

regulations shall be adopted and enforced by the State Live Stock Sanitary Board within the area covered by the co-operative agreement.

Sec. 7. This act shall take effect and be in force from and after its passage.

Approved April 16, 1923.

CHAPTER 270—H. F. No. 1339.

An act defining and licensing state public produce warehouses and warehousemen, providing for the bonding of such warehouses, for the storing and inspection of produce, for the issuance of receipts thereon, for the regulation and control of said licensee, and appropriating money for carrying out the purposes thereof.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Licensed public produce warehouses.**—Any person maintaining and conducting a public warehouse where produce is handled, kept or stored for others may maintain the same as a state licensed public produce warehouse by complying with the provisions of this act.

Sec. 2. **Definition of produce.**—The term "produce" as used in this act shall mean and include the natural products of the farm, except hay, grain, straw and livestock other than veal; the natural products of the orchard, garden and apiary; the raw and finished products of the dairy, creamery, cheese factory, condensery and dry milk factory; the products of livestock, including wool, mohair, skins, hides and meats; veal; poultry and poultry products; game and fish.

Sec. 3. **Warehousemen must be licensed.**—No person shall engage in, or purport to be engaged in, or hold himself out as being engaged in the business of conducting a state licensed and bonded public produce warehouse, or solicit business therefor, unless he shall be licensed to carry on such business by the Commissioner of Agriculture, hereinafter referred to as the Commissioner.

Sec. 4. **Commissioner of Agriculture to issue licenses—Fees—Bonds.**—Licenses to engage in the business of conducting a state licensed and bonded public produce warehouse, hereinafter referred to as a "Warehouse," shall be issued by the Commissioner to such reputable person or persons as shall apply therefor, pay to the State of Minnesota at the time of making application for license, and annually thereafter, a license fee of \$25.00, and further comply with the conditions herein specified to wit:

- (a) The application shall be in writing and under oath and shall set forth the place or places where the applicant

intends to carry on the business for which the license is desired, the kind and estimated amount of business to be done, the amount of business done during the preceding year, if any, the full names of the persons constituting the firm, in case the applicant is a copartnership, the names of the officers of the corporation and where incorporated, if a corporation, and a financial statement showing the value and character in a general way of the assets and the amount of liabilities of the applicant.

- (b) The applicant shall execute and file with the Commissioner a bond to the State of Minnesota with sureties to be approved by the Commissioner, the amount and form thereof to be fixed by the Commissioner, conditioned for the faithful performance of his duties as a warehouseman, for the observance of all laws relating to the carrying on of the business of conducting a warehouse, and for the payment of any and all just claims against him whether for compensation on account of warehousing contracts or agreements, or payment for losses sustained thru failure properly to perform the services due and renderable as a warehouseman, or for breach of contract, or for any other cause or reason whereby loss other than thru act of God is sustained by the owner or holder of produce stored. Such bond shall cover each and every place of business within the state conducted or to be conducted by the applicant. Separate licenses shall be required for each location at which warehouses are operated within the state, and the license shall be kept posted in the office of the licensee at the place licensed. All licenses shall expire May 31st of each year.
- (c) Whenever the licensee shall sell, dispose of or discontinue his business during the term of his license, he shall at the time such action is taken notify the Commissioner in writing, and shall surrender his license, and shall file with the Commissioner a certified statement of all assets and liabilities as of the date of transfer or discontinuance of said business.
- (d) The applicant shall file with the Commissioner together with a statement of the kind or kinds of produce to be handled and sorted by him, a schedule of the rates and charges made by him at his warehouse in connection with produce handled and stored on account of or as agent for another as of date of application for license, and thereafter as often as such rates and charges may be fixed, altered or cancelled, and such rates and charges

shall be at all times open to the public in the office of the Commissioner. A schedule of such rates and charges shall be at all times kept posted in plain public view in the main office of the licensee, and departure therefrom either in the matter of rates for storage or of charges for other services rendered, shall be a misdemeanor. Alteration of rates or charges may be made by posting written and properly signed notice of such alterations in the main office of the licensee, together with the schedule of current rates and charges, ten days prior to the taking effect of such altered rates and charges, and by filing with the Commissioner, by mail, a notice of such alteration not less than ten days prior to the taking effect of such rates or charges, but no such alteration of rates shall effect, or be deemed to apply to produce already accepted and in storage until the natural seasonal storage term of such produce shall have expired.

Sec. 5. Commissioner may require additional bonds.—The Commissioner, whenever he is of the opinion that any bond theretofore given by any licensee is inadequate for the proper protection of the public, may require the licensee to give additional bonds in such amounts as from time to time he may determine and direct, with sureties to be approved by the Commissioner and conditioned as heretofore set forth. For the purpose of fixing or changing the amount of such bonds the Commissioner may require from a licensee verified statements of his business, and of his manner of conducting the same, and if the licensee fails to furnish such information or to furnish a new bond when directed by the Commissioner so to do, the Commissioner may revoke his license, after ten day's notice and opportunity to be heard.

Sec. 6. Persons damaged may maintain action.—Any person claiming himself to be damaged by any breach of the conditions of a bond given by a licensee as hereinbefore provided may maintain an action thereon in his own name against both principal and sureties; upon commencing such action he shall file a copy of the complaint therein with the Commissioner. If such licensee has become liable to more than one person by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay the entire liability to all persons entitled to the protection of the bond, the penalty of the bond as against the sureties shall be apportioned among the several claimants.

- (a) The Commissioner before issuing license to any applicant shall cause the premises of said applicant intended for use as a warehouse, to be inspected with regard to

suitability for such purpose, and he may require of the applicant such conditioning of such premises, including all grounds and private approaches thereto, as will place said premises in sanitary and physical condition for the proper storage of such produce as the applicant shall determine to accept for storage, prior to the issuance of said license.

- (b) Said applicant for license to conduct a warehousing business shall, as a condition for the holding of such license, engage to employ, either in his own person or for hire, a competent warehouseman, acquainted with the business practices and requirements of produce handling and warehousing, and licensed as a warehouseman by the Commissioner in the manner hereinafter described.

Sec. 7. Duties of warehousemen.—It shall be the duty of every person conducting a warehouse under the provisions of this act to maintain the same at all times when produce is offered for storage or is required to be held in storage in a proper condition for the acceptance and care of the produce so offered. He shall at all time reserve and maintain free from produce stored, sufficient space to properly care for, handle and recondition produce in storage, as occasion may require. He may lease or rent, or agree to lease or rent, storage space in said warehouse to the full limit of its storage capacity to any person, provided that such space is in fact used for the storing of produce, but the lease or rental of storage space without occupancy thereof within reasonable time after such lease or rental shall be deemed, and is hereby declared to be an act against the public interest, and the license of any produce warehouse so leasing or renting storage space for the purpose or with the effect of withholding the same from public use shall, upon proof of such action, be forthwith revoked. He shall also be liable to the owner of produce offered and accepted for storage, or to the heirs or assigns of such owner, as their interest may appear, for any losses due to neglect, improper storage or handling, improper recording or delivery of produce stored, or failure to do and perform any or all acts and services commonly required of, and performed by warehouses of like character. For failure to perform in a proper manner such acts or services, or any other duties imposed by this act the owner or other legal claimants of property so stored may file complaint of non-performance of duty or of injury sustained, with the Commission, together with a demand for hearing, and it shall be the duty of the Commissioner to fix a time and place of hearing within fifteen days from the time such complaint is filed, and to inquire into all the facts pertaining thereto, and if he shall find that the licensee has

been negligent in the matter of service rendered, or that he has failed or refused to perform without prejudice his duty as conducting a warehouse, then the Commissioner may, in his discretion, require of the licensee that he shall compensate the complainant for all losses adjudged to be sustained by him, or he may either suspend or cancel the license of said licensee.

Sec. 8. Commissioner to inspect warehouses.—It shall be the duty of the Commissioner from time to time to inspect each and every licensed warehouse with regard to its physical fitness for produce storage purposes, to inquire into the manner of conducting the business, including the methods of bookkeeping and the manner of issuing and recording of receipts and certificates of holdings, or of other valuable paper issued, and to suggest adequate methods of recording and accounting for the business done. It shall be the duty of the Commissioner to determine the form of and to provide all necessary produce inspection blanks required, and to designate the manner of using and recording the same. The Commissioner, for the purpose of securing the necessary uniformity in grading of produce offered for or held in storage and in order to make uniform the methods of accounting for produce stored, may hold meetings from time to time, and notice in writing of such meetings, and of the time and place of their holding, shall be mailed not less than one week prior to the holding thereof, to each and every licensee under this act. Such meeting shall be open to the public, and without charge therefor.

Sec. 9. Application for license—Contents.—(a) Any person desiring to act as a warehouseman may apply to the Commissioner, and the Commissioner shall fix a time and place for examination of said applicant, and upon suitable proof of ability, the Commissioner shall issue a license to said applicant provide, that after May 31st, 1923, and as soon thereafter as practicable, and semi-annually thereafter, the Commissioner shall fix a time or times and place or places for public competitive examination at which time or times and place or places any citizen of the United States may present himself as an applicant for license as a warehouseman of produce. Such examination shall require of the applicant a reasonable knowledge of the various duties of a warehouseman, including the manner of keeping records, the making and issuing of warehouse receipts, the proper methods of grading, storing, loading and shipping of product, and any other knowledge required of such warehouseman in the regular conduct of a produce warehousing business.

(b) It shall be a condition upon which license is issued to any person to act as a warehouseman that he shall be conversant with the ordinary commercial standards of produce handled or to be handled under his supervision, and shall be able to grade

such products commercially, in a competent manner, according to the produce grade requirements of this state. The Commissioner may require of such applicant that, before being licensed, he shall give a satisfactory proof of his ability to make inspection, be making track or warehouse inspections as directed by the Commissioner. His license shall indicate in writing thereon the products he is deemed qualified to inspect, and upon issuance to him of said license, and thereafter during the lifetime of said license, and subject to the regulations issued by the Commissioner, he shall be empowered to act as a local licensed inspector of produce as named in his license, and when employed as a warehouseman, he shall be empowered to issue certificates of inspection on produce stored in such produce warehouse, or loaded out, in the manner directed by the Commissioner. The Commissioner, if he deems it desirable so to do, may classify applicants according to the kind and character of produce handled, and may issue to such as are found competent either a limited license applying only to the handling of specified products, or an unlimited license covering the handling of all produce named in this act. Such license shall be issued for a term of three years, and shall be revokable for cause after ten day's notice and upon hearing. Pending such revocation the Commissioner, if he has cause to believe the licensee has committed a breach of trust, may cause the license of such licensee to be immediately suspended. The applicant, at the time of making application for license, shall pay an examination fee of five dollars which examination fee shall be in lieu of any license fee. Such license shall be at all times kept posted in the business office of the warehouse where the licensee is employed.

(c) A record of all such examinations and the results thereof, and of all licenses issued, whether for the purpose of conducting a produce warehouse or as a produce warehouseman, shall be kept on file, open to the public in the office of the Commissioner, together with a record of all complaints hearings and findings relative to the conduct of business by such licensee.

Sec. 10. Unlicensed warehousemen liable to penalties.—No person shall claim to be or advertise himself as being a state licensed produce warehouseman unless he shall be duly licensed as herein provided, and advertisement or solicitation for business or acceptance of business, or the issuance of storage receipts or the making of state certificates of inspection as purporting himself to be a licensed warehouseman shall render him liable to the penal provisions of this act.

Sec. 11. Certain acts unlawful.—Any produce warehouseman who shall knowingly or carelessly inspect or certificate improperly or falsely any produce handled or inspected by him or who shall accept money or other valuable consideration direct-

ly or indirectly for any neglect or improper performance of duty, or who shall be guilty of any neglect of duty, or any person who shall improperly influence or attempt to influence or interfere with any such warehouseman in the performance of his duty shall be subject to the penal provisions of this act.

Sec. 12. **Warehousemen to issue warehouse receipts—Form of receipt.**—Every licensee engaged in the business of conducting a warehouse shall upon receipt of produce make inspection of the same according to the grade standards for this state, or according to the standards permitted by the Commissioner under any brand or lable adopted by any firm or association, such grade standards having been duly recorded in the office of the Commissioner and approved by him. He shall receive and store such produce in a proper manner, placing produce to be sold in common together with other produce of like grade and kind, and shall place produce that is placed in storage for keeping separate and apart from other produce in bins or storage space adequate to procure such separation. He shall issue in behalf of the warehouse conducted by him a warehouse receipt in the following form:

STUB RECORD

Countersigned by _____

Secretary

Minnesota State Produce
Warehouse Receipt No. _____
License No. _____

_____ Minn., _____, 19—.

The _____ Produce Warehouse has received in store in its warehouse known as _____ situated at _____, Minnesota, for storage from _____, owner, _____ cwt. (if potatoes or like produce) or _____ (if crated, boxed or otherwise contained), which has been duly inspected by _____, a duly authorized inspector of produce appointed by the Commissioner of Agriculture of the State of Minnesota, and has been graded by said inspector as of grade No. _____, as per grade certificate herewith attached, said grade certificate being a part and parcel of this record and agreement. Said produce, or, if pooled, an equal amount of produce of the same kind and grade less natural storage shrinkage and deterioration, is deliverable upon the return of this receipt properly endorsed by the owner above named and the payment of all lawful charges; in case of produce stored separately in a special bin, or place, at the request of the owner or consignee, the identity of such produce will be preserved while in storage and said produce will be delivered as such separate lot or parcel, in accord-

ance with the law, upon surrender of the receipt. Loss by fire, heating or the elements is at owner's risk.

The _____ Produce Warehouse conducts said warehouse as a state licensed and bonded public produce warehouse and receives and stores therein produce of others for hire.

_____ cwt. (or crate, etc.) _____ grade.

License No. _____

By _____

Licensed Warehouseman.

_____ 19__

Receipt No. _____

License No. _____

Received in store from _____

Cwt. (boxes, crates etc.) _____ lbs. — Grade—

Cwt.

Boxes

Crates

Car No.

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Sec. 13. Certificate of inspection.—A certificate of inspection shall be made by the inspector in triplicate and a copy thereof shall be attached to receipt issued, another copy shall be kept on file, together with the stub record, in the office of the storage warehouse, and a third copy shall be forwarded to the office of the Commissioner for record in said office. The receipts and inspection certificates shall be consecutively numbered for each licensed produce warehouse, and such receipt and certificate of inspection shall be delivered to the owner immediately upon receipt of each lot or parcel of produce, giving the true and correct grade and amount thereof. The manner of receipt of such produce shall be stated in the receipt. The failure to issue such receipt as directed or the issuance of any warehouse re-

ceipt differing in form or language from that prescribed shall be a misdemeanor.

Sec. 14. Receipt must be surrendered upon re-delivery.—No produce warehouseman conducting such warehouse shall sell or otherwise dispose of or deliver out of store any such produce without the express authority of its owner and the return of the storage receipt, except as herein provided, nor in any way tamper with produce of others while in his possession or custody, with the purpose of securing any profit to himself or any other person, or attempt to deliver produce of one grade for that of another.

Sec. 15. Warehousemen to re-deliver same quantity and grade.—Upon return of the receipt to the proper warehouse, properly endorsed, and upon payment or tender of all advances and legal charges, the produce warehouseman conducting the warehouse shall deliver to the holder of such receipt within twenty-four hours after facilities for receiving the same have been provided the quantity of produce named therein less the shrinkage due to reconditioning, if any, and shall inspect the same and issue a certificate of out-inspection thereon according to the grade requirements of this state according to the standards permitted by the Commission under any brand or label adopted by any firm or association, such grade standards having been duly recorded in the office of the Commissioner and approved by him. Such certificates of inspection shall be issued in the manner prescribed in Section 12, and an exact duplicate of said certificates, legibly written and properly signed, shall accompany such shipment, attached or posted conspicuously in such manner as the Commissioner may in the rules and regulations issued by him hereafter provide. If such produce warehouseman shall fail so to deliver and certify he shall be liable to the owner in damages as the loss may appear but not to exceed a damage of two cents per cwt. or equivalent compensation for each day's delay, unless he shall deliver the property to the several owners in the order of demand as rapidly as it can be done by ordinary diligence. If upon such demand and tender the produce warehouseman conducting the warehouse shall fail so to deliver such produce, the person entitled thereto may recover the same by action; and such produce warehouseman shall also be guilty of larceny.

Sec. 16. Commissioner to make and publish rules.—The Commissioner shall have power and it shall be his duty from time to time to make and publish uniform rules and regulations, not inconsistent with law, to carry out and enforce the provisions of this act and governing the rates charged by licensed warehouses for storage and handling services rendered and in regard to the receipt, care, accounting for, reporting upon and delivery of produce, the issuance, cancellation, division and con-

solidation of warehouse receipts and such other matters relative to the management of the business of produce warehousing or to the duties of warehousemen. Such rules and regulations shall be filed in the office of the Commissioner, and published twice in a legal newspaper of general circulation published at the capital of the state, and from and after the tenth day succeeding the date of the last such publication, such rules and regulations shall have the force and effect of law. An affidavit of such publication shall be kept on file in the office of the Commissioner. A copy of such rules and regulations, certified by the Commissioner, shall be prima facie evidence of the facts therein contained and of the due making and publication of such rules and regulations.

Sec. 17. Owner may examine produce.—Every person having an interest in produce stored in any licensed warehouse shall have the right to examine the produce so stored at any time during ordinary business hours and such warehouse shall furnish proper facilities for such examination.

Sec. 18. Warehousemen to keep machinery in proper condition.—It shall be the duty of the produce warehouseman conducting the warehouse to keep its scales, sorting and screening devices and other necessary mechanical equipment at all times in proper condition.

Sec. 19. Appeals—Re-inspection.—Appeal from the decision of the warehouseman in charge of any warehouse licensed under this act as to grade or condition of produce entering into storage or of produce graded on delivery from storage may be made to the Commissioner, and it shall be the duty of the Commissioner to make re-inspection thereon and such re-inspection shall be final as to the grade and condition of the produce inspected. The Commissioner shall fix the fee for such re-inspection at not to exceed six (\$6.00) dollars per car, or an amount proportionate thereto, and payment for such inspection shall accompany the application therefor, provided that such payment shall be held in the office of the Commissioner pending re-inspection, and if upon re-inspection the contention of the applicant as to quality and condition be sustained, such payment shall be returned in full to said applicant.

Sec. 20. Owner to control produce.—No contract, agreement, understanding, or combination shall be entered into between the produce warehouseman conducting any warehouse and any common carrier or other person for the delivery of any produce at any warehouse contrary to the direction of the owner, nor shall any produce be so delivered or received.

Sec. 21. Fees for inspection.—The fee for inspection charged by the produce warehouseman conducting any produce warehouse licensed under this act, shall be fixed by the commis-

sioner and shall not exceed two dollars (\$2.00) per car or proportionate value thereof.

Such fees and the rates for storage and handling approved by the commissioner shall be a lien upon produce stored or handled, and such inspection fees shall be added to the storage or handling charges, being separately indicated therein.

The warehouseman shall remit to the commissioner, at the end of each fiscal month, all moneys collected by him on account of inspections of produce made, and such moneys together with all moneys collected from licenses and examinations shall be deposited by him in the State Treasury to the credit of a revolving fund to be known as the Produce Inspection Fund.

Out of this fund the commissioner shall pay all supervision costs of such warehouse inspection, and shall pay to each warehouseman, licensed and acting as an inspector, for inspection services rendered, such reasonable amount as shall be determined by him.

Sec. 22. Warehousemen to insure produce.—Each and every produce warehouseman conducting a warehouse operated under this act shall insure and shall keep insured the building owned and controlled by him, and the produce stored therein, and shall use all reasonable precaution to protect such property against fire, theft and other damage and injury caused by persons either employed in or entering upon such premises and loitering therein.

Sec. 23. Expiration of licenses.—All licenses either of warehouses or warehousemen issued prior to the commencement of the fiscal year 1924 shall be and remain in effect from and after date of issue, and until the expiration of license, as though issued for the year commencing June 1st, 1923.

Sec. 24. Other laws to apply.—It is further provided that in the issue of warehouse receipts, the obligations and rights of produce warehousemen conducting warehouses upon their receipts, negotiation and transfer of receipts, and in all matters of criminal offenses and interpretation of the law relative to warehouse receipts, the provisions of Chapter 161, Section 62, Minnesota Session Laws 1913 as made and amended shall apply to this act and to the regulations issued thereunder.

Sec. 25. Commissioner to enforce provisions of act.—The Commissioner shall administer and enforce the provisions of this act, together with the regulations made thereunder. The violation of any provisions of this act, the penalty for which is not otherwise provided shall be a misdemeanor and upon conviction thereof the person, firm or corporation adjudged guilty of such offense may be fined not less than \$25.00 for each such offense or, if a person, at the discretion of the court may be imprisoned in the county jail not less than ten days, or may be punished by

both such fine and imprisonment. For any violation of law named herein both the warehouse and the warehouseman shall be deemed to be and is, liable. Conviction under the penal provisions of this section or under the penal provisions elsewhere specifically provided in this act shall cancel the license of the licensee for a period of one year from date of such conviction.

Approved April 16, 1923.

CHAPTER 271—H. F. No. 1392.

An act to amend Section 2, of Chapter 429, Laws 1917, as amended by Section 3, of Chapter 105, Laws 1919, relating to the prevention of fraud in the sale and disposition of stocks, bonds or other securities sold or offered for sale within the state of Minnesota, providing for the enforcement thereof and for prosecutions and penalties for the violation thereof, and creating the state securities commission.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Application.**—That Section 2 of Chapter 429, Laws 1917, as amended by Section 3, Chapter 105, Laws of 1919, be amended so as to read as follows:

“Section 2. The provisions of this act, except section 10 thereof, shall not apply to (a) securities of the United States of any foreign government; or of any state or territory thereof; or of any county, city, township, district or other public taxing subdivision of any state or territory of the United States of any foreign government; (b) commercial paper, or unsecured negotiable promissory notes, due in not more than eighteen months from their date; (c) securities of public or quasi public corporations, the issue of which securities is regulated by a public service commission of this state or of any state or territory of the United States, or securities senior thereto; (d) securities of federal reserve banks, federal farm loan banks, building and loan associations of this state, or foreign building and loan associations that have now fully complied with the laws of this state pertaining to such corporations, and are now permitted to do business by the superintendent of banks, national banks, or of co-operative associations organized under the laws of this state for operating creameries, cheese factories, or rural telephone lines, or for the purpose of conducting any agricultural or dairy business including the business of selling, marketing or shipping livestock or agricultural or dairy products, where the authorized capital stock does not exceed twenty-five thousand dollars; (e) securities of any domestic corporation organized without capital stock and not for pecuniary gain, or exclusively for educational, religious, benevolent, charitable or reformatory purposes; (f) authorized securities as specified and defined by section 6393. of