

employee of the Service to whom authority has heretofore lawfully been delegated, or may hereafter lawfully be delegated, to act in his stead.

(e) *Regulations.* Rules and regulation made under the act by the Secretary.

(f) *Service.* The Farm Service Agency of the U.S. Department of Agriculture.

(g) *Warehouse.* Any building, structure, or other protected inclosure in which cottonseed is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which cottonseed is or may be stored.

(h) *Warehouseman.* Any person lawfully engaged in the business of storing cottonseed.

(i) *Cottonseed.* Prime cottonseed, cool, clean and not containing in excess of 1 percent foreign matter nor in excess of 10 percent moisture; sound and not containing in excess of 6 percent damaged or immature seed, and shall be untreated by chemical process: *Provided,* That if the warehouse is equipped with such cooling and conditioning equipment as may be acceptable to the Department, or if the cottonseed is in sacks containing not more than 100 pounds to the sack and stored in such manner as the Administrator, or his representatives, may approve, the cottonseed may have a moisture content not in excess of 12 percent.

(j) *License.* A license issued under the act by the Secretary.

(k) *Licensed warehouse.* A warehouse for the conduct of which a license has been issued.

(l) *Licensed warehouseman's bond.* A bond required to be given under the act by a licensed warehouseman.

(m) *Licensed grader.* A person licensed under the act by the Secretary to grade and to certificate the grade or other class of cottonseed stored or to be stored in a licensed warehouse.

(n) *Licensed weigher.* A person licensed under the act by the Secretary to weigh and certificate the weight of cottonseed stored or to be stored in a licensed warehouse.

(o) *Licensed inspector.* A person licensed under the act by the Secretary to inspect, to sample, and to certificate the condition for storage of cottonseed.

(p) *Receipt.* A warehouse receipt.

(q) *Bag.* A sack or other package.

(r) *State.* A State, Territory, or District of the United States.

[SRA, BAE 102, as amended July 14, 1931, and at 13 FR 8730, Dec. 30, 1948. Redesignated and amended at 50 FR 1814, Jan. 14, 1985]

WAREHOUSE LICENSES

§ 742.3 Application form.

Applications for licenses under sections 4 and 9 of the act and for modifications or extensions of licenses under section 5 of the act shall be made to the Secretary upon forms prescribed for the purpose and furnished by the Service, shall be in English, shall truly state the information therein contained, and shall be signed by the applicant. The applicant shall at any time furnish such additional information as the Secretary or the Administrator shall find to be necessary to the consideration of his application by the Secretary.

§ 742.4 Issuance of license; conditions.

(a) A license for the conduct of a warehouse shall not be issued if it be found by the Secretary that the warehouse is not suitable for the proper storage of cottonseed, that the warehouseman is incompetent to conduct such warehouse in accordance with the act and the regulations in this part, or that there is any other sufficient reason within the purposes of the act for not issuing such license.

(b) A building acceptable for storage of cottonseed shall be of sound construction, with sound floors, and, if the seed is not stored in accordance with either paragraphs (e), (f), or (g) of this section, it shall be separated into bins or compartments.

(c) An extra licensed bin or compartment shall be maintained at all times with a storage capacity equal to the greatest number of tons that can be stored in any one bin or compartment, except as otherwise provided in paragraphs (e), (f), and (g) of this section. No cottonseed shall be stored in this extra bin or compartment except when necessary to move seed from another bin or compartment to prevent the seed from going out of condition.

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(d) A conveying system must be provided throughout the entire warehouse, passing through or accessible to each bin or compartment in such a way that the cottonseed can be moved rapidly when deemed necessary to maintain it in proper condition.

(e) A system of air cooling may be installed in the warehouse. If, in the discretion of the Administrator or his representative, it shall be determined that a warehouse equipped with a cooling system does not need bins, it shall not be necessary to construct bins in such warehouse.

(f) If tanks are used for the storage of cottonseed both a conveying system and an approved air cooling system must be installed and maintained in good working order.

(g) If cottonseed is stored in bags no special type of building is required other than one of sound construction, and with sound floors and of such character as to keep the cottonseed dry. No system of conveying or air cooling is required in bag storage.

[SRA, BAE 102, as amended July 11, 1929. Re-designated at 50 FR 1814, Jan. 14, 1985]

§ 742.5 Net assets required.

The warehouseman conducting a warehouse licensed, or for which application for license has been made under the act, shall have and maintain above all exemptions and liabilities net assets liable for the payment of any indebtedness arising from the conduct of the warehouse, to the extent of at least \$5 per ton of the maximum number of tons that the warehouse will accommodate when stored in the manner customary to the warehouse as determined by the Administrator, except that the amount of such assets shall not be less than \$5,000, and need not be more than \$100,000. In case such warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, such warehouses shall be deemed to be one warehouse for the purposes of the assets required under this section. For the purposes of this section only, paid-in capital stock, as such, shall not be considered a liability. Any deficiency in the required net assets may be supplied by an increase

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in the amount of the warehouseman's bond in accordance with § 742.13(b).

§ 742.6 Modification or extension of license.

Each application for a modification or extension of a license under section 5 of the act shall be made to the Secretary, upon a form prescribed for the purpose and furnished by the Administrator, shall be in English, shall be signed by the applicant, and shall be filed with the Secretary not less than 30 days before the date of the termination of the license then in effect.

§ 742.7 License shall be posted.

Immediately upon receipt of his license or of any modification or extension thereof under the act, the warehouseman shall post the same, and thereafter, except as otherwise provided in the regulations in this part, keep it posted until suspended or terminated, in a conspicuous place in the principal office where receipts issued by such warehouseman are delivered to depositors.

§ 742.8 Suspension or revocation of warehouse licenses.

Pending investigation, the Secretary, whenever he deems necessary, may suspend a warehouseman's license temporarily without hearing. Upon written request and a satisfactory statement of reasons therefor, submitted by a warehouseman, the Secretary may, without hearing, suspend or cancel the license issued to such warehouseman. The Secretary may, after opportunity for hearing has been afforded in the manner prescribed in this section, suspend or cancel a license issued to a warehouseman when such warehouseman (a) is bankrupt or insolvent; (b) has parted, in whole or in part, with his control over the licensed warehouse; (c) is in process of dissolution or has been dissolved; (d) has ceased to conduct such licensed warehouse; or (e) has in any other manner become nonexistent or incompetent or incapacitated to conduct the business of the warehouse. Whenever any of the conditions mentioned in paragraphs (a) to (e) of this section shall come into existence, it shall be the duty of the warehouseman