

shall be approved by the Administrator or his representative. The tags shall be attached in numerical sequence or any series of sequence clearly distinguishable from each other.

**§ 735.32 Arrangement of stored cotton.**

(a) Each warehouseman shall store each bale of cotton for which a receipt under the act has been issued so that the tag thereon, required by § 735.31 is visible and readily accessible, except as provided in paragraph (b) of this section, and shall arrange all other cotton in his licensed warehouse so as to permit an accurate check thereof.

(b) If any licensed warehouseman is tendered for storage cotton of same grade and staple and in such quantity by any one depositor that efficiency of operation dictates that such cotton should be stored in lots without reference to visibility of all tags on all bales within any lot, the warehouseman may store such cotton of same grade and staple belonging to the same depositor in lots of not less than 25 bales nor more than 200 bales: *Provided, however,* That each bale entering into the lot must bear an individual identification tag, and each lot must be so stored that the number of bales within the lot may be accurately determined.

(c) An identification card or tag shall be attached by the warehouseman to each lot of cotton which shall show the lot number and the number of bales in the lot. The warehouseman shall also maintain an office record showing bale or tag number of each bale in the lot and the location of the lot in the warehouse. Each lot shall be so arranged as to be readily distinguishable from each and every other lot. When requested by a proper representative of the Department of Agriculture engaged in making an examination of the warehouse, the warehouseman shall tear or break down at his own expense such stacks or lots of cotton as the examiner deems necessary to a proper examination. Before any warehouseman undertakes to store in accordance with this section he shall submit a statement setting forth: (1) His reasons for desiring to avail himself of this section and (2) the plan of storage he proposes to follow, and he shall secure prior permission from the Secretary or his designated

representative to practice such method of storage.

**§ 735.33 System of accounts.**

Each warehouseman shall use for his licensed warehouse a system of accounts, approved for the purpose by the Service, which shall show for each bale of cotton the tag number mentioned in § 735.31, its weight, its class when its class is required to be, or is, ascertained, its location, the dates received for, and delivered out of, storage, and the receipts issued and canceled, and such accounts shall include a detailed record of all moneys received and disbursed and of all effective insurance policies. Such records shall be retained by the warehouseman for a period of six years after December 31 of the year in which created, and for such longer period as may be necessary for the purposes of any litigation which the warehouseman knows to be pending, or as may be required by the Administrator in particular cases to carry out the purposes of the Act.

(Approved by the Office of Management and Budget under control number 0560–0120)

[29 FR 15720, Nov. 24, 1964, as amended at 47 FR 745, Jan. 7, 1982. Redesignated at 50 FR 1814, Jan. 14, 1985]

**§ 735.34 Reports.**

Each licensed warehouseman shall, from time to time, when requested by the Administrator, or his representative, make such reports, on forms prescribed and furnished for the purpose by the Service, concerning the condition, contents, operation, and business of the warehouse as the Administrator may require.

**§ 735.35 Canceled receipts; auditing.**

Each warehouseman, if requested by the Service, shall forward canceled receipts for auditing to an entity or office of the Service as may be designated from time to time.

[62 FR 33540, June 20, 1997]

**§ 735.36 Copies of reports to be kept.**

Each warehouseman shall keep on file, as a part of the records of the warehouse, for a period of three years after December 31 of the year in which