

of current assets to current liabilities (current ratio) of 1:10 to 1:00 from July 1, 1968 to December 31, 1969 and 1:15 to 1:00 from January 1, 1970 to December 31, 1970. On and after January 1, 1971, all plants shall be subject to the requirements of subsection (1) (a).

(3) Only the following forms of security or guarantees will be considered acceptable to the department:

(a) A dairy plant trusteeship under Wis. Adm. Code chapter Ag 7.

(b) Commercial surety bond payable to the department in event of a default issued by a bonding company licensed to do business in this state.

(c) Cash or negotiable securities.

(d) Stocks, bonds or other marketable securities at current market values.

(e) Pledges of or a security interest in other property readily convertible into cash, including sales inventory and accounts receivable, subject to such rights of possession or control over the security as the department considers necessary.

(f) Personal surety bonds or other third party guarantees supported by a pledge of, or a security interest in, other property as described in paragraphs (c), (d) and (e).

(g) Any combination of paragraphs (b), (c), (d), (e) and (f).

(4) Dairy plants with a current ratio of at least 1:00 to 1:00 which can demonstrate to the satisfaction of the department their incapacity to file security in the full amount of 75% of maximum due and accrued producer liability as required, may petition the department for authority to fulfill security requirements by the filing of monthly income statements and balance sheets and the making of monthly deposits of acceptable forms of security in amounts not less than 1% of their gross monthly producer payroll or not less than ½% of their gross monthly sales. Authority may be granted if in the opinion of the department the plant is reasonably unable to meet full security requirements in any other manner, there is reasonable expectancy the plant will be able to make deposits on a regular monthly basis until full security requirements are met, or until the next higher level of financial liquidity, as established by these rules, is achieved, and the producers will not be subjected to unreasonable risks of financial loss during the intervening period of time. Security once deposited may not be released except in compliance with subsection (5).

(5) Security filed in compliance with these rules may not be released because of changes or improvements in financial position or for any other reason unless the licensee has achieved and maintained through 2 successive license years minimum levels of financial liquidity as required by these rules, and has through sound financial planning and management demonstrated reasonable ability to meet producer payments when due. Exceptions may be made where maximum due and accrued producer liability has been decreased and there is little likelihood that such liability will be restored to prior levels. This shall not prevent the department from releasing security accepted on a temporary basis under subsection (6).

(6) The filing of security may be demanded at any time during the term for which the license was granted if the licensee falls below minimum standards of financial liquidity prescribed herein or if existing security falls below the 75% level because of any depreciation in

the value of security deposited or because of an increase in maximum due and accrued producer liability. Whenever it is determined that security or an increase in security is required, notice shall be given to licensee advising him of the reasons why security is required, the amount required, and the time in which it is to be filed. Except as provided in section Ag 8.02 (4), security shall be filed within 30 days after receipt of the notice, unless otherwise extended. No extension may be granted in excess of 60 days. If an extension is granted, the department may demand and accept security, other than that specified in subsection (3), on a temporary basis pending the completion of permanent security arrangements.

(7) Except as to plants licensed on basis of a trusteeship, the department may require that the claims of any officer, agent, partner or stockholder, or members of their families, against the dairy plant business shall be subordinated to the prior interest or claims of producers.

History: Cr. Register, June, 1967, No. 138, eff. 7-1-67; am. (1) (a) and (b), renum. (2) to be (2) (a), cr. (2) (b), r. and recr. (4), Register, August, 1968, No. 152, eff. 9-1-68; r. and recr. (3) (e) and am. (f), Register, June, 1969, No. 162, eff. 7-1-69.

Ag 8.07 Semi-annual statements to producers. (1) To assure compliance with section 100.06 (3) (a), Wis. Stats., statements to producers, required at least once every 6 months, shall be delivered or mailed to producers on or before the date the first payment for milk or cream is due after the beginning of the first and seventh months of the year for which the license was issued. Such statements shall be issued in the form of a separate statement and shall clearly inform producers of the financial basis on which the dairy plant license was issued, without the addition of any other written or printed matter, except as necessary to identify the dairy plant or inform producers that the statement is required by law.

(2) Statements to producers shall contain the following information:

(a) If licensed on basis of a trusteeship, 1. the name of the trustee, 2. date trustee agreement was filed with the department, and 3. the fact that under a trusteeship all receipts for sale of milk or dairy products are collected by the trustee and deposited in a special bank account by him, that the trustee makes payment to producers from this bank account, and that no funds are released to the dairy plant operator from this account until producers have been paid.

(b) If licensed on financial statements only, 1. the fact that a financial statement prepared by an accountant has been filed with the department, 2. the name of the accountant, 3. the fiscal period covered by the financial statement, and 4. the fact that financial statement showed the licensee qualified for a license without the filing of security.

(c) If licensed on basis of security, 1. the fact that the plant was licensed on basis of security filed with the department, 2. the type and amount of security filed, describing each different type of security in sufficient detail so that the producers will clearly understand the precise nature of the security filed, including the exact amount of each different type of security as well as the total amount of security filed, and 3. the percentage ratio of total security filed to maximum due and accrued producer liability.