	1	General Advisor to Assistant Manager	2 yrs. plus
C	1	Field Storage Management Advisor	2 yrs.
D	1	Equipment Maintenance and Operation Specialist	2 yrs. plus
E	1	Inspection and Quality Control Specialist	1 yr.
E 1)	1	Grain Standards and Grain Grading Specialist	3 mo.
F	1	Grain Merchandising Specialist	3 mo.
G	1	Fiscal and Monetary Specialist	3 mo.

Position A. Advisor to General Manager

This person should have complete knowledge of every phase of every operation in every department or sufficient knowledge to be able to assess such activities and to make proper technical and policy decisions. His knowledge of the operation should be of sufficient depth so that problems which arise and which challenge the ability of other technicians can either be solved by him or, if they also are beyond his ability, he will know immediately of a source of information that can be called upon.

He must possess the ability to influence people without appearing to be demanding. He must also be patient and content to wait for understanding by others, rather than doing the job himself at the expense of not developing others. His effectiveness will not be judged by his ability to manage alone but equally of his ability to enter into the actual activity at every level of operation. This is most important when it is recognized that following the development period the Manager will then be the primary so-called expert on every phase of the operation.

Position B. General Advisor to the Assistant Manager

During the development period his primary concern will be to build the Storage Management Department. This will include the training and supervising of physical operation personnel; such as care of grain, care and repair of physical plant, and movement of equipment and grain supplies. He will also have an obligation to offer such techniques and information to the Bonded Warehouseman and eventually to everyone including the farmers, in the interest of preservation of grain.

This position also entails the overall day by day supervision of the other three departments - Inspection, Fiscal and Merchandising. For this reason, this person must be very close to the overall development of all departments and must help the Assistant Manager become fully familiar with the overall operation.

Position C. Field Storage Management Advisor

In the final analysis, this position is as important as any other in the entire Institute. His job will be to make the program work at the country level. He will work primarily with the warehouse managers and in doing so will be active in every phase of the program that is applied at the country level. In short, his job is where the action is. Grading grain, care of grain, care of plant, movement of grain, movement and repair of equipment, buying grain, selling grain, price information, fiscal are a few of the responsibilities that must be coordinated and carried out under his supervision. He will work with the other departments, but will look to the General Manager and the Assistant Manager for supervision, policy and guidance.

Position D. Equipment Maintenance and Operation Specialist

The duties of this person are to keep the physical plant working. This will include moving grain into and out of the elevators; drying, conditioning, and fumigation of grain; housekeeping duties; repair of equipment, etc. In addition to being able to care for grain, he must be the mechanic that keeps the wheels turning.

Position E. Inspection and Quality Control Specialist

The duties of this person are to primarily work with the problems of grain inspection, physical grain inventory, determination of condition and quality of grain, the

operation of the Official Grain Laboratory for the Institute warehouses and those same duties for the Institute as they apply to Bonded Grain Warehouses. Following the development period, he should prepare informational material and attempt to cause grain standards to be accepted and used throughout the private sector of the industry. Also, during the development period, he will be the one required to do the research and preparation of suggested grain standards to be adopted and declared official. This effort may require the assistance of the person in position E 1.

Position E 1). Grain Standards and Grain Grading Specialist

The need for a second person during the development period appears to be necessary. His duty would be to set up the Official Quality Laboratory and to train the persons assigned to the laboratory and to then hold training schools for the elevator managers and their assistants in the technique of grading grain. This person will primarily supplement the efforts of Position E in this one phase of this department's responsibilities.

Position F. Grain Merchandising Specialist

The duties of this position would be to review the merchandising methods now being carried out and to reorganize and develop this department so that it becomes an effective part of the Institute as a whole. One important duty will be to set up a system whereby pricing information will correctly and

rapidly move from the country to the Institute and from the Institute to the country. Some of this can probably be done by cooperative effort with other existing departments within agriculture. The Institute, however, should also have its own source of facts to guide its buying and selling policies and its import and export duties.

Position G. Fiscal and Monetary Specialist

The duties of this position will be to review the present fiscal department and revamp the unit so as to incorporate the new fiscal duties and to set up the flow of activities between the Institute and the National Banks that will be involved.

the responsibility of the warehouseman for loading out the grain and settlement with respect to the grain loaded out.

(e) Settlement for the value of any deficiencies in quality shall be made in accordance with Section 11, except that, if such deficiencies in quality resulted solely from broken kernels the warehouseman shall be liable for only one-half of the value of the deficiencies in quality resulting from such causes.

11. SETTLEMENT FOR LOADOUT - Subject to the provisions of Sections 9, 10 and 14, settlement with respect to each individual warehouse receipt for differences in value between the grain loaded out by the warehouseman and the grain represented by the warehouse receipt shall be made in accordance with this Section 11. Settlement for differences between the value of the commingled grain which is loaded out by the warehouseman and the grain represented by the warehouse receipt shall be made in accordance with the following:

- (i) In settling for differences in quantity (except in case of conversion where settlement shall be made on such legally applicable basis as NIGM may demand), values shall be determined on the basis of domestic cash prices current in the applicable market, as determined by NIGM, as of the date of acceptance by the owner of the grain of the final loadout or, when mutually agreeable to the warehouseman and the owner of the grain, on the date each shipment is accepted by the owner.
- (ii) In settling for differences in quality, values shall be determined on the basis of domestic cash prices current in the applicable market as determined by NIGM as of the date of acceptance by the owner of the final shipment under the applicable loadout, or when mutually agreeable

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to the warehouseman and the owner, on the date each shipment is accepted by the owner.

(iii) The value of any underdelivery in quantity or quality shall be paid immediately to the owner by the warehouseman in cash.

12. SACKED GRAIN - Subject to all other provisions of this agreement, the warehouseman may store the grain in bulk, or, with the prior approval of the owner, in sacks, but unless the holder of the warehouse receipts representing grain received in sacks directs loading out in sacks, the warehouseman shall load out all the grain in bulk. A deduction of $3/4$ pound per sack shall be used in determining the net quantity of the grain stored in sacks. When grain received in sacks is bulked, the empty sacks shall be baled and retained by the warehouseman for the account and subject to order of the owner. All grain stored in sacks shall be held identity preserved. The warehouseman will not be liable for the quality of grain stored in sacks unless he is found negligent in applying good warehousing practices.

13. INSURANCE - (a) Without in any way limiting his obligations under the other provisions of this agreement, the warehouseman, at his own expense, shall insure and at all times keep insured in his own name all the grain for the full market value thereof against loss or damage by fire, lightning, inherent explosion, _____, and _____. In the event the warehouseman insures against hazards to the grain not specified herein, such insurance shall insure to the holders of the warehouse receipts or other documents evidencing ownership of or beneficial interest in such grain. In the event of any loss or

damage to the grain or to the warehouse, whether or not such loss was insured against, the warehouseman shall immediately notify the holders of the warehouse receipts or other documents evidencing ownership of such grain as they appear on the records of the warehouseman. The warehouseman shall, at his own expense, promptly take the steps necessary, including the bringing of suit, to collect any monies which may be due as idemnity for such loss or damage, including any loss or damage resulting from hazards insured against but not specified herein, and as soon as collected, shall pay to each holder of such warehouse receipts and other documents evidencing ownership of such grain the full market value of the grain owned by him. The warehouseman shall pay to the holders of the warehouse receipts or other documents evidencing ownership of such grain, in addition to the insurance proceeds, any amount by which the insurance proceeds are less than such full market value, whether resulting from failure to collect in full from the insurer, failure to obtain a policy affording full coverage, or failure to report the total value of grain on hand on the last reporting date under a reporting form of policy.

(b) For purposes of this section "full market value" shall mean the value required by law to be used by underwriters in the Nation in paying for grain insured for its actual cash value. The date used for establishing such full market value shall be the date required by law to be used in the Nation, or, if such date is not established by law, the date fixed by the insurance contract covering the grain.

(c) Notwithstanding any other provision of this agreement, the warehouseman, in the absence of negligence or failure to provide appropriate warehousing

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services, shall not be liable for loss or damage to the grain from floods or other Acts of God against which insurance is not required by this section: Provided, however, that if commingled grain is so damaged the loss which thereby falls on the owners of the grain and/or the warehouseman shall be prorated between them on the basis of the percentage which the quantity of the kind of grain involved owned by each in the warehouse at the time of such Act of God is of the total quantity of such kind of grain owned by both the warehouseman and others.

14. PERIODS FOR WHICH SCHEDULE OF RATES APPLY - (a) Charges payable by the holder of warehouse receipts for services rendered under this agreement for the account of the owner of the receipt shall be at the rates and on the basis specified in the Schedule of Rates in effect when such services are performed.

(b) In the case of warehouse charges payable by the owner of grain, the period for which the Schedule of Rates shall apply shall begin with the date each lot of grain is deposited in the warehouse or the date storage charges begin as recorded on the warehouse receipt whichever is later. Such period, in the case of grain purchased from the warehouseman in store, shall begin when such grain is acquired by the buyer.

(c) In the case of warehouse charges payable by the holder of a warehouse receipt, the period for which the Schedule of Rates shall apply shall end as follows:

- (i) In the event the grain is removed from storage by the owner, storage charges shall cease upon the date the grain is accepted.
- (ii) In the event the warehouse receipts are sold or transferred to any person, charges under this agreement shall cease on the date of

transfer. The owner shall notify the warehouseman of the date of transfer and shall affix to the warehouse receipts prior to transfer a statement showing the period for which the rates hereunder are applicable, and the warehouseman shall not charge for services rendered during that period an amount in excess of that computed in accordance with the rates in effect hereunder during that period.

(iii) In the event of the loss or destruction of any of the grain, or in the event of the destruction of the warehouse, all accrued charges provided in the Schedule of Rates and otherwise payable with respect to the grain lost or destroyed, or stored in a warehouse which is destroyed, shall be paid up to but not including the date of such loss or destruction and shall thereupon cease.

(d) In the event of any disposition of the grain contrary to the terms of this agreement, no charges shall accrue for any period of time such grain is not in store and no charges of any kind shall be payable on any quantity of the grain not loaded out.

15. PAYMENT OF CHARGES - (a) Pursuant to prior agreement, a periodic payment may be made by the owner of all charges due and unpaid on the grain in store represented by warehouse receipts. The period to be covered by the periodic payment shall be determined at the time the receipt is issued.

(b) Upon termination of the period for which the Schedule of Rates applies for any lot of grain (i.e., when grain is loaded out, lost, damaged or sold or transferred in storage) and pursuant to instructions issued by the owner, all charges due and unpaid thereon shall be paid by the owner, unless the warehouse receipts were transferred with warehouse charges for the account of the purchaser.

(c) The owner of the grain shall not pay any charge for any service not covered by this agreement or for drying the grain unless such service or drying is performed upon prior authorization of the owner. Upon completion of the services authorized and presentation of proper invoice, the owner shall pay all authorized charges due and unpaid prior to removal of the grain from the warehouse.

16. DEFINITIONS - For the purpose of this agreement, the following terms shall be construed to mean, respectively,

(a) Grain. In the interest of convenience as it applies to this agreement grain shall be considered to be:

- (i) Wheat, corn, rye, barley, oats, soybeans, dry beans, dry peas, rice (including milled rice), grain sorghums, peanuts, coffee beans, cocoa beans, and any other similar product declared by the Board of Directors of NIGM as being a storable plant seed.
- (ii) In addition and for the purpose stated above, the word grain will describe oil seed meal, coke or pellets and shall include the single by-product which results from the initial processing of a grain such as flour, bran, etc.
- (iii) If a distinct and separate building is provided or a separate section within a building plainly identified as one to be used for this single purpose then as stated above the word grain will describe dehydrated meat products, dehydrated plant meals or pellets, feed concentrates and processed animal feeds.
- (iv) If a distinct and separate building or a separate section within a building other than any other described herein is provided and is plainly identifiable as one to be used for this single purpose then as stated above the word grain will describe treated seed.

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(b) Warehouse. Warehouse as used in this agreement refers severally to each of the warehouse(s) described in the warehouseman's Application(s) for Approval of Warehouse which bear(s) the same contract number as this agreement. The rights and obligations of the parties hereunder shall apply to each such warehouse.

(c) Receiving. Receiving and unloading all of the grain from trucks and other conveyances, and elevating into, bulking, cutting in, or piling in the warehouse.

(d) Conditioning. Reelevating, screening, blowing, cooking (excluding drying) as may be necessary to preserve the class, grade and quality of the grain.

(e) Loading Out. Loading out, including cutting and emptying sacks, and moving from the warehouse to and loading into cars, trucks or other conveyance.

(f) Official Grades. Grades and grading factors established by an inspector licensed by NIGM in accordance with the Official Grain Standards of NIGM. Sampling, inspection, grading, and certification of grain shall be in accordance with methods and procedures prescribed in the Rules and Regulations of NIGM.

(g) Quality. Test weight, foreign material content, splits, percentage of damage, moisture content, and any other grading factors shown on the official inspection certificates.

(h) Warehouse Location. The place at which the warehouse is located.

(i) Identity Preserved. The storage or handling of grain in such manner that the actual grain deposited and no other may be delivered to the holder of the warehouse receipt or other documents and with respect to which the warehouse receipt or other documents are marked in a manner acceptable to the owner of the grain indicating that the grain is stored or handled

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identity preserved. In the case of grain transferred to identity preserved storage under the provisions of Section 9, the original warehouse receipts shall be exchanged for a new receipt, after such transfer and as mutually agreed by the warehouseman and owner. Except as otherwise provided in Section 9, the grain shall be stored or handled identity preserved only pursuant to mutual agreement between the warehouseman and the owner. Except as otherwise provided in Section 9, the grain shall be stored or handled identity preserved only pursuant to mutual agreement between the warehouseman and the owner. The grain stored identity preserved shall be stored in sealed bins or areas readily identifiable and so located that it may be viewed.

(j) Commingled. The storage or handling of grain under any circumstances other than identity preserved.

17. BOND, RECORDS, INSPECTIONS, AND REPORTS - (a) The warehouseman shall furnish NIGM such bond or bonds as may from time to time be required by NIGM.

(b) The warehouseman shall maintain current and complete records at all times with respect to all grain (including grain owned by him as well as other grain not subject to the terms of this agreement) which is stored in or handled through the warehouse. Such records shall include but not be limited to a daily position record showing:

- (i) The total quantity of each kind and class of grain received and loaded out and the quantity of each kind of grain remaining in the warehouse as of the close of each business day and,
- (ii) the warehouseman's total storage obligations for each kind and class of grain as of the close of each business day.

The warehouseman shall retain the records required by this agreement for not less than six (6) years except when NIGM authorizes a shorter retention period

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