

CHAPTER 244

TRUST COMPANIES

H. F. 32

AN ACT to amend section nine thousand three hundred and four (9304), code, 1939, relating to the cash reserve required by trust companies organized under chapter four hundred sixteen (416) of the code.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 SECTION 1. Section nine thousand three hundred four (9304),
- 2 Code, 1939, is amended by striking from line eight (8) the figures
- 3 "9201" and inserting in lieu thereof the following: "9270.1".

Approved February 11th, 1943.

CHAPTER 245

INVESTMENT OF FUNDS BY SAVINGS AND LOAN ASSOCIATIONS

S. F. 262

AN ACT to amend section nine thousand three hundred forty and one hundredth (9340.01), code, 1939, relating to investment of funds by savings and loan associations.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 SECTION 1. Section nine thousand three hundred forty and one
- 2 hundredth (9340.01), Code, 1939, is hereby amended by striking the
- 3 period (.) at the end of the thirteenth (13th) line thereof and insert-
- 4 ing a comma (,) in place thereof and adding the following: "except
- 5 that investments in bonds or interest bearing obligations of the
- 6 United States shall not exceed 25% of assets."

Approved April 6, 1943.

CHAPTER 246

BONDED WAREHOUSES FOR AGRICULTURAL PRODUCTS ACT

H. F. 406

AN ACT to repeal chapter four hundred twenty-six (426), code, 1939, relating to bonded warehouses for agricultural products, and to enact a substitute therefor.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 SECTION 1. Chapter four hundred twenty-six (426), Code, 1939,
- 2 is hereby repealed, and the following sections enacted in lieu thereof:
- 1 SEC. 2. **Terms defined.** As used in this chapter:
- 2 1. "Commission" shall mean the Iowa state commerce commission.
- 3 2. "Warehouse" shall mean any building, structure or other pro-
- 4 tected inclosure in this state used or useable for the storage of agri-
- 5 cultural products. Buildings used in connection with the operation
- 6 of the warehouse shall be deemed to be a part of the warehouse.

7 3. "Licensed warehouse" shall mean a warehouse for the operation
8 of which the commission has issued a license in accordance with the
9 provisions of section five (5) of this act.

10 4. "Agricultural product" shall mean any product of agricultural
11 activity suitable for storage in quantity, including refined or unrefined
12 sugar and canned agricultural products and shall also mean any
13 product intended for consumption in the production of other agri-
14 cultural products, such as stock salt, binding twine, bran, cracked
15 corn, soybean meal, commercial feeds, and cottonseed meal.

16 5. "Grain" shall mean wheat, corn, oats, barley, rye, flaxseed,
17 field peas, soybeans, grain sorghums, spelt, and similar agricultural
18 products.

19 6. "Bulk grain" shall mean grain which is not contained in sacks.

20 7. "Person" shall mean an individual, corporation, partnership, or
21 two or more persons having a joint or common interest in the same
22 venture, but shall not mean the United States or Iowa state govern-
23 ment or any subdivision or agency of either.

24 8. "Warehouseman" shall mean a person who uses or undertakes
25 to use a warehouse for the storage of agricultural products for com-
26 pensation.

27 9. "Licensed warehouseman" shall mean a warehouseman who
28 has obtained a license for the operation of a warehouse under the
29 provisions of section five (5) of this act.

30 10. "Delivery charge" shall mean the charge made by the ware-
31 houseman for receiving grain into and delivering grain from the
32 warehouse, exclusive of the warehouseman's other charges.

1 **SEC. 3. Duties and powers of the commission.** The commission
2 is authorized to exercise general supervision over the storage, ware-
3 housing, classifying according to grade or otherwise, weighing, and
4 certification of agricultural products. The commission may inspect
5 or cause to be inspected any warehouse and may require the filing of
6 reports describing any warehouse or the operation thereof. The
7 commission shall inspect or cause to be inspected every licensed
8 warehouse and the contents thereof not less than once every three
9 months. The commission may classify any warehouse in accordance
10 with its suitability for the storage of agricultural products and
11 shall specify in any license issued for the operation of any warehouse
12 the type or types and the quantity of agricultural products which
13 may be exclusively stored in such warehouse. The commission may
14 prescribe, within the limitations of this chapter, the duties of
15 licensed warehousemen with respect to the care of and responsibility
16 for the contents of licensed warehouses. The commission may from
17 time to time establish and publish standards for agricultural products
18 by which quality or value of such products may be judged or de-
19 termined. The commission may from time to time publish such data
20 in connection with the administration of this chapter as may be of
21 public interest. The commission shall have the duty of administra-
22 tion of the further provisions of this chapter.

1 **SEC. 4. Rules and regulations.** The commission shall from time
2 to time make such rules and regulations as it may deem necessary for
3 the efficient administration of the provisions of this chapter, and may
4 at its discretion designate an employee or officer of the commission to

5 act for the commission in any details connected with such administra-
6 tion, including the issuance of licenses and approval of warehouse
7 bonds in the name of the commission, but not including matters
8 requiring a public hearing or suspension or revocation of licenses.

1 **SEC. 5. Issuance of license.** The commission is authorized, upon
2 application to it, to issue to any warehouseman or to any person about
3 to become a warehouseman a license or licenses for the operation of a
4 warehouse or warehouses in accordance with the provisions of this
5 chapter and such rules and regulations as may be made by the
6 commission under the authority of section four (4) of this act. A
7 single license may be issued for the operation of two or more ware-
8 houses located in the same city or town and operated by the same
9 warehouseman. Licenses to a warehouseman to operate two or more
10 warehouses located in different cities or towns may be issued under
11 a single application but a separate license shall be issued for such
12 operation in each city or town.

1 **SEC. 6. Application for license.** Each application for a license or
2 licenses shall be in writing subscribed and sworn to by the applicant
3 or a duly authorized representative of the applicant. In addition to
4 any other information required by rule and regulation of the com-
5 mission the application shall include the following:

6 1. The name of the individual, partnership, or corporation making
7 the application, the names of all partners if applicant is a partnership,
8 and the names and titles of the principal officers if applicant is a
9 corporation.

10 2. The principal office or place of business of the applicant.

11 3. A general description of each warehouse as to storage capacity,
12 type of construction, mechanical equipment, if any, and condition.

13 4. The approximate location of each warehouse.

14 5. The type and quantity of agricultural product, or products
15 intended to be stored in each warehouse.

16 6. A complete financial statement for use of the commission in
17 the administration of this chapter.

18 7. A tariff on a form to be prescribed by the commission, for
19 storage, conditioning of stored products, and delivery charges.

1 **SEC. 7. License to specify type and quantity of products which**
2 **may be stored in licensed warehouses.** The commission shall determine
3 with respect to each application for a license whether the warehouse
4 or warehouses described in the application is or are suitable for the
5 proper and safe storage of the particular agricultural product or
6 products intended to be stored therein in the quantities specified in
7 the application, provided that no warehouse shall be found to be
8 suitable and safe for the storage of bulk grain unless such warehouse
9 is equipped with a fixed or portable mechanical device of a type in
10 common use as an adjunct to the movement of bulk grain. Each
11 license issued for the operation of a single warehouse shall specify
12 the type or types and quantities of agricultural products which may
13 be stored in such warehouse. Each license issued to a warehouse-
14 man for the operation of two or more warehouses in the same city or
15 town shall specify with respect to each warehouse the type or types
16 and quantities of agricultural product which may be stored in such

17 warehouse. It shall be unlawful for any licensed warehouseman to
18 accept for storage or to store in any licensed warehouse any agri-
19 cultural product or products other than the type or types and quanti-
20 ties specified in the license for the operation of such warehouse.

1 **SEC. 8. Tenure of license—renewal.** Each license issued under
2 section five (5) of this act shall terminate on the thirtieth day of June
3 next after the date of issuance, except that upon a showing satisfactory
4 to the commission that the minimum storage of certain products
5 usually occurs at some other season of the year, the commission may
6 set some other date for termination of licenses relating to the storage
7 of such products. Licenses may from time to time be renewed or
8 extended by a written instrument, which shall likewise terminate on
9 the next anniversary of the effective date of such renewal or extension.

1 **SEC. 9. Amendment of license.** The commission is authorized,
2 upon its own motion, or upon receipt of written application, to amend
3 any license previously issued by it, to change or modify the pro-
4 visions as to the type and quantity of agricultural products which
5 may be stored in the warehouse or warehouses in respect to which the
6 license was originally issued. Application for amendments to licenses
7 shall include the same information, except as to the financial condition
8 of the applicant, as required by section six (6) of this act to be included
9 in an original application. Applications for amendments of licenses
10 shall be considered by the commission on the same basis as applica-
11 tions for original licenses, and except as otherwise provided in this
12 chapter, a license when amended shall have the same status, as of
13 the date of the amendment, as though originally issued as amended.

1 **SEC. 10. Temporary permits.** Upon receipt of an application
2 for a license to operate a warehouse or an application for amendment
3 of a license, the commission in its discretion may issue a temporary
4 permit to the applicant for such reasonable time, not to exceed thirty
5 days, as in the judgment of the commission, may be necessary or
6 advisable to enable the applicant to comply with the further require-
7 ments of this chapter for obtaining a license or an amended license.
8 Such permit, for the temporary period specified in the permit, shall
9 have the same effect as a license and shall entitle and subject the
10 person to whom the permit is issued to the same rights and duties as
11 if he had obtained a license.

1 **SEC. 11. Suspension or revocation of license.** The commission is
2 empowered after hearing before it and upon complaint filed by the
3 commission or any person to suspend or revoke the license of anyone
4 licensed under this chapter for the violation of or failure to comply
5 with the provisions of this chapter or any rule or regulation made in
6 pursuance of the authority therefor granted under this chapter. A
7 verified complaint stating the grounds for suspension or revocation
8 shall be filed with the commission in triplicate, and thereupon the
9 commission shall serve the licensee complained against with a copy
10 of the complaint and a copy of the order of the commission fixing the
11 time for hearing thereon, which time shall be at least twenty days
12 from the date of service. If the commission determines that the
13 public good requires it, it may upon the filing of the complaint and

14 without hearing, temporarily suspend a license pending the determina-
15 tion by it of the complaint. Any licensee aggrieved by the decision
16 of the commission may appeal said decision to the district court by
17 service of notice of appeal upon the commission within thirty days
18 following the filing of the decision of the commission in the office of
19 the commission. The commission shall forthwith upon service of
20 notice of appeal certify the complete record of the proceedings before
21 it to the office of the clerk of the district court. The appeal shall
22 be tried by the court only upon the record so certified to the court.

1 **SEC. 12. Suspension or revocation of license for insufficiency of**
2 **bond or insurance.** Whenever the commission shall determine that a
3 bond filed under the provisions of section thirteen (13) of this act
4 and approved by the commission, is, or has become, insufficient to
5 secure the faithful performance of the obligations of the licensed
6 warehouseman, or whenever the commission shall determine that
7 insurance is not fully provided as required under section sixteen (16)
8 of this act it may require the licensed warehouseman to provide
9 additional bond or bonds or additional evidence of insurance coverage
10 so that the bond and insurance shall conform with the requirements
11 of sections thirteen (13), fourteen (14), and sixteen (16) of this
12 act, and unless such additional bond or bonds or additional evidence
13 of insurance coverage be provided within the time fixed by the com-
14 mission for the providing of the same, the license of the licensed
15 warehouseman concerned shall be suspended or revoked.

1 **SEC. 13. Bond required.** Any person applying for a license or
2 licenses to conduct a warehouse or warehouses in accordance with
3 this chapter shall, as a condition to the granting thereof, execute and
4 file with the commission a good and sufficient bond, other than
5 personal security, to secure the faithful performance of his obliga-
6 tions as a warehouseman under the terms of this chapter and the
7 rules and regulations prescribed hereunder, and of such additional
8 obligations as a warehouseman which may be assumed by him under
9 contracts with depositors of agricultural products in such warehouse.
10 Any person applying for an amended license under the provisions of
11 section nine (9) of this act shall, as a condition to the granting of the
12 amendment to his license, file such additional or substituted bond
13 or such amendment to a bond already on file as will result in a bonded
14 liability in total effect equivalent to the bonded liability which would
15 be required if such person were applying for an original license for
16 the storage of agricultural products of types and in amounts specified
17 in the application for an amended license.

1 **SEC. 14. Form, amount, sureties, and conditions of bond.** Each
2 bond required under section eleven (11) of this act shall be in such
3 form and shall contain such reasonable terms and conditions for the
4 protection of the public as the commission shall prescribe, and shall
5 be endorsed as surety by a bonding company authorized to do
6 business in this state. If the agricultural product intended to be
7 stored by the warehouseman, as specified in his application for a
8 license or for an amended license, is bulk grain, the minimum amount
9 of such bond shall be as follows: For intended storage of bulk grain
10 in any quantity less than forty thousand bushels the minimum amount

11 of the bond shall be three thousand dollars, plus one thousand dollars
12 for each four thousand bushels or fraction thereof in excess of twelve
13 thousand bushels up to a total of forty thousand bushels; for intended
14 storage of bulk grain in any quantity not less than forty thousand
15 bushels and not more than one hundred thousand bushels the minimum
16 amount of the bond shall be ten thousand dollars, plus one thousand
17 dollars for each six thousand bushels or fraction thereof in excess of
18 forty thousand bushels up to a total of one hundred thousand bushels;
19 for intended storage of bulk grain in quantities not less than one
20 hundred thousand bushels, the minimum amount of the bond shall be
21 twenty thousand dollars, plus one thousand dollars for each ten
22 thousand bushels or fraction thereof in excess of one hundred thousand
23 bushels. If the agricultural product or products intended to be
24 stored by the warehouseman, as specified in his application for a
25 license or amended license, are other than bulk grain, the quantity
26 of such product intended to be stored shall be valued at the fair
27 market price on the date of filing the application, and the minimum
28 amount of bond shall be determined with reference to such value as
29 follows: For intended storage of such products of a value less than
30 twenty thousand dollars the minimum amount of the bond shall
31 be three thousand dollars, plus one thousand dollars for each two
32 thousand dollars, or fraction thereof, of value in excess of six
33 thousand dollars up to twenty thousand dollars; for intended storage
34 of such products of a value not less than twenty thousand dollars
35 and not more than fifty thousand dollars the minimum amount of
36 the bond shall be ten thousand dollars plus one thousand dollars for
37 each three thousand dollars, or fraction thereof, of value in excess
38 of twenty thousand dollars up to fifty thousand dollars; for intended
39 storage of such products of a value not less than fifty thousand
40 dollars the minimum amount of the bond shall be twenty thousand
41 dollars plus one thousand dollars for each five thousand dollars, or
42 fraction thereof, of value in excess of fifty thousand dollars. If the
43 agricultural products intended to be stored by the warehouseman,
44 as specified in his application for a license or an amended license,
45 include both bulk grain and other agricultural products the minimum
46 amount of the bond shall be the total of the minimum amount which
47 would have been required for the exclusive storage of the bulk grain
48 plus the minimum amount which would have been required for the
49 exclusive storage of the agricultural products other than bulk grain.
50 One bond, cumulative as to minimum requirements, may be accepted
51 from a warehouseman operating warehouses in two or more cities
52 or towns.

1 **SEC. 15. Action on bond.** Any person injured by the breach of
2 any obligation of a warehouseman, for the performance of which a
3 bond has been given under any of the provisions of this chapter, may
4 sue on such bond in his own name in any court of competent juris-
5 diction to recover any damages he may have sustained by reason of
6 such breach.

1 **SEC. 16. Insurance required.** All agricultural products in storage
2 in a licensed warehouse, or a warehouse operated under temporary
3 permit as provided in this chapter, and all agricultural products which
4 have been deposited temporarily in a licensed warehouse pending

5 storage or for purposes other than storage, shall be kept fully insured
6 by the warehouseman for the current value of such agricultural
7 products against loss by fire, inherent explosion, or windstorm. Such
8 insurance shall be carried in an insurance company or companies
9 authorized to do business in this state, and evidence of such insurance
10 coverage in form to be approved by the commission shall be filed with
11 the commission. Such insurance shall be provided by, and carried in
12 the name of, the warehouseman. Holders of licensed warehouse
13 receipts, if any, shall have first claim against such insurance as their
14 interests may appear, and owners, other than the warehouseman,
15 of products not covered by licensed warehouse receipts shall have
16 second claim against such insurance as their interests may appear.

1 **SEC. 17. License required for the storage of bulk grain.** Except
2 as hereinafter provided it shall be unlawful for any person other than
3 a licensed warehouseman to place in storage or to accept for storage
4 any bulk grain, and except as hereinafter provided it shall be unlaw-
5 ful for any person to place bulk grain in storage in a warehouse other
6 a licensed warehouse. The provisions of this section shall not
7 apply to any person authorized to accept and store bulk grain under
8 the provisions of this chapter relating to temporary permits. The
9 provisions of this section shall not apply to the acceptance and storage
10 of bulk grain if authorized under the provisions of chapter 427, Code,
11 1939. The provisions of this section shall not apply to the acceptance
12 and storage of bulk grain by a person bonded and licensed under the
13 provisions of a United States law, if and to the extent that such
14 person is authorized under such United States law to accept and store
15 bulk grain. This section shall not apply to the storage of bulk grain
16 owned by the person storing the same.

1 **SEC. 18. Acceptance of bulk grain in a warehouse for purposes**
2 **other than storage.** Any warehouseman, whether or not licensed
3 under the provisions of this chapter, may accept a deposit of bulk grain
4 for the purpose of sale to the warehouseman, for the purpose of
5 processing and cleaning, for the purpose of shipping by the ware-
6 houseman for the account of the depositor, for purposes governed
7 by chapter 427, Code, 1939, or for any other purpose not inconsistent
8 with other provisions of this chapter. Bulk grain deposited with a
9 licensed warehouseman with instructions to hold for further in-
10 structions, or with instructions for any other disposition, may be
11 retained by him in a licensed warehouse for a period of ten days
12 or more provided that any retention for a period of more than nine
13 consecutive days shall, commencing with the tenth day, be deemed to
14 be a retention for storage pending other disposition of the bulk grain
15 and provided further that not later than the tenth day from date of
16 deposit of the bulk grain such licensed warehouseman shall issue ware-
17 house receipts therefor. Bulk grain deposited with an unlicensed
18 warehouseman for the purpose of processing or cleaning shall be
19 returned to the depositor or otherwise disposed of at his order within
20 ten days from the date of deposit of the grain. Bulk grain deposited
21 with an unlicensed warehouseman for the purpose of shipment for the
22 account of the depositor must be actually shipped within ten days of
23 the date of deposit of the grain. If bulk grain is deposited with an
24 unlicensed warehouseman for the purpose of sale to the warehouse-

25 man at a date later than the day of deposit, the price of sale must
26 be determined and evidenced by written agreement executed within
27 ten days from the date of deposit of the grain. If bulk grain is
28 deposited with an unlicensed warehouseman for any other purpose,
29 except as specified in chapter 427, Code, 1939, such grain must be
30 returned to the depositor or otherwise disposed of at his instructions
31 within ten days from the date of deposit of the bulk grain. If bulk
32 grain is deposited with an unlicensed warehouseman with instructions
33 to hold for further instructions and such instructions have not been
34 forthcoming the warehouseman on the tenth day shall return the bulk
35 grain to the depositor, providing that a deposit of such bulk grain
36 in a licensed warehouse for the account of the depositor shall be deemed
37 to be a return to the depositor, or at the election of the warehouseman,
38 may purchase such grain on the tenth day at not less than the local
39 market price at the close of business on such tenth day. Provided,
40 however, that in each instance of a deposit of grain by the United
41 States Government or any subdivision or agency thereof, a period of
42 thirty days shall be permitted in each instance where a period of ten
43 days is above specified, and action which is specified above to be taken
44 on the tenth day, shall be taken on the twenty-ninth day.

1 **SEC. 19. Issuance of warehouse receipts.** For all agricultural
2 products that become storage in a licensed warehouse, warehouse
3 receipts signed by the licensed warehouseman or his authorized agent
4 shall be issued by the licensed warehouseman. Such warehouse
5 receipts shall be in the form required or permitted by sections 9662
6 and 9663, Code, 1939, provided, however, that each receipt issued for
7 agricultural products, in addition to the matters specified in section
8 9662, Code, 1939, shall embody in its written or printed terms:

9 1. The delivery charge which will be made by the warehouseman.
10 2. The grade or other class of the agricultural products received
11 and the standard or description in accordance with which such
12 classification has been made; provided that such grade or other
13 class shall be stated according to the official standard of the United
14 States applicable to such agricultural products as the same may be
15 fixed and promulgated; provided, further, that until such official
16 standards of the United States for any agricultural product or
17 products have been fixed and promulgated, the grade or other class
18 thereof may be stated in accordance with any recognized standard or
19 in accordance with such rules and regulations not inconsistent here-
20 with as may be prescribed by the secretary of agriculture of the United
21 States.

22 3. A statement that the receipt is issued subject to the Iowa bonded
23 warehouse act and the rules and regulations prescribed thereunder.

24 4. The date of termination of the storage contract.

25 5. Such other terms and conditions as may be required by rules
26 and regulations of the commission.

1 **SEC. 20. Rights and obligations with respect to warehouse re-**
2 **ceipts.** Insofar as not inconsistent with the provisions of this chapter,
3 original or duplicate warehouse receipts issued by licensed ware-
4 housemen shall be deemed to have been issued under the provisions
5 of chapter 425, Code, 1939, and the provisions of sections 9668 to
6 9709, inclusive, shall be applicable to all transactions involving or

7 incidental to the issuance, negotiation, transfer, sale, endorsement,
8 and other dealings with or relative to such receipts, to transactions
9 involving the delivery or other disposition of storage products, and
10 to the rights, duties, liabilities, and privileges of licensed warehouse-
11 men and other persons dealing with such warehousemen.

1 **SEC. 21. Duplicate receipts.** While an original receipt issued
2 under provisions of this chapter is outstanding and uncanceled by the
3 warehouseman issuing the same no other or further receipt shall be
4 issued for the product covered thereby nor for any part thereof,
5 except that in case of a lost or destroyed receipt a new receipt, shown
6 to be a duplicate of the missing original receipt may be issued by the
7 warehouseman. Such duplicate of original receipt shall be endowed
8 with all rights appertaining to the original. Before issuing such
9 duplicate receipt, if it is a negotiable receipt, the warehouseman shall
10 require an indemnity bond that will fully protect all rights under the
11 missing original receipt.

1 **SEC. 22. Receipts covering warehouseman's own agricultural**
2 **products.** A licensed warehouseman may issue a warehouse receipt
3 for agricultural products owned by himself, and dispose of the title
4 to or interest in such products through the medium of such receipt.
5 Such warehouseman, at the time of such disposition of title to or
6 interest in such products shall be deemed to have the custody of such
7 products in the interest of the person acquiring such title or interest,
8 and to be the warehouseman for such products to the same degree and
9 with the same responsibility as though the receipt had been issued
10 against such products owned by the person acquiring such title or
11 interest. The rights of such person acquired through such receipt
12 shall be of the same standing as though such person had made the
13 deposit from owned agricultural products or as the owner of a
14 preferred interest in such products. The extent of interest or title
15 that may be transferred through the medium of such receipt will be
16 subordinate to the equivalent of the warehouseman's usual storage
17 charges, and shall be superior to any and all other interests that the
18 warehouseman may retain, or that he may transfer in any other
19 manner whatsoever.

1 **SEC. 23. Receipt for nonfungible products.** When requested by
2 the depositor of other than fungible agricultural products, a receipt
3 omitting the information specified in numbered paragraph two of
4 section nineteen (19) of this act may be issued if it has plainly and
5 conspicuously embodied in its written or printed terms a provision
6 that such receipt is not negotiable.

1 **SEC. 24. Termination of storage contracts.** Except as otherwise
2 provided herein, each storage contract shall terminate as to shelled
3 corn not later than April 1 following, and as to all other products not
4 later than the expiration date of the license under which it is issued.
5 Any contract to which the United States Government, any of its
6 subdivisions or any of its agencies is a party, however, may lawfully
7 provide for a termination of the storage on a date other than that
8 above specified. The owner of a receipt may terminate a storage
9 contract at will prior to the stated date of termination. A storage

10 contract shall have a forced termination, (1) on revocation of the
11 warehouse license or permit, (2) when the warehouseman, upon
12 taking reasonable action to so notify the commission and persons
13 having any ownership interest in the storage product, determines
14 that he will be unable to prevent ruinous deterioration of the products
15 in storage, or determines that goods in storage, because of odor,
16 leakage, inflammability, or explosive nature, will be liable to injure
17 other property, (3) on termination or lawful cancellation of bond
18 provided and failure of the warehouseman to immediately replace
19 same, (4) on termination or lawful cancellation of insurance by
20 insurance company, and failure of warehouseman to immediately
21 replace same.

1 **SEC. 25. Sale of storage products in the event of forced termina-**
2 **tion of the storage contract.** In the event of forced termination of a
3 storage contract as provided in section twenty-four (24) of this act,
4 the warehouseman shall provide such reasonable opportunity as the
5 circumstances will permit for the depositor or other person entitled
6 to delivery of the storage products to take possession of the storage
7 product. The warehouseman, in any event, however, may take such
8 prompt action as is necessary to minimize loss, and may sell such
9 products immediately at the best price obtainable, the proceeds of
10 such sale to be applied as though the sale had been held under section
11 twenty-six (26) of this act. The warehouseman in the event of
12 forced termination of a storage contract shall be responsible to the
13 depositor or to the holder of the warehouse receipt, for not less than
14 the fair market value of the storage product on the date of forced
15 termination of the storage contract less the lawful storage and
16 delivery charges of the warehouseman. Warehouse receipts, if any
17 have been issued in respect to products stored under the provisions
18 of this chapter, shall be conclusive evidence of the kind, quantity, and
19 quality of the products in respect to which such receipts were issued.

1 **SEC. 26. Sale of products on termination of storage period.** On
2 termination of the storage period other than forced termination as
3 defined in section twenty-four (24) of this act, in the absence of a
4 demand for delivery, or mutual agreement for other disposition of
5 the stored products, the warehouseman, if the storage product be
6 other than bulk grain, shall proceed under the provisions of section
7 9693, Code, 1939, for the satisfaction of his lien by sale. If the
8 storage product is bulk grain the warehouseman shall proceed for
9 the satisfaction of his lien by sale on the local market. Such sale
10 shall be made on the day of termination of the storage period, if a
11 market day, and if not a market day, on the next succeeding market
12 day. The sale price of bulk grain sold under the provisions of this
13 section shall be the best price obtainable but not less than the lowest
14 quoted local market price on the date of the sale.

1 **SEC. 27. Disposition of proceeds of sale.** After deducting from
2 the proceeds of any sale held under the provisions of section twenty-
3 six (26) of this act, an amount sufficient for satisfaction of the
4 warehouseman's lien, including the reasonable charges for attorney
5 fees, notice, advertisement, and sale, if any, the warehouseman shall
6 hold the balance, if any, for delivery on demand to the person to whom

7 he would have been bound to deliver or justified in delivering the
8 goods. If delivery of such balance is not made within ten days from
9 the date of realization thereof, the warehouseman shall pay such
10 balance to the commission to be held by it for the account of the
11 person entitled to such balance. Money received by the commission
12 under the provisions of this section shall be kept in a separate account
13 and due effort shall be made to find and pay to the person entitled
14 thereto all such money, although at the discretion of the commission,
15 any person receiving such money may be required as a condition of
16 such receipt to surrender warehouse receipts or to file an indemnifica-
17 tion bond with the commission. If the commission, within two years
18 from the date of receipt thereof, has been unable to find and pay such
19 money to the person or persons entitled to the same, such money
20 shall be paid over to the treasurer of state as miscellaneous receipts.

1 **SEC. 28. Discrimination.** Every warehouseman conducting a ware-
2 house licensed under this chapter shall receive for storage therein,
3 so far as its authorized storage capacity permits, any product of the
4 kind he is permitted by his license to store, and which may be tendered
5 to him in a suitable condition for warehousing, in the usual manner
6 and in the ordinary and usual course of business, without making
7 any discrimination between persons desiring to avail themselves of
8 warehouse facilities.

1 **SEC. 29. Rates.** The commission may from time to time prescribe
2 a minimum charge for storage and a minimum delivery charge. Unless
3 and until otherwise specified by rule of the commission, the minimum
4 storage charge for bulk grain shall be as follows:

5 1. For the first four months or any part thereof, one-thirtieth of
6 a cent per day per bushel.

7 2. For the next four months or any part thereof, one thirty-sixth
8 of a cent per day per bushel.

9 3. Thereafter the minimum rate shall be one forty-fifth of a cent
10 per day per bushel.

11 The minimum delivery charge for bulk grain shall be two cents per
12 bushel.

13 The storage charges herein provided for shall commence on the date
14 of issuance of the warehouse receipt. Provided, however, that a
15 storage or delivery charge other than that specified above may be
16 made, if such charge is required by the terms of a written contract
17 with the United States Government, any of its subdivisions or
18 agencies, providing copy of such contract is filed with the commission.

19 Rates for storage, conditioning of stored products and delivery
20 charges shall be just, reasonable, and non-discriminatory, and every
21 unjust, unreasonable and discriminatory charge for such services or
22 any part thereof and not in accordance with tariffs as herein provided,
23 is prohibited and is hereby declared to be unlawful.

24 It shall be the duty of every warehouseman at the time of making
25 application for a license, to file a tariff with the commission and to
26 publish the same, which shall contain rates to be charged for storage,
27 conditioning of stored products, and delivery charges, such publication
28 of tariff to be made by the applicant by posting the same in a conspicu-
29 ous place at the place of business of the applicant. Such tariff shall
30 be in a form as prescribed by the commission and shall become effective

31 at the time the license becomes effective.

32 In the event that a warehouseman desires to change, alter, or
33 amend a tariff at any time during the period in which his license is in
34 effect, he may do so by filing a new tariff with the commission and
35 by publishing the same by posting in a conspicuous place at his
36 place of business at which time the new tariff shall become effective.

1 **SEC. 30. Separate keeping of deposits.** Every warehouseman
2 conducting a warehouse licensed under this chapter shall keep the
3 agricultural products therein of one depositor so far separate from
4 agricultural products of other depositors, and from other agricultural
5 products of the same depositor for which a separate receipt has been
6 issued, as to permit at all times the identification and re-delivery of
7 the agricultural products deposited, except that, if authorized by
8 agreement or by custom, a warehouseman may mingle fungible
9 agricultural products with other agricultural products of the same
10 kind and grade, and shall be severally liable to each depositor for
11 the care and re-delivery of his share of such mass, to the same extent
12 and under the same circumstances as if the agricultural products
13 had been kept separate, except that as to grain for which nonnegotiable
14 receipts are issued the warehouseman may deliver like kinds of grain
15 of higher grade in such quantity as will equal in value at the ware-
16 house the grade and quantity of grain described in the receipt.

1 **SEC. 31. Inspecting and grading.** Grain, flaxseed, or any other
2 fungible agricultural product stored in a warehouse licensed under
3 this chapter for which no separate compartment is provided, and its
4 identity preserved, shall be inspected and graded by a person duly
5 licensed to grade the same.

1 **SEC. 32. License to classify, grade, or weigh.** The commission
2 may, upon presentation of satisfactory proof of competency, issue to
3 any person a license to classify any agricultural product or products,
4 stored or to be stored in a warehouse licensed under this chapter,
5 according to grade or otherwise and to certificate the grade or other
6 class thereof, or to weigh the same and certificate the weight thereof,
7 upon condition that such person agree to comply with and abide by the
8 terms of this chapter and of the rules and regulations prescribed
9 hereunder so far as the same relate to him. It shall be construed
10 that any person licensed under the United States Grain Standards
11 Act to grade grain is automatically licensed under the provisions of
12 this section to render such service, and consenting to render the
13 service will be assumed to be an agreement to abide by the terms
14 of this chapter so far as they relate to him. In cities and towns where
15 public weighing is prohibited by ordinance except by persons licensed
16 or otherwise authorized by such city or town, any person so authorized
17 if subject to regulations by the city or town will be construed to be
18 automatically licensed under the provisions of this section, and con-
19 senting to render the service will be assumed to be an agreement to
20 abide by the terms of this chapter so far as they relate to him.

1 **SEC. 33. Revocation of license to classify or weigh.** Any license
2 issued to any person to classify or to weigh any agricultural product
3 or products under this chapter may be suspended or revoked by the

4 commission whenever it is satisfied, after opportunity afforded to
5 the licensee concerned for a hearing, that such licensee has failed to
6 classify or to weigh any agricultural product or products correctly,
7 or has violated any of the provisions of this chapter or of the rules
8 and regulations prescribed hereunder, so far as the same may
9 relate to him or that he has used his license or allowed it to be used
10 for any improper purpose whatsoever. Pending investigation, the
11 commission, whenever it deems necessary, may suspend a license for
12 not to exceed thirty days without hearing.

1 **SEC. 34. Fees.** The commission shall charge, assess and cause to
2 be collected fees as follows: For each examination or inspection of
3 a warehouse when such examination or inspection is made in con-
4 nection with the commission's consideration of an application for a
5 license to operate a warehouse, ten dollars; for each examination or
6 inspection of a licensed warehouse which has been structurally
7 changed since issuance of the original license when such examination
8 or inspection is made in connection with the commission's considera-
9 tion of an application for an amended license, ten dollars; for the
10 renewal or extension of each license, twelve dollars; for the issuance
11 of a license, one dollar for each month or fraction thereof of the
12 period of time for which such license is issued. All such fees shall
13 be paid over to the treasurer of state as miscellaneous receipts.

1 **SEC. 35. Use of term "bonded warehouse".** Upon the filing, with
2 the approval by the commission, of a bond, in compliance with this
3 chapter, for the conduct of a warehouse, such warehouse may be
4 designated as "bonded" but no warehouse shall be designated as
5 "bonded" and no name or description conveying the impression that
6 it is so bonded, shall be used, unless a bond, as provided for in section
7 fourteen (14) of this act, has been approved by the commission and
8 is uncanceled and on file with the commission, nor unless the license
9 issued under this chapter for the conduct of such warehouse remains
10 in effect. Every warehouseman's license issued under the provisions
11 of this chapter shall be conspicuously displayed in the office of the
12 warehouse for the operation of which the license has been issued.

1 **SEC. 36. Licensed warehouseman to keep records.** Every licensed
2 warehouseman operating a licensed warehouse shall keep in a place
3 of safety complete and correct records of the storage and withdrawal
4 of all agricultural products handled in each warehouse which he is
5 licensed to operate, and complete records of all original and duplicate
6 receipts issued by him, returned to him and cancelled by him, which
7 records shall be always available for inspection by the commission.

1 **SEC. 37. Penalties—misdemeanor.** Every person who violates or
2 fails to comply with any of the provisions of this chapter or to comply
3 with any lawfully authorized order, direction, demand, or rule or
4 regulation of the commission shall be guilty of a misdemeanor and
5 upon conviction shall be punished by a fine not exceeding one
6 hundred dollars or by imprisonment in the county jail for a period
7 of not to exceed thirty days or by both such fine and imprisonment.

1 **SEC. 38. Further penalties—misdemeanors.** Every person who
2 fraudulently issues or aids in fraudulently issuing a warehouse receipt

3 for goods knowing it contains any false statement, every person
4 who issues a negotiable warehouse receipt for goods owned solely or
5 jointly by himself and does not state the fact of such ownership in
6 such receipt, every person, except in the cases provided for in sections
7 9674 and 9696, chapter 425, Code, 1939, who delivers goods out of
8 possession of a warehouseman knowing that a negotiable receipt, the
9 negotiating of which would transfer the right to possession of such
10 goods, is outstanding and uncanceled, without obtaining possession
11 of such receipt at or before the time of such delivery, and every per-
12 son who deposits goods to which he has no title, or upon which there
13 is a lien or mortgage, and who takes for such goods a negotiable re-
14 ceipt which he afterwards negotiates for value with intent to deceive
15 and without disclosing his want of title or the existence of the lien or
16 mortgage shall be guilty of a misdemeanor for each such offense, and
17 upon conviction shall be punished for each such offense by imprison-
18 ment in the county jail not exceeding one year, or by a fine not ex-
19 ceeding one thousand dollars, or by both.

1 **SEC. 39. Further penalties—felonies.** Every person who issues
2 or aids in issuing a warehouse receipt knowing that the goods for
3 which such receipt is issued have not been actually received by the
4 warehouseman, or are not under the actual control of the warehouse-
5 man at the time of issuing such receipt, every person who issues or
6 aids in issuing a duplicate or additional negotiable warehouse receipt
7 for goods knowing that a former negotiable receipt for the same goods
8 or any part of the them is outstanding and uncanceled, without plainly
9 placing upon the face of the warehouse receipt the word "duplicate",
10 except in the case of a lost or destroyed receipt, after proceedings as
11 provided for in section twenty-one (21) of this act and every person
12 who shall fraudulently and without proper authority use or shall false-
13 ly represent, forge, alter, counterfeit, or simulate any license issued
14 under this chapter, shall be guilty of a felony and upon conviction
15 shall be punished for each offense by imprisonment in the penitentiary
16 not exceeding five-years, or by a fine not exceeding five thousand dol-
17 lars, or by both.

1 **SEC. 40. Rule of construction.** If any section, clause, sentence,
2 or phrase of this act is for any reason held to be unconstitutional or
3 invalid, such decision shall not affect the validity of the remaining
4 portions of this act.

Approved April 6, 1943.