

GRAIN DEALERS ACT (EXCERPT)
Act 141 of 1939

285.74 Commingling produce; limitations on transactions; warehouse receipt or acknowledgment; standard of care; failure of depositor to remove or sell farm produce; limitation on loan balance.

Sec. 14.

(1) Upon request, the department shall provide to each grain dealer a current copy of this act, any rules promulgated under this act, and any amendments to the act or rules.

(2) A licensee may commingle a depositor's farm produce with other fungible farm produce, unless the licensee and depositor have executed a written agreement that requires the licensee to keep the depositor's farm produce separate from other farm produce and available for identification and delivery to or as directed by the depositor.

(3) A licensee that elects to limit the types of farm produce transactions it offers shall post a list of the types of farm produce transactions it offers at a readily visible location in each office or at each scale of the licensee.

(4) If a warehouse receipt or acknowledgment form issued under this act is outstanding by the grain dealer who issued it, the grain dealer shall not issue another warehouse receipt or acknowledgment form for all or any part of that farm produce except as provided in this subsection. If a warehouse receipt or acknowledgment form is lost, stolen, or destroyed, the holder of the warehouse receipt or acknowledgment form is entitled to a substitute warehouse receipt or acknowledgment form. If a substitute warehouse receipt or acknowledgment form is issued under this subsection, it has the same legal effect as the original warehouse receipt or acknowledgment form and the issuance of the substitute cancels the original warehouse receipt or acknowledgment form. A substitute warehouse receipt or acknowledgment form shall state the number and date of the original warehouse receipt or acknowledgment form; shall contain a notarized statement by the holder that the original was lost, stolen, or destroyed; and shall contain a notarized statement of the holder and grain dealer that the substitute warehouse receipt or acknowledgment form contains the same terms as and is issued to replace the original warehouse receipt or acknowledgment form. If the lost, stolen, or destroyed instrument is a negotiable warehouse receipt, the holder shall provide the grain dealer with a lost instrument bond in an amount equal to 2 times the current market value of the farm produce covered by that warehouse receipt, in a form prescribed by the department from a surety authorized to conduct business in this state.

(5) A grain dealer shall exercise due care as the custodian of the farm produce in his or her custody.

(6) If a depositor fails to remove or sell farm produce in accordance with the written terms of the depositor's agreement with the licensee, the licensee may sell the farm produce in accordance with the written terms of the depositor's agreement.

(7) A grain dealer may not borrow money or hold an outstanding loan balance secured by farm produce inventory in an amount greater than the net positive accumulated dollar value of farm produce, as reported on its daily position report, at any point in time.

History: 1939, Act 141, Eff. Sept. 29, 1939 ;-- CL 1948, 285.74 ;-- Am. 1976, Act 259, Imd. Eff. Aug. 12, 1976 ;-- Am. 2002, Act 80, Eff. Mar. 31, 2003