

United States Department of Agriculture  
Farm Service Agency

# USDA

Form WSA-407  
Licensing Agreement for  
Sweeteners



License Number

Effective

**LICENSING AGREEMENT FOR SWEETENERS**

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## Licensing Agreement for Sweeteners

As a condition of licensing under the United States Warehouse Act (the Act), administered by the Farm Service Agency (FSA), United States Department of Agriculture (USDA), the warehouse operator agrees to the conditions set forth in this agreement and the regulations found at 7 CFR 735:

### I. Definitions

**Current assets.** Assets, including cash, that are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business or within one year if the operating cycle is shorter than one year.

**Current liabilities.** Those financial obligations which are expected to be satisfied during the normal operating cycle of the business or within one year if the operating cycle is shorter than one year.

**Licensed inspector and/or weigher.** A person licensed under the Act to inspect, sample, grade and/or weigh sweeteners and certificate the grade, condition and/or weight of sweeteners stored at a sweetener warehouse licensed under the Act.

**Net Worth.** When liabilities are subtracted from allowable assets, it is the balance amount. In determining allowable assets, credit may be given for appraisal of real property less improvements and for the appraisal of insurable property such as buildings, machinery, equipment, and merchandise inventory only to the extent that such property is protected by insurance against loss or damage by fire, lightning, and other risk. Such insurance must be in the form of lawful insurance policies issued by insurance companies authorized to do such business and subject to service of process in the State in which the warehouse is located. The FSA will determine what assets are allowable and under what conditions appraisals may be used.

**Sweeteners.** Syrups: the concentrated juice of a fruit or plants such as sugarcane syrup, maple syrup, extracted honey, or any other sweetener so categorized as a sweetener by FSA.

### II. Financials

#### A. Financial Requirements

1. The warehouse operator agrees to have and maintain:
  - a. Total net worth of at least the amount obtained by multiplying \$0.05 per gallon by the warehouse capacity in gallons for sugarcane; \$.10 per gallon by the warehouse capacity in gallons for maple syrup or extracted honey; however, no person may be licensed or remain licensed as a warehouse operator unless that person has allowable net worth of at least \$5,000.00 (Any deficiency in net worth above the \$5,000.00 minimum may be supplied by an increase in the amount of the financial assurance). The warehouse operator's net worth need not exceed \$100,000.00.
  - b. Total allowable current assets equal to or exceeding total current liabilities or evidence acceptable to FSA that funds will be and remain available to meet current obligations.
2. If a warehouse operator is licensed or is applying for licenses to operate two or more warehouses, the maximum capacity of all licensed warehouses, as determined by FSA, will

be the capacity considered in determining whether the warehouse operator meets the net worth requirements.

**B. Financial Reporting**

1. The warehouse operator agrees to provide annually, within 90 calendar days of the fiscal year end, or more frequently if required, to FSA, financial statements from the warehouse operator's records prepared according to generally accepted accounting principles. The FSA may grant one 30 calendar day extension to provide a financial statement.
2. These financial statements must include but not be limited to:
  - a. Balance sheet,
  - b. Statement of income (profit and loss),
  - c. Statement of retained earnings, and
  - d. Statement of cash flows.
3. An authorized representative for the warehouse operator must certify under penalty of perjury that the statements, as prepared, accurately reflect the financial condition of the warehouse operator as of the date designated and fairly represent the results of operations for the period designated.
4. The warehouse operator must have the financial statements required audited or reviewed by a certified public accountant or an independent public accountant. Audits and reviews by independent certified public accountants and independent public accountants must be made in accordance with standards established by the American Institute of Certified Public Accountants. The accountant's certification, assurances, opinion, comments, and notes on this statement, must be furnished along with the financial statements. The FSA may also require an on-site examination and an audit by an authorized officer or agent of the USDA and request other pertinent information.

**C. Accepting Other Financial Statements**

1. Financial statements of a parent company which separately identify the financial position of the warehouse operator as a wholly owned subsidiary and which meet the basic requirements of financial statements, may be accepted by FSA in lieu of the warehouse operator meeting such requirements.
2. Guaranty agreements from a parent company submitted on behalf of a wholly owned subsidiary may be accepted by FSA as meeting the basic requirements of financial statements if the parent company submits a financial statement which meets the financial requirements and financial reporting requirements.

**D. Special Cases – Assets and Liabilities**

1. Subject to such terms and conditions as FSA may prescribe and for the purposes of determining allowable assets and liabilities, appraisals of the value of fixed assets in excess of the book value claimed in the financial statement submitted by a warehouse operator to conform with the requirements may be allowed if:
  - a. Prepared by independent appraisers acceptable to FSA.
  - b. The assets are fully insured against casualty loss.

2. All sweeteners purchased from and remaining in-store at another warehouse must be fully paid for and a warehouse receipt issued in the name of the purchasing warehouse operator for such quantity and quality as the warehouse operator's records or assets may state.

E. Financial Special Conditions – Public Debt Obligations

The warehouse operator agrees that if they file a bond in the form of either a deposit of public debt obligations of the United States or other obligations which are unconditionally guaranteed as to both interest and principal by the United States:

1. The obligation deposited will **NOT** be considered a part of the warehouse operator's assets.
2. A deficiency in total allowable net worth as computed may be offset by the licensed warehouse operator furnishing acceptable financial assurance for the difference.
3. The deposit may be replaced or continued in the required amount from year to year.
4. The deposit will not be released until one year after cancellation or revocation of the license that it supports or until satisfaction of any claim against the deposit, whichever is later.

### III. Financial Assurance

A. Financial Assurance Requirements – Computation

The warehouse operator agrees:

1. To furnish financial assurance computed by multiplying \$0.05 per gallon by the warehouse capacity in gallons for sugarcane; \$.10 per gallon by the warehouse capacity in gallons for maple syrup or extracted honey; of storage space that the warehouse accommodates when stored in the manner customary to the warehouse as determined by FSA, but not less than \$5,000.00 nor more than \$50,000.00.
2. When applying for licenses to operate two or more warehouses in the same State, or multiple states, and at the warehouse operator's election, they may provide financial assurance meeting the requirements of the Act and the regulations to cover all these warehouses within the multiple states and the maximum of \$50,000.00) of financial assurance will apply for each State covered.
3. In case of a deficiency in net worth above the \$5,000.00 minimum required, to add to the amount of financial assurance determined in accordance with paragraph (1) of this section an amount equal to that deficiency. If a letter of credit is used for the amount of the deficiency, it must be issued for a period of not less than two years to coincide with the period of any deposit of obligations. Any letter of credit must be clean, irrevocable, issued by a commercial bank payable to Deputy Administrator, Commodity Operations (DACO), by sight draft and insured as a deposit by the Federal Deposit Insurance Corporation or an institution in good standing regulated by the Farm Credit Administration. The deposit will not be considered an asset of the company.
4. If FSA finds that conditions exist which warrant requiring additional financial assurance, to add to the amount of financial assurance a further amount to meet such conditions.

B. Financial Assurance – Acceptable Forms

The warehouse operator may offer as financial assurance any of the following:

1. A warehouse operator's bond, or
2. In the form of a deposit with FSA, United States bonds, United States Treasury notes, or other public debt obligations of the United States or obligations that are unconditionally guaranteed as to both interest and principal by the United States, or
3. In the form of a letter of credit issued to DACO for a period of not less than two years to coincide with the period of any deposit of obligations, or
4. In the form of a certificate of participation in and coverage by an indemnity or insurance fund as approved by FSA, established and maintained by a State, backed by the full faith and credit of the applicable State, and which guarantees depositors of the licensed warehouse full indemnification for the breach of any obligation of the licensed warehouse operator under the terms of the Act and regulations, or
5. Other forms of financial assurance as may be prescribed in the applicable licensing agreement and related addenda deemed acceptable by FSA.

#### **IV. Duties of Warehouse Operator**

##### **A. General**

The warehouse operator agrees to:

1. At all times exercise such care in regard to sweeteners in custody as a reasonably careful owner would exercise under the same circumstances and conditions.
2. To not differentiate among depositors regarding use of and access to services, except that available storage space may be allocated.
3. If the sweetener is stored under refrigeration, maintain a temperature not in excess of 38° Fahrenheit at all times in the licensed rooms or compartments, and maintain temperature records or charts showing the correct temperature readings made at least four times a day kept on forms approved by FSA.
4. Accept all storage sweeteners and, at the request of the depositor, deliver out all storage sweeteners in accordance with the grades of that sweeteners as determined by a person duly licensed to inspect that sweeteners and to certificate the grade and the weight of that sweeteners under the Act and the regulations.
5. If an appeal from the determination of an inspector has been taken, that sweeteners will be accepted for and delivered out of storage in accordance with the grades as finally determined in the appeal.
6. Keep the warehouse reasonably clean at all times and free from detritus, rubbish, or accumulations of materials that will create a hazard or interfere with the handling of sweeteners and provide a safe environment in and around the warehouse and will provide all necessary assistance in the execution of inspections and examinations by representatives of FSA.
7. Apply for licensing at all facilities controlled by them at a specific location, among which sweeteners may be transferred without weighing, unless those facilities are specifically exempted by FSA. The warehouse operator must not select, randomly, the bins to be licensed unless specifically exempted by FSA.

B. Insurance

1. Requirements

The warehouse operator agrees to:

- a. Secure, in their own name, insurance on stored sweeteners against loss or damage by fire, lightning, and other risk under forms of policies which automatically attach for the full replacement value of stored sweeteners, as soon as such sweeteners is placed in their legal custody, and continue such insurance in effect so long as the sweeteners remains in their legal custody. The warehouse operator also agrees to keep a general insurance account showing the policy number, issuing company, amount binding, and expiration dates of all insurance policies and in each instance show the property covered by such policies. This insurance will be lawful policies issued by one or more insurance companies. The warehouse operator must submit such reports to underwriters as may be required under the terms of such policies, and submit copies of such reports to FSA as required.
- b. Show, in the tariff to be posted at all delivery points, the conditions under which the sweeteners will be insured against loss or damage by fire, lightning, and other risk.
- c. Require that the warehouse operator's insurance company give 30 days advance notice to FSA of intent to cancel the stock (inventory) coverage.

C. Records to be kept in a Safe Place

The warehouse operator agrees to:

1. Provide a fireproof safe, a fireproof vault, or a fireproof compartment in which to keep, when not in use, all records, books, and papers pertaining to the licensed warehouse, including a current warehouse receipt book, copies of warehouse receipts issued, and canceled warehouse receipts or microfilm copies of canceled receipts, except that, with the written consent of the FSA, upon a showing by the warehouse operator that it is not practicable to provide such fireproof safe, vault, or compartment, may keep such records, books, and papers in some other place of safety, approved by FSA.
2. Retain each canceled receipt for a period of six years after December 31 of the year in which the warehouse receipt is canceled and for such longer period as may be necessary for the purposes of any litigation which the warehouse operator knows to be pending, or as may be required by FSA in particular cases to carry out the purposes of Act.
3. Arrange canceled warehouse receipts in numerical order and otherwise in such manner as may be directed, for purposes of audit, by authorized officers or agents of the USDA and the FSA.

D. Scales and Numbers

The warehouse operator agrees to:

1. Be equipped with suitable scales in good order, and so arranged that all sweeteners, whether for storage or for non-storage purposes, can be weighed in and out of the warehouse. The scales in any warehouse must be subject to examination by authorized officers or agents of the USDA and to disapproval by FSA. If disapproved, any weighing apparatus must not thereafter be used in ascertaining the weight of sweeteners for the purposes of the Act, until such disapproval is withdrawn.

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2. Immediately attach tags to containers of sweeteners showing lot number, identification mark on the bag, the number of the receipt issued, the number of units in the lot, the grade and the gross weight of the sweeteners as it entered storage. The tags must be visible and readily accessible enabling an accurate count.

E. Warehouse Charges

The warehouse operator must:

1. Not make any unreasonable or exorbitant charge for services rendered.
2. Before a license to conduct a warehouse is granted under the Act, file, with FSA, a copy of their rules and a schedule of charges to be assessed depositors.
3. Before making any change in such rules or schedule of charges, file with FSA a new rule statement or schedule of charges.
4. Post conspicuously where the depositor may access it at all delivery points, a copy of the current rules and schedule of charges.

F. Business Hours

The warehouse operator agrees to:

1. Be open for the purpose of receiving sweeteners for storage and delivering sweeteners out of storage and for settlement purposes every normal business day for a period of not less than six hours between the hours of 8 a.m. and 6 p.m. The warehouse operator must post their business hours at the public entrance to the office and to their licensed warehouse.
2. In case the warehouse is not to be kept open as required, state, in the posted notice, the period during which the warehouse is to be closed and the name, the address, and telephone number of the person who will be authorized to receive and deliver sweeteners stored in the warehouse.

G. System of Accounts

The warehouse operator agrees to:

1. Have and maintain a system of accounts approved for the purpose by FSA. This system of accounts must include an accurate and concise daily position record showing, as activity occurs, the total quantity of each kind of sweetener in licensed space:
  - a. Total sweeteners unloaded into the warehouse,
  - b. Total sweeteners loaded out of the warehouse,
  - c. Total sweetener adjustments,
  - d. Total sweeteners remaining in the warehouse at the close of each business day,
  - e. Total obligations transferred to another warehouse,
  - f. Total negotiable and non-negotiable warehouse receipts issued, canceled, and balance outstanding,
  - g. Total increase, decrease, and outstanding un-receipted obligations belonging to others including sweeteners bank,
  - h. Total sweeteners owned by the warehouse operator for which warehouse receipts have not been issued, and
  - i. Total sweetener obligations.
2. Maintain a separate set of records for each depositor showing the kind, grade, and quantity, lot numbers, depositor, the gross, tare and net weight if in barrels, drums or jackets, the number of cases, the grade, the dates received and delivered out of storage, of sweeteners

deposited or redelivered which must include a detailed record of all money received and disbursed and, if applicable, all insurance policies taken out and canceled on request of each depositor. These records will be maintained accurately and concisely as activity occurs. The warehouse operator must retain these records for a period of six years after December 31 of the year in which they were created, and for such longer period as may be necessary for the purposes of any litigation which the warehouse operator knows to be pending, or as may be required by FSA in particular cases to carry out the purposes of the Act.

3. Maintain similar records and information for any non-storage sweeteners handled through the warehouse. Records required with respect to non-storage sweeteners must be retained, as a part of the records of the warehouse, for a period of one year after December 31 of the year in which the lot of non-storage sweeteners is delivered from the warehouse.

#### H. Excess Storage and Transferring Sweeteners

The warehouse operator agrees that:

1. If at any time sweeteners stored in the warehouse exceeds the capacity for which the warehouse is licensed, the warehouse operator will immediately notify FSA of the fact and the location of excess storage.
2. If they desire to transfer stored sweeteners to another warehouse (receiving), the warehouse operator may do so either by physical movement of the stored sweeteners or by other methods accepted as standard industry practice subject to the following terms and conditions:
  - a. The transferring (shipping) warehouse operator's accepted rules or schedule of charges must contain notice that the warehouse operator may transfer sweeteners according to conditions prescribed by FSA.
  - b. The warehouse operator must request permission in writing to FSA.
  - c. For purposes of transferring sweeteners, a receiving warehouse means a warehouse operated by a warehouse operator who holds an un-suspended, un-revoked sweeteners license under the Act, or a warehouse operated by a warehouse operator who holds an effective warehouse license for the public storage of sweeteners issued by a State that has financial, bonding and examination requirements for the benefit of all depositors.
  - d. Non-negotiable warehouse receipts must be obtained promptly by the shipping warehouse operator from the receiving warehouse operator for all warehouse receipted or open storage transferred sweeteners. Such warehouse receipts must have printed or stamped in large bold or outline letters diagonally across the face and covering the face from corner to corner the words ``NOT NEGOTIABLE". In the case of sweeteners shipped to a warehouse in a State that doesn't allow issuance of non-negotiable warehouse receipts, the receiving warehouse operator will issue an affidavit specifying the kind, grade and quantity of the sweeteners received from the shipping warehouse operator. These receipts and affidavits are not valid for collateral purposes. They must be retained by the shipping warehouse operator to be presented to and used by authorized officers and agents of the USDA, and FSA in lieu of an on-site inventory. The sweeteners covered by these warehouse receipts and affidavits is not the property of either the receiving or shipping warehouse operator but held in trust by both solely for the benefit of the depositors whose bailed sweeteners was transferred individually or collectively and which the depositor or the depositor's transferee retains title.
  - e. The shipping warehouse operator's financial assurance amount must be increased to consider the addition of the transferred sweeteners to the licensed capacity of the warehouse with the net worth requirements based on the total of the licensed capacity and the transferred sweeteners. The receiving warehouse operator must not incur storage obligations that exceed the licensed or approved capacity of their warehouse.

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- f. The shipping warehouse operator retains storage obligation to the owners of all sweeteners deposited in the warehouse for storage, whether transferred or retained, and is, except as otherwise agreed upon under paragraph (g), required to redeliver the sweeteners upon demand to the depositor or the depositor's transferee at the warehouse where the sweeteners was first deposited for storage.
- g. The owner of sweeteners deposited for storage at the warehouse must make settlement and take delivery at the warehouse where the sweeteners was first deposited for storage, unless the owner of the sweeteners, with the consent of both the shipping warehouse operator and the receiving warehouse operator, elects to take delivery at the warehouse to which sweeteners was transferred.
- h. Nothing in this agreement will in any way diminish the right of the owner of the sweeteners to receive on delivery, or the obligation of the warehouse operator of a licensed warehouse from which the product is transferred, to deliver to the owner, sweeteners in the quantity, and of the kind, and grade, called for by the warehouse receipts or other evidence of storage.
- i. Recording and retention of non-negotiable warehouse receipts received as a result of transferring sweeteners under this section will be subject to the requirements for warehouse receipts.
- j. A receiving warehouse operator must not transfer or offset to another warehouse, in any manner, their obligation to the shipping warehouse operator.

I. Reports Required

The warehouse operator agrees to:

1. When requested by FSA, make such reports, on forms prescribed and furnished for the purpose by FSA, concerning the condition, contents, operation, and business of the warehouse.
2. 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 submitted, an exact copy of each report submitted.

J. Inspections, Examinations of Warehouse

The warehouse operator agrees to permit any officer or agent of the USDA, authorized by FSA, to enter and inspect or examine on any business day during the usual hours of business, any warehouse for which they hold a license, the office, the books, records, papers, and accounts relating, and the contents thereof and will furnish that officer or agent the assistance necessary to enable making any inspection or examination.

K. Storage of Identity Preserved Sweeteners

1. The warehouse operator may elect **not** to accept and store identity preserved sweeteners.

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2. If electing to accept and store bulk identity-preserved sweeteners, the warehouse operator agrees to:
  - a. Clearly mark with identification each bag or container.
  - b. Maintain records that clearly show the location of all identity-preserved sweeteners stored in the warehouse.

L. Containerized Sweeteners Storage

The warehouse operator agrees to keep containerized sweeteners stored in an orderly manner so as to permit easy access to all lots and to facilitate inspecting, sampling, counting and identification of each lot.

M. Storage Obligations

The warehouse operator, while authorized to commingle sweeteners in store, is liable to each depositor for the care and delivery of sweeteners stored as if the sweeteners were separately stored. The warehouse operator is free to store in any manner that results in their ability to produce sweeteners, as a bailee for hire, that meets or exceeds the quantity and quality specifications of the warehouse receipt or the original delivery receipt (scale ticket).

N. Out of Condition and Damaged Sweeteners

The warehouse operator may refuse to accept sweeteners offered for storage if its condition is such that it will affect the condition of existing sweeteners in the warehouse unless the warehouse operator chooses to separately bin and condition the sweeteners. The warehouse operator must not accept for storage sugarcane syrup which contains more than 30 percent by weight of water or more than 2.5 percent by weight of ash, nor may they accept maple syrup containing in excess of 35 percent by weight of water or which weighs less than 11 pounds to the gallon; nor extracted honey weighing less than 11 pounds 12 ounces to the gallon or containing in excess of 25 percent water or more than 0.25 ash or 8 percent sucrose.

O. Reconditioning Sweeteners

The warehouse operator agrees to:

1. Immediately notify the owners and FSA when sweeteners is going out of condition and where the warehouse operator is unable to condition the sweeteners and stop the deterioration , and
2. Follow instructions received.

P. Warehouse Receipts

1. The warehouse operator when choosing the option to issue Electronic Warehouse Receipts (EWRs) instead of paper warehouse receipts for the agricultural product(s) stored in their warehouse agrees to:
  - a. Only issue EWRs through a provider whom FSA has approved.

b. Receive written authorization from the FSA at least 30 calendar days before changing providers. Upon authorization a warehouse operator may request their current provider to transfer their EWR data from its Central Filing System (CFS) to the CFS of the approved provider whom they select. Warehouse operators must notify all holders of EWRs by inclusion in the CFS at least 30 calendar days before changing providers, unless otherwise required or allowed by FSA. Warehouse operators may only change providers once a year.

- c. Cancel EWRs only when they are the holder of the receipt(s).
  - d. Correct information on the EWR only with written notification to the provider.
  - e. Before issuing EWRs, request and receive from FSA a range of consecutive warehouse receipt numbers which the warehouse operator will use consecutively for issuing their EWRs.
  - f. Issue warehouse receipts initially as EWRs.
  - g. Inform FSA of the identity of their provider 60 calendar days in advance of issuing EWRs through that provider. The FSA may waive or modify this 60-day requirement as set forth under §735.2(b).
2. The warehouse operator will ensure that an issued EWR establishes the same rights and obligations with respect to an agricultural product as a paper warehouse receipt, and possess the following attributes that:
- a. The person identified as the 'holder' of a EWR will be entitled to the same rights and privileges as the holder of a paper warehouse receipt.
  - b. Only the current holder of the EWR may transfer the EWR to a new holder.
  - c. The identity of the holder must be included as additional information for every EWR.
  - d. An EWR will only designate one entity as a holder at any one time.
  - e. An EWR will not be issued for a specific identity preserved or a commingled agricultural product lot if another receipt, whether paper or electronic, representing the same specific identity preserved or commingled lot of agricultural product is outstanding. No two warehouse receipts issued by a warehouse operator may have the same receipt number or represent the same agricultural product lot.
  - f. An EWR may only be issued to replace a paper receipt if requested by the current holder of the paper warehouse receipt.
  - g. Allows a 'holder' the option to authorize any other user of a provider to act on their behalf with respect to their activities with their provider. This authorization must be in writing, acknowledged, and retained by the provider.
  - h. Provisions of §735.300(c) will be applicable to lost or destroyed EWRs.
  - i. Only the current EWR holder may request a paper warehouse receipt in lieu of an EWR with respect to an agricultural product.

## V. Paper Warehouse Receipts

### A. Issuance

The warehouse operator agrees to:

1. Issue warehouse receipts for any sweeteners stored in a warehouse at the request of a depositor.

2. Prior to issuing any warehouse receipt under the Act, obtain a copy of the original weight certificate, original inspection certificate or original inspection and weight certificate representing the sweeteners. The warehouse operator's records must identify the certificate(s) used as the basis for issuing the receipt and retained for a period of three years after December 31 of the year in which issued. Certificates filed in the office of an independent inspection or weighing agency or with an U. S. Registrar meet this requirement.

B. Form

1. Every warehouse receipt, whether negotiable or non-negotiable, issued for sweeteners stored in a licensed warehouse must, in addition to complying with the requirements of section 11 of the Act, embody within its written or printed terms the following:
  - a. The name of the warehouse operator and the designation, if any, of the warehouse.
  - b. A statement whether the warehouse operator is incorporated or unincorporated, and if incorporated, under what laws.
  - c. In the event the relationship existing between the warehouse operator and any depositor is not that of a strictly disinterested custodianship, a statement setting forth the actual relationship.
  - d. The warehouse operator's license number.
  - e. The Commodity Credit Corporation (CCC) contract number, if applicable.
  - f. A statement conspicuously placed, whether or not the sweeteners is insured, and, if insured, to what extent, by the warehouse operator against loss by fire, lightning, or other risk.
  - g. The net weight of the sweeteners.
  - h. In the case of sweeteners the identity of which is to be preserved, its identification and location, in the warehouse, in accordance with the regulations.
  - i. A blank space for recording the place where the syrup was produced.
  - j. A blank space for recording the condition of the syrup.
  - k. If syrup is in barrels, drums or jackets, the gross, tare and net weight or number of gallons.
  - l. Number of cases and size of containers.
  - m. If in bulk, the weight and or number of gallons.
  - n. The words "Not Negotiable," or "Negotiable," according to the nature of the receipt, clearly and conspicuously printed or stamped thereon.
2. Every negotiable warehouse receipt issued must, in addition to conforming with the requirements of paragraph (a), embody within its written or printed terms, a form of endorsement which may be used by the depositor, or their authorized agent, for showing the ownership of, and liens, mortgages, or other encumbrances on the sweeteners covered by the receipt.
3. The grade stated in a warehouse receipt must be stated as determined by the inspector who last inspected and graded the sweeteners or, if an appeal has been taken, the grade will be stated on such receipt in accordance with the grade as finally determined in such appeal.
4. If the warehouse operator issues a warehouse receipt omitting the statement of grade on request of the depositor, such receipt will have clearly and conspicuously stamped or written in the space provided for the statement of grade the words "Not graded on request of depositor."
5. If the warehouse operator issues a warehouse receipt under the Act omitting any information not required to be stated, for which a blank space is provided in the form of the receipt, a line will be drawn through such space to show that such omission has been made purposely.

C. Persons Authorized to Sign Warehouse Receipts

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The warehouse operator must file with FSA, the name and genuine signature of each person authorized to sign warehouse receipts for the warehouse operator, promptly notify FSA of any changes as to persons authorized to sign, file the signatures of such persons, and will be bound by such signatures the same as if the warehouse operator, had personally signed the receipt.

**D. Copies of Warehouse Receipts**

The warehouse operator agrees that at least one copy of all warehouse receipts must be made and, except skeleton and microfilm copies, have clearly and conspicuously printed or stamped on the face the words "Copy – Not Negotiable".

**E. Printing of Warehouse Receipts**

The warehouse operator agrees to issue only warehouse receipts that:

1. Are in a form prescribed by FSA.
2. Are on distinctive paper or card stock specified by FSA;
3. Printed by a printer with whom FSA has an agreement and bond for such printing.
4. On paper and/or card stock tinted with ink in the manner prescribed by the agreement.

**F. Return of Warehouse Receipts Prior to Delivery**

The warehouse operator agrees to:

1. Not deliver any sweeteners for which they have issued a negotiable receipt until the receipt has been returned to us and canceled.
2. Not deliver sweeteners for which they have issued a non-negotiable receipt until such receipt has been returned, or they have obtained from the holder or agent, a written order and a receipt upon delivery of 90% (ninety percent) of the quantity.

**G. Balance Warehouse Receipts**

The warehouse operator, upon request of the holder, may issue a warehouse receipt for previously warehouse-receipted sweeteners, the receipt for which has been canceled. The balance warehouse receipt must show the number and issuance date of the original warehouse receipt.

**H. Lost or Destroyed Warehouse Receipts**

1. The warehouse operator may issue a new warehouse receipt subject to the same terms and conditions, and bearing on its face the number and the date of the original receipt when presented with the case of a lost or destroyed warehouse receipt.
2. Before issuing a replacement warehouse receipt, the warehouse operator must require the holder or other person applying therefor to make and file with the warehouse operator:
  - a. An affidavit showing that the holder is lawfully entitled to the possession of the original warehouse receipt; that the holder has not negotiated or assigned it; how the original receipt was lost or destroyed; and, if lost, that diligent effort has been made to find the warehouse receipt without success.

b. A bond in an amount double the value, at the time the bond is given, of the agricultural product represented by the lost or destroyed warehouse receipt. This bond will be in a form approved for the purpose by FSA, and will be conditioned to indemnify the warehouse operator against any loss sustained by reason of the issuance of this warehouse receipt. The bond will have as surety a surety company which is authorized to do business, and is subject to administration of process in a suit on the bond, in the State in which the warehouse is located, unless a variance is granted by FSA.

3. Auditing Canceled Warehouse Receipts

The warehouse operator agrees to forward canceled receipts for auditing, as requested, to FSA.

## VI. Service Licenses

### A. The Applicant:

1. Must make application for license to inspect, grade and/or weigh sweeteners to FSA on forms furnished by FSA. Each application must:
  - a. Be signed by the applicant.
  - b. Contain or be accompanied by a statement from the warehouse that the applicant is acceptable to such warehouse operator .
  - c. If seeking inspection licensing, certification that the applicant can correctly inspect sweeteners in accordance with the official standards of the United States, or in the absence of such standards, in accordance with any standards approved by FSA.
  - d. If seeking weighing licensing, certification that the applicant can correctly weigh sweeteners.
  - e. Furnish such additional information as requested by FSA.

### B. Examination of Applicant

As a service license applicant, submit to an examination or test to show ability to properly inspect, grade and/or weigh sweeteners, as the case may be, and also make available for inspection copies of the standards of inspection and grading and the weighing apparatus as the case may be, used or to be used.

### C. Inspection Certificate

1. Each inspection certificate issued under the Act by an inspector must be in a form approved by FSA, and include the following information within its terms:
  - a. The caption "United States Warehouse Act, Sweetener Inspection Certificate".
  - b. Whether it is an original, a duplicate, or other copy, and that it is not negotiable.
  - c. The name and location of the warehouse in which the sweeteners is or is to be stored.
  - d. A statement showing whether the inspection covers sweeteners moving into or out of the warehouse.
  - e. The location of the sweetener at the time of inspection.
  - f. The name of the locality in which produced.
  - g. A blank space designated for the purpose in which may be stated any general remarks on the condition of the sweetener.



F. Duties of Inspector and Weigher

Each inspector and weigher whose license remains in effect must:

1. When given sweeteners to inspect, grade and/or weigh under conditions which permit proper inspection and weighing, without discrimination, as soon as practicable and upon reasonable terms, perform the requested services for which licensed.
2. Issue a certificate of grade for any sweeteners only if the inspection and grading thereof is based upon a correct and representative sample of the sweeteners.
3. As soon as possible after grading any sweeteners and not later than the close of business on the next following business day, make accessible to the parties interested in a transaction in which the sweeteners is involved at the location of the license, a copy of the inspection certificate issued by the licensed inspector.
4. Keep the license to inspect, grade and/or weigh conspicuously posted at the place where those duties are performed or as directed by FSA.
5. Permit any authorized officer or agent of the USDA or FSA or their designee to inspect or examine, on any business day during the usual hours of business, their books, papers, records, and accounts relating to the performance of their duties under the Act and, with the consent of the warehouse operator concerned, assist any such officer or agent in the inspection or examination as far as it relates to the performance of the duties of such inspector or weigher under the Act.
6. Keep for a period of one year, in a place accessible to interested parties, a copy of each certificate issued and file the certificate with the warehouse in which the sweeteners covered by the certificates is stored.

**VII. Sweeteners Grading**

A. Standards of Grade for Sweeteners

Until Official Standards of the United States are fixed and established for the kind of sweeteners to be inspected, the grade of the sweeteners will be stated, subject to the authorization of FSA:

1. In accordance with the State standards, if any, established in the State in which the warehouse is located.
2. In the absence of any State standards, in accordance with the standards, if any, adopted by the local board of trade, Chamber of Commerce, or by the sweeteners trade generally in the locality in which the warehouse is located.
3. In the absence of the standards mentioned in paragraphs 1 and 2 of this section, in accordance with any standards approved for the purpose by FSA.

## **VIII. Sweeteners Appeals**

### **A. Appeal Procedure**

The depositor, holder of the warehouse receipt or the warehouse operator may make an appeal as to the grade of a lot of sweeteners stored or to be stored in a warehouse.

1. If a question arises as to whether the kind, grade or other class, or condition of sweeteners was correctly stated in a receipt or inspection certificate issued under the Act or the regulations in this part, the warehouse operator concerned or any person financially interested in the sweeteners involved may, after reasonable notice to the other party, submit the question to FSA, who may appoint a committee to make a determination.
2. The decision of the committee shall be final unless FSA directs a review of the question.
3. Immediately upon making its decision, the committee shall issue a certificate embodying its findings to the appellants and to the licensee or licensees involved.
4. If the decision of the committee be that the kind, grade or other class or condition of any identifiable lot was not correctly stated, a new receipt or certificate embodying therein the statement of kind, grade or other class or condition in accordance with the findings of the committee.
5. All necessary and reasonable expenses of such determination shall be borne by the losing party, unless FSA decides that the expense shall be prorated between the parties.

### **B. Ability to Appeal**

1. No person licensed under the Act, will, directly or indirectly by any means whatsoever, deter or prevent or attempt to deter or prevent any party from taking an appeal.
2. No rule, regulation, bylaw, or custom of any market, board of trade, Chamber of Commerce, exchange, inspection department or similar organization nor any contract, agreement or understanding, will be grounds for refusing to determine any appeal.

### **C. Owner Not Compelled to Store Sweeteners**

Nothing in this agreement will require the owner or agent to store such sweeteners with the warehouse operator after the appeal inspection, but if the sweetener is stored it will be accepted for and delivered out of storage in accordance with the grade as finally determined in such appeal.

## **IX. Fees**

The Office of the Secretary [delegated to the Deputy Administrator, Commodity Operations] is authorized, by the enabling legislation, to collect fees to cover the administration of the activity. The rates of fees are set by DACO. All fees collected under this agreement will be credited to the account that incurs the costs of administering the activity and are available without further appropriation and without regard to fiscal year concerns. A schedule showing the current fees or any annual fee changes will be provided as an addendum to the licensing agreement.

The fees for dry edible bean warehouses are detailed in the attached addendum.

WA-407 (04-01-02)

This agreement forms a part of the license, number \_\_\_\_\_ for  
License Number

\_\_\_\_\_ at  
Warehouse Operator

\_\_\_\_\_ and is effective \_\_\_\_\_.  
Licensed Location Date

\_\_\_\_\_  
Warehouse Operator

\_\_\_\_\_  
By

\_\_\_\_\_  
Date

\_\_\_\_\_  
Farm Service Agency

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (Voice and TDD). To file a complaint of discrimination, write USDA, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the regulations at 7 CFR 735. The information will be used to complete the terms of a license and contract between the warehouse operator and the Deputy Administrator, Commodity Operations. Furnishing the requested information is voluntary, and no penalty will be imposed for failure to respond. However, a response is required in order to be considered for a warehouse license (7 U.S.C. 242). This information will not be disclosed outside of the U.S. Department of Agriculture except as required for law to the Department of Justice and to the Department of Treasury. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 U.S.C. 286, 287, 371, 641, 651, 1001; 1014, and 31 U.S.C. 3729, may be applicable to the information provided.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0120. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **RETURN THIS COMPLETED FORM TO THE KANSAS CITY COMMODITY OFFICE, POST OFFICE BOX 419205, KANSAS CITY, MO 64141-6205.**