

Kansas Administrative Regulations

Kansas Department of Agriculture

Article 25.—Grain Warehouse

4-25-17. Transfer of grain between public warehouses.

(a) A public warehouseman, as defined by K.S.A. 34-223, and amendments thereto, who lacks sufficient space and desires to transfer grain for which valid receipts have been issued may transfer this grain either by physical movement of the grain or by other methods approved by the secretary as standard industry practice, subject to the following requirements:

(1) The shipping public warehouseman shall immediately notify the secretary before the transfer of receipted grain. This notice to the secretary shall include the location where the grain will be transferred for storage. The shipping public warehouseman shall also provide written notice to all depositors who hold receipts for grain that the shipping public warehouseman may forward grain deposited on a commingled basis.

(2) For purposes of this regulation, a licensed public warehouse shall mean a warehouse operated by a public warehouseman who holds a valid license under the U.S. warehouse act for grain, or a public warehouse operated by a public warehouseman who holds a valid warehouse license for the public storage of grain or rice, issued by a state that has financial, bonding, and examination requirements for the benefit of all depositors.

(3) The shipping public warehouseman shall promptly obtain nonnegotiable warehouse receipts from the receiving public warehouseman for all transferred grain. The receipts shall be kept on forms furnished by the secretary pursuant to K.S.A. 34-238 and amendments thereto. Receipts shall not be used in any other manner except as provided by Kansas statute. The receipts shall be retained by the shipping public warehouseman to be presented to and used by department examiners in lieu of an on-site inventory. The grain covered by these receipts shall not be the property of either the receiving or shipping public warehouseman but shall be held in trust by both parties

solely for the benefit of the depositors whose bailed grain was transferred individually or collectively, and the depositor or the depositor's transferee shall retain title to it.

(4) The shipping public warehouseman's bond shall be increased to consider the addition of the transferred grain to the licensed capacity of the public warehouse with the net worth requirements based on the total of the licensed capacity and the forwarded grain. The bond amount shall not be required to be more than \$500,000 unless necessary to cover a deficiency in net worth to meet the requirements of K.S.A. 34-228, and amendments thereto.

(5) The shipping public warehouseman shall continue to retain that individual's obligations to the owners for all grain deposited in the public warehouse for storage, whether forwarded or retained, and shall redeliver the grain upon demand to the depositor or the depositor's transferee at the public warehouse where the grain was first deposited for storage.

(6) Nothing in this regulation shall diminish either the right of the owner of the grain to receive on delivery or the obligation of the public warehouseman of a licensed public warehouse from which the product is transferred to deliver, to the owner, grain in the amount and of the kind, quality, and grade specified by the warehouse receipts or other evidence of storage.

(7) If it is the shipping public warehouseman's obligation by terms of the warehouse receipt or by any other agreement to insure the grain subject to the transfer, that individual shall in accordance with K.S.A. 34-236, and amendments thereto, keep this grain insured in that individual's own name or transfer the grain only to a public warehouse where the grain is fully insured.

(b) A shipping public warehouseman may transfer stored grain, as defined by K.S.A. 34-223, and amendments thereto, by complying with the provisions of paragraphs (a)(2), (a)(5), (a)(6), and (a)(7) of this regulation.

(Authorized by K.S.A. 34-102; implementing K.S.A. 34-102 and 34-241; effective March 8, 2002.)