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## Requirements for Grain Dealers:

*Maryland*



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## Requirements for Grain Dealers: Maryland

**Fast find:**

- 1) Licensing: [MD. Code Ann., Agric. §§ 13-203; 208 to 210; §13-208](#)
- 2) Bonding: [MD. Code Ann., Agric. § 13-212](#)
- 3) Auditing: [MD. Code Ann., Agric. § 13-204](#)
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### [MD. Code Ann., Agric., Tit. 13; Sub-Tit. 2](#)

*Current through all emergency effective legislation from the 2020 Regular Session of the General Assembly.*

#### **§ 13-201. Definitions**

##### **In general**

(a) In this subtitle the following words have the meanings indicated.

##### **Fair market value**

(b) “Fair market value” means the value established by a contract or by the Department for a loss of grain at the time of the loss.

##### **Grain**

(c) “Grain” means:

(1) Corn;

(2) Wheat;

(3) Rye;

(4) Oats;

(5) Barley;

(6) Sorghum;

(7) Soybeans; and

(8) Sunflowers.

#### **Grain dealer**

(d)(1) "Grain dealer" means a person who is in the business of buying, receiving, exchanging, or storing grain from a person who grows grain.

(2) "Grain dealer" does not mean a farmer who buys, receives, exchanges, or stores grain for use in the farming business of that farmer.

#### **§ 13-202. Administration fund established Purposes**

(a) There is an Administration Fund which is established for the purpose of:

(1) Paying the expenses incurred in the administration of the licensing program provided for in this subtitle; and

(2) Preparing the annual Directory of Grain Dealers as required by § 13-206 of this subtitle.

#### **Administration**

(b) The Fund shall be administered by the State Department of Agriculture.

**§ 13-203. Grain dealer licensing  
License**

(a) A person may not be a grain dealer without first obtaining an annual grain dealer's license from the Secretary.

**Fee and insurance**

(b) Each license shall be issued upon payment of the applicable fee required by subsection (d) of this section and providing proof of adequate insurance under § 13-212 of this subtitle and shall be effective until December 31, following, unless revoked.

**Fund**

(c) Fees collected for the issuance of licenses under this subtitle shall be deposited in the Administration Fund.

**Fees**

(d) The fees for the different types of grain dealers' licenses are as follows:

Type	Bushels of grain anticipated to be handled in the year of	Annual
of	license application, rounded	license

license	to the nearest 1,000 bushels	fee
A	1 to 49,999	\$ 50
B	50,000 to 99,999	\$100
C	100,000 to 499,999	\$200
D	500,000 and above	\$300

### **Representations**

(e)(1) In determining the type of license to issue under this section, the Secretary may rely on representations of the number of bushels of grain handled in the most recent grain records of the grain dealer.

(2) For a person who is applying for licensure as a grain dealer for the first time in this State, the Secretary may rely on the representations made by the person of the number of bushels of grain that the person anticipates handling in the year for which the license is sought.

### **Oath; notice**

(f)(1) A person who applies for renewal or original licensure as a grain dealer shall make an oath under penalty of perjury that all representations made by the person in the most recent grain records are true and correct.

(2) A person immediately shall notify the Department if their status as to the type of license changes.

### **§ 13-204. Grain dealer records Records**

(a) A grain dealer shall:

(1) Keep grain records showing the amount of grain bought, received, exchanged, or stored in the dealer's grain business;

(2) Keep grain records at each place of business or at a central location within the State;

(3) Keep grain records for 3 years; and

(4) Make grain records available to the Secretary upon request.

### **Subpoenas**

(b)(1) If the Secretary reasonably believes that a person is acting as a grain dealer, and refuses to make business records available upon request, the Secretary may subpoena the business records of that person.

(2) If a person fails to comply with a subpoena issued under this section, on petition of the Secretary, a court of competent jurisdiction may compel obedience to the subpoena and the production of business records.

### **§ 13-205. Use of administration fund Uses**

(a) Money placed in the Administration Fund shall be used as follows:

(1) To pay the expenses incurred in the administration of the licensing program provided for in this subtitle; and

(2) To prepare the annual Directory of Grain Dealers, as required by § 13-206 of this subtitle.

### **Reversion**

(b) Notwithstanding any other provision of this Code, any unexpended funds up to \$50,000 may not revert to the General Fund of this State at the end of the fiscal year.

### **§ 13-206. Annual directory**

The Department shall publish annually a Directory of Grain Dealers.

### **§ 13-208. License refused, suspended or revoked**

The Secretary may refuse to issue a license or may suspend or revoke a license for:

- (1) Fraudulent or deceptive statements on an application for a license;
- (2) Failure to comply with any of the provisions of this subtitle or the rules or regulations adopted pursuant to it; or
- (3) Failure to maintain adequate insurance on all grain received into the physical control or possession of the grain dealer.

### **§ 13-209. Notice and review**

#### **Notice**

(a) Before any license is suspended or revoked, the Secretary shall give the licensee at least 10 days' written notice of the decision to suspend or revoke the license.

#### **Review**

(b) Any person aggrieved by a decision made under this section may seek review of that decision under Title 2, Subtitle 4 of this article.

### **§ 13-210. License to be posted**

The grain dealer's license shall be posted in a conspicuous place in the place of business.

### **§ 13-211. Insurance coverage required**

#### **Insurance required**

(a) Each person licensed under the provisions of this subtitle shall insure and at all times keep insured, in his own name or as a coinsurer, all of the grain in the actual, physical control of the licensee.

### **Amount**

(b) The amount of the insurance shall be the fair market value of the grain.

### **Coverage**

(c) The insurance shall include coverage against loss or damage by fire, lightning, inherent explosion, windstorm, cyclone, tornado, or other act of God.

### **Notice of loss or damage**

(d) In the event of any loss or damage to grain or to the warehouse or warehouses, whether or not the loss was insured against, the grain dealer shall immediately notify the Secretary, and at the grain dealer's own expense promptly take the steps necessary to collect any money which may be due as indemnity for the loss or damage.

### **Proof of insurance**

(e) Upon request of the Secretary, each person licensed under this subtitle shall provide proof of insurance coverage as required by this section.

## **§ 13-212. Information and bond requirements Requirements**

(a) A license may not be issued or renewed under this subtitle until the applicant has:

(1)(i) Filed with the Secretary a financial statement, as provided in subsection (b) of this section, establishing the net worth of the applicant's grain business; or

(ii) Posted a surety bond, irrevocable letter of credit, or cash guaranty at least as large as the following amounts for the different types of licenses:



Type of license	Minimum amounts
A	\$ 15,000
B	\$ 35,000
C	\$100,000
D	\$100,000; and

(2) Demonstrated proof of insurance coverage as required by this subtitle.

### **Financial statement**

(b)(1) An applicant for a Type A or B license shall submit a financial statement that:

(i) Is prepared and signed by a person other than the applicant or a member of the applicant's business or family;

(ii) Establishes a net worth for the applicant; and

(iii) Is signed by the applicant.

(2) A Type C or D license may not be issued or renewed under this subtitle until the applicant has:

(i) Filed with the Secretary a financial statement reviewed by a certified public accountant establishing the net worth of the applicant's business as provided in paragraph (3) of this subsection; or

(ii) Filed with the Secretary a letter from a certified public accountant stating that a review of the applicant's business records shows a net worth as provided in paragraph (3) of this subsection.

(3) The financial statement shall indicate a minimum net worth for each type of grain dealer's license as follows:

Type of license	Minimum amounts
A	\$ 15,000
B	\$ 35,000
C	\$100,000
D	\$100,000

**§ 13-213. Rules and regulations**

The Secretary may adopt rules to implement the provisions of this subtitle.

**§ 13-214. Penalties**

Any person who violates the provisions of this subtitle is guilty of a misdemeanor and upon conviction is subject to a fine of \$10,000.

**§ 13-215. Equitable relief**

The Attorney General may seek an injunction to prohibit a person who has engaged or is engaging in a violation of this subtitle from continuing or engaging in the violation.

**§ 13-216. Penalty****Civil penalties**

(a) Instead of or in addition to suspension or revocation of a license under this subtitle, the Secretary may impose a civil penalty of not more than \$5,000.

**Fund**

(b) A penalty collected by the Secretary under this section shall be paid into the Administration Fund as provided by [§ 13-205](#) of this subtitle.

**Regulations**

(c) The Secretary shall adopt regulations necessary to implement this section.