

## What the Program Does for You

Warehouse Audit, a program within the Consumer & Producer Protection Division of the Washington State Department of Agriculture, licenses and regulates public grain storage warehouse operators and grain dealers for the protection of producers and depositors. Warehouse operators and grain dealers are required to be licensed and bonded. Routine audits are performed to determine if licensees are in compliance with state and federal laws.

The compliance examination (audit) process consists of: determining the amounts of outstanding storage obligations; determining the dollar amounts owed to depositors; determining that commodities in storage are fully insured for losses caused by fire and wind; determining that commodities are stored properly to maintain their quality; and to determine by a physical inventory that there is a sufficient amount of a commodity to cover the outstanding storage obligations for that commodity.

A minimum of one (1) compliance examination is performed during the license period. The license period begins each July 1st and expires on June 30th.

The program investigates all written complaints of violations and filed claims to determine their validity and the dollar amounts of those claims.

### Points to Know

1. Commodities deposited for storage must be fully insured by the warehouseman for losses caused by fire and wind.
2. Licensee's must meet a minimum net worth and working capital ratio as a requirement of licensing.
3. Warehousemen must file their charges for receiving, storage, and load out with the department and must post a copy of these charges in a conspicuous place in their office.
4. Upon request, a warehouseman must issue a storage depositor a warehouse receipt.
5. Written purchase contracts entered into by a depositor must contain: a clear title pass statement; the net price or charges to be deducted from selling price; payment due date; and commodity and quantity to be purchased. A Delayed Price contract must also show the date by which the commodity must be priced and the methods of setting the price if the commodity is not priced by that date.

### Covered Commodities

Commodities covered by the Warehouse and Deposit Act are: Wheat, Barley, Oats, Field Corn, Popcorn, Rye, Triticale, Grain Sorghum, Soybeans, Sunflower Seeds, Flax, Buckwheat, Rapeseed, Safflower, Millet, Mustard, Dry Peas, Dry Beans, Lentils, Malt, and the by-products resulting from the conditioning of these commodities.

### DEFINITIONS

**WAREHOUSE:** any elevator, mill, sub-terminal warehouse, terminal warehouse, country warehouse, or other structure in which commodities are received from the public for storage, handling, conditioning, or shipment for compensation.

**GRAIN DEALER:** any person whose place of business is located in Washington State who solicits, contracts for, or obtains from a producer; title, possession, or control of a commodity for purposes of resale; or any person who solicits, contracts for, or obtains from a Washington producer; title, possession, or control of a commodity for purposes of resale.

**DEPOSITOR:** any person who deposits a commodity with a Washington State licensee for storage, handling, or conditioning, or any person who is the owner or legal holder of a warehouse receipt or other evidence of deposit, of a producer whose commodity has been sold to a grain dealer whose place of business is located in Washington State or a Washington producer whose commodity is sold to a grain dealer who is located outside Washington State.

**PRODUCER:** any person who is the owner, tenant, or operator of land and is entitled to receive proceeds from the sale of the commodity produced on that land.

### Protection Provided

Licensees, with the exception of Grain Dealers acting as a limited cash buyer, must file a bond or other approved form of security with the department. The minimum amount of security is \$50,000 and the maximum amount is \$750,000.

The amount of required security is determined by the higher of six percent of the cost of commodities purchased from producers or eighteen cents times the licensed capacity. Valid claims against a licensee are entitled to a pro rata share of the security.

### Protect Yourself

1. Verify that the warehouseman or grain dealer you are intending to do business with is licensed and/or bonded.
2. Upon deposit of a commodity, obtain a copy of the scale weight ticket.
3. Make all your marketing transactions in writing.
4. Understand all the terms of the contract *before* signing.
5. Obtain and keep a copy of your contract for your files.
6. Report violations or breaches of your contract to the department as soon as possible.

