

**§ 740.25 Omission of grade; no compulsion by warehouseman.**

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

**§ 740.26 Persons authorized to sign receipts.**

Each warehouseman shall file with the Department the name and genuine signature of each person authorized to sign warehouse receipts for the warehouseman, and shall promptly notify the Department of any changes as to persons authorized to sign and shall file the signatures of such persons, and each warehouseman shall be bound by such signatures the same as if he had personally signed the receipt.

## DUTIES OF LICENSED WAREHOUSEMEN

**§ 740.27 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 33541, June 20, 1997]

**§ 740.28 Nuts must be inspected and weighed.**

(a) Except in case of identity preserved nuts when grade or other class is omitted at request of depositor, all nuts received into the warehouse shall be inspected and weighed by a licensed inspector and/or weigher and no receipt may be issued under the Act and the regulations in this part until the nuts covered by such receipt have been so inspected and weighed.

(b) When requested by the depositor of nuts the identity of which is to be preserved, a receipt omitting statement of grade or other class but not weight may be issued.

(c) Except as provided in § 740.41, all nuts delivered out of a warehouse must be weighed by a licensed weigher.

(d) Warehousemen must keep stocks of nuts in storage by grades or other class in balance with the grades or other class of nuts represented by outstanding storage obligations for which

receipts have been or are to be issued, except when the nuts have unavoidably improved or deteriorated through natural causes. In the case the grades or other class of stored nuts should get out of balance with grades or other class represented by outstanding storage obligations for which receipts have been or are to be issued, the warehouseman shall effect proper adjustments.

**§ 740.29 Receipts; basis for issuance.**

Before issuing any receipt under the Act each warehouseman shall, unless he personally weighed, inspected, and graded, if graded, a lot of nuts, first obtain either a copy of, or the original weight certificate, and inspection certificate, if any, covering said lot of nuts. The warehouse records shall clearly identify the certificate(s) used as a basis of issuance of each warehouse receipt, and said inspection and weight certificate shall be kept on file as a record in the warehouseman's office. Such certificates shall be retained for a period of three years after December 31 of the year in which issued.

**§ 740.30 Insurance requirements.**

(a) Each licensed warehouseman, when so requested in writing as to any nuts by the depositor thereof or lawful holder of the receipt covering such nuts, shall, to the extent to which in the exercise of due diligence he is able to procure such insurance, keep such nuts while in his custody as a licensed warehouseman insured in his own name or arrange for insurance otherwise to the extent so requested against loss or damage by fire, lightning and tornado. When insurance is not carried in the warehouseman's name the receipts shall show that the nuts are 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, by telegraph or orally in person or by telephone and with subsequent confirmation in writing, and at his own expense, immediately notify the person

### § 740.31

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 nuts stored in his warehouse.

(b) Each warehouseman shall comply fully with the terms of insurance policies or contracts covering his licensed warehouse and all products stored therein, and shall not commit any acts, nor permit his employees to do anything, which might impair or invalidate such insurance.

(c) Each warehouseman shall keep exposed conspicuously in the place prescribed by § 740.8, 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 nuts will be insured against loss or damage by fire, lightning, and tornado.

(d) 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.

(e) 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 to the persons concerned any portion of such moneys which they may be entitled to receive from him.

### § 740.31 Care of nuts in warehouses.

Each warehouseman shall at all times exercise such care in regard to nuts in his custody as a reasonably careful owner would exercise under the same circumstances and conditions. Walnuts, filberts, and/or pecans stored under licensed receipts between March 31 and December 31, of the year following the year in which such walnuts, filberts, and/or pecans were harvested must be stored in a licensed cold-storage warehouse or room. Unless otherwise authorized by the Administrator, the warehouseman shall maintain even

### 7 CFR Ch. VII (1-1-01 Edition)

temperature and humidity in licensed cold-storage space, with temperature not higher than 37° F., nor less than 32° F., and relative humidity not higher than 70 percent nor less than 55 percent at any time while nuts of any kind subject to this Act are in storage. Such licensed cold-storage warehouse or room shall be equipped with automatic recording instruments for temperature and relative humidity approved by the Administrator. Continuous records or charts of temperature and relative humidity shall be kept by the warehouseman.

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

[41 FR 31163, July 27, 1976, as amended at 47 FR 745, Jan. 7, 1982. Redesignated at 50 FR 1814, Jan. 14, 1985]

### § 740.32 Care of nonlicensed nuts, or other commodities.

If, at any time, a warehouseman shall handle or store nuts otherwise than as a licensed warehouseman, or shall handle or store any other commodity, he shall so protect the same, and otherwise exercise care with respect to it, as not to endanger the nuts in his custody as a warehouseman or impair the insurance thereof or his ability to meet his obligations and perform his duties under the act and the regulations in this part. If the warehouseman stores commodities other than those for which he is licensed, licensed receipts shall not be issued therefor.

### § 740.33 Records to be kept in safe place.

Each warehouseman shall provide a fireproof safe, vault, or compartment in which he shall keep, when not in actual use, all records, books, and papers pertaining to the licensed warehouse, including his current receipt book, copies of issued and canceled receipts, except that with the written consent of the Administrator, upon a showing by such warehouseman that it is not practicable to provide such fireproof safe, vault, or compartment, he may keep such records, books, and papers in some other place of safety approved by the Administrator. Each canceled receipt shall be retained by the warehouseman for a period of 6 years after