

## CHAPTER 232

## PUBLIC LOCAL GRAIN WAREHOUSES

232.22 Licenses, bonding claims, disbursements.

**232.22 LICENSES, BONDING CLAIMS, DISBURSEMENTS.**

*[For text of subs 1 and 2, see M.S.1982]*

Subd. 3. **Fees; grain buyers and storage fund.** There is created in the state treasury an account known as the grain buyers and storage fund. The commissioner shall set the fees for inspections, certifications and licenses under sections 232.20 to 232.25 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.25. All money collected pursuant to sections 232.20 to 232.25 and chapters 233 and 236 shall be paid by the commissioner into the state treasury and credited to the grain buyers and storage fund and is appropriated to the commissioner for the administration and enforcement of sections 232.20 to 232.25 and chapters 233 and 236. All money collected pursuant to chapter 231 shall be paid by the commissioner into the grain buyers and storage fund and is appropriated to the commissioner for the administration and enforcement of chapter 231.

Subd. 4. **Bonding.** Before a license is issued, the applicant for a public grain warehouse operator's license shall file with the commissioner a bond in a penal sum prescribed by the commissioner. The penal sum on a condition one bond shall be established by rule by the commissioner pursuant to the requirements of chapter 14 for all grain outstanding on grain warehouse receipts. The penal sum on a condition two bond shall not be less than \$10,000 for each location up to a maximum of five locations.

*[For text of subs 5 and 6, see M.S.1982]*

Subd. 7. **Bond disbursement.** (a) The condition one bond of a public grain warehouse operator must be conditioned that the public grain warehouse operator issuing a grain warehouse receipt is liable to the depositor for the delivery of the kind, grade and net quantity of grain called for by the receipt.

(b) The condition two bond shall provide for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand, the purchase price of grain sold to the grain buyer. The bond shall be conditioned upon the grain buyer being duly licensed as provided herein. The bond shall not cover any transaction which constitutes a voluntary extension of credit.

(c) Upon notification of default, the commissioner shall determine the validity of all claims and notify all parties having filed claims. Any aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding. In the absence of such a request, or following the issuance of a final order in a contested case, the surety company shall issue payment to those claimants entitled to payment. If the commissioner determines it is necessary, the commissioner may apply to the district court for an order appointing a trustee or receiver to manage and supervise the operations of the grain warehouse operator in default. The commissioner may participate in any resulting court proceeding as an interested party.

(d) For the purpose of determining the amount of bond disbursement against all valid claims under a condition one bond, all grain owned or stored in the

public grain warehouse shall be sold and the combined proceeds deposited in a special fund. Payment shall be made from the special fund satisfying the valid claims of grain warehouse receipt holders.

(e) If a public grain warehouse operator has become liable to more than one depositor or producer by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid claimants, the proceeds of the bond and special fund shall be apportioned among the valid claimants on a pro rata basis.

(f) A bond is not cumulative from one licensing period to the next. The maximum liability of the bond shall be its face value for the licensing period.

**History:** 1983 c 300 s 27; 1983 c 374 s 16,17