

person or persons. No licensed warehouseman shall honor an order for the release of wool covered by a nonnegotiable receipt until he has first ascertained that the person issuing the order has authority to order such release and that the signature of the releasing party is genuine.

§ 738.25 Omission of grade; no compulsion by warehouseman.

No licensed warehouseman shall, directly or indirectly by any means whatsoever, compel or attempt to compel the depositor of any wool in his warehouse to request the issuance of a receipt omitting the statement of grade.

DUTIES OF LICENSED WAREHOUSEMAN

§ 738.26 Method of storing wool.

(a) Each warehouseman shall, subject to the provisions of section 13 of the act, receive for storage in his warehouse all wool offered for storage the identity of which is to be preserved during the storage period, and also, if he so elects, as provided elsewhere in this part, all wool which is to be commingled. Each warehouseman who has elected to store in his warehouse wool which is to be commingled shall, when so requested in writing as to any wool by the depositor thereof, mingle such wool with other wool, if any, of the same kind, grade, and approximate shrinkage: *Provided*, That no wool may be commingled for which a receipt is outstanding unless the receipt clearly indicates that such wool is or is to be commingled. No warehouseman shall commingle with wool belonging to any depositor wool which is owned by him solely, jointly, or in common with others.

(b) Before making any change in his policy as to whether he will store in his warehouse wool which is to be commingled, each warehouseman shall file with the Administrator a statement in writing showing the proposed change, the effective date thereof, and the reasons therefor.

§ 738.27 Insurance; requirements.

(a) Each warehouseman, when so requested in writing as to any wool by the depositor thereof or lawful holder

of the receipt covering such wool, shall, to the extent to which in the exercise of due diligence he is able to procure such insurance, keep such wool while in his custody as a warehouseman insured in his own name or arrange for its insurance otherwise to the extent so requested against loss or damage by fire or lightning. When insurance is not carried in the warehouseman's name the receipts shall show that the wool is not insured by the warehouseman. Such insurance shall be covered by lawful policies issued by one or more insurance companies authorized to do such business and subject to service of process in suits brought in the State where the warehouse is located. If the warehouseman is unable to procure such insurance to the extent requested, he shall, orally, or by telegraph, or by telephone immediately notify the person making the request of the fact. Nothing in this section shall be construed to prevent the warehouseman from adopting a rule that he will insure all wool stored in his warehouse.

(b) Each warehouseman shall keep exposed conspicuously in the place prescribed by § 738.6 and at such other place as the Administrator or his representative may from time to time designate, a notice stating briefly the conditions under which the wool will be insured against loss or damage by fire or lightning.

(c) Each warehouseman shall, in accordance with his contracts with insurance and bonding companies for the purpose of meeting the insurance and bonding requirements of the regulations in this part, pay such premiums, permit such reasonable inspections and examinations, and make such reasonable reports as may be provided for in such contracts.

(d) Each warehouseman shall promptly take such steps as may be necessary and proper to collect any moneys which may become due under contracts of insurance entered into by him for the purpose of meeting the requirements of the regulations in this part, and shall, as soon as collected, promptly pay over to the persons concerned any portion of such moneys which they may be entitled to receive from him.