

## Chapter Ag 7

## DAIRY PLANT TRUSTEESHIPS

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**Ag 7.01 Trusteeships.** When the department shall require the applicant for a dairy plant license to file a trust agreement pursuant to section 100.06 (2) (b), Wis. Stats., the trustee shall faithfully perform the duties imposed by said section and this regulation as a condition to the issuance or continuance of such license.

**History:** Cr. eff. 9-1-56.

**Ag 7.02 Selection of trustee.** The producers shall select a trustee by a majority vote of the producers present at a meeting called for that purpose. The person presiding at such meeting shall file with the department a resolution and affidavit of appointment of such trustee on forms provided by the department. A trustee may be selected upon the filing of a petition subscribed by a majority of the producers requesting the appointment of the person named as trustee.

**History:** Cr. eff. 9-1-56.

**Ag. 7.03 Qualifications of trustee.** A trustee may be either a natural person or a firm or corporation having trust powers. A natural person shall be an adult resident of the state of Wisconsin and shall satisfy the department that he understands the bookkeeping and accounts employed in the purchase of milk from producers and the sale of manufactured dairy products.

**History:** Cr. eff. 9-1-56.

**Ag 7.04 Duties of trustee.** (1) The trustee shall secure and file with the department a bond, written by a commercial bonding company, in the form prescribed by the department.

(a) The amount of such bond shall not be less than the amount likely to be under the trustee's control at any one time.

(b) The bond shall be conditioned on the faithful performance by the trustee of his duties including, without limitation, compliance with the requirements imposed by section 100.06 (2) (b), Wis. Stats., and this regulation.

(2) The trustee shall enter into contracts with the operator and all dealers to whom dairy products are sold, which contracts shall include a provision that payment of the gross proceeds of all sales shall be made directly to the trustee. The contracts shall further provide that the purchaser of dairy products shall make no deductions or offsets from the gross purchase price for any purpose. Contracts shall be executed in quadruplicate on forms prescribed by the department. The trustee shall retain one copy, and shall furnish copies to the dairy plant operator, the dealer and the department.

(3) (a) The trustee shall open and maintain a separate bank account which shall be designated as follows: (Name of trustee), Trustee, (Name of dairy plant).

(b) The trustee shall collect the gross purchase price for dairy products sold and deposit such sums in the trustee account.

(c) The trustee shall remit moneys received under dairy product purchase contracts to producers in accordance with the agreed price between producers and the dairy plant operator, and in the amounts shown in the producer payroll. The trustee shall examine each payroll to determine the accuracy of its computation and shall keep a memorandum in his possession of all producer-operator price agreements.

(d) The trustee shall execute all checks written on the trustee account in his trust capacity.

(e) Any advance payment granted to a producer shall be completely set off against the amount due such payee at the end of each payroll period by the trustee, and in no event shall any advance to a producer exceed the reasonable accrued value of the milk or cream delivered by him prior to the date of the advance payment.

(f) The trustee shall pay no factory or dairy plant operator obligations out of the trust account.

(g) Receipts from dairy products manufactured during any payroll period shall first be applied by the trustee in payment for milk and cream delivered during such period.

(4) Within 30 days after payment has been made for all milk delivered to the dairy plant during each calendar year period the trustee shall submit a report to producers and the department on forms furnished by the department. Upon termination of his trusteeship the trustee shall submit a final accounting upon forms furnished by the department.

(5) The trustee shall promptly report any shortage which occurs in the trust account to the department and the bonding company.

(6) No resignation of a trustee shall be effective unless he shall have been relieved or his successor appointed.

**History:** Cr. eff. 9-1-56.