

## CHAPTER 13

**AN ACT** concerning bond requirements for perishable agricultural commodities and for milk and cream, and amending R.S.4:11-20 and R.S.4:12-4.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. R.S.4:11-20 is amended to read as follows:

Bond accompanying application; securities or letters of credit in lieu of bonds.

4:11-20. A license shall not be issued unless and until the applicant has filed a good and sufficient surety bond executed in favor of the secretary in the secretary's official capacity, for the benefit of all growers with whom the applicant shall transact business, by a surety company duly authorized to transact business in this State in a sum at least equal to the estimated maximum monthly value of all agricultural commodities to be purchased or received or which may have been purchased or received by the applicant from a producer or producers during the preceding 12 months. The bond shall be executed upon a form prescribed by the secretary and shall be subject to the secretary's approval as to form and sufficiency. The applicant may in lieu of the bond deposit with the secretary securities approved by the department in an amount equal to the sum secured by the bond required to be filed as herein provided; or may in the alternative, obtain and deposit with the secretary an irrevocable letter of credit to equal the amount of the bond. The securities or letters of credit so deposited with the secretary shall constitute a separate fund and shall be held in trust for and applied exclusively to the payment of claims arising under the provisions of this article against the licensee making such deposit for the period for which the license is issued. All proceeds from surety bonds, money or securities shall be distributed to the grower-creditors by the secretary or returned to the licensee if no claims are made.

2. R.S.4:12-4 is amended to read as follows:

Bond or deposit for protection of creditors.

4:12-4. A license shall not be issued unless and until the applicant shall file with the secretary a good and sufficient surety bond, executed by a surety company duly authorized to transact business in this State, in a sum not less than one and one-half times the estimated maximum monthly value of the milk or cream to be purchased or received or which may have been purchased or received by the applicant from a producer or producers during the preceding 12 months.

The bond shall be approved as to form and sufficiency by the secretary, shall be given to the secretary in the secretary's official capacity and shall be conditioned for the faithful compliance by the licensee with the provisions of this article and for the payment of all amounts due to producers who have sold milk or cream to the licensee, during the period that the license is in force.

The applicant may, in lieu of a bond, deposit with the secretary money, or transferable United States Treasury bonds, notes, certificates, bills or other obligations issued or fully and unconditionally guaranteed by the United States Government both as to principal and interest in transferable bearer form, in an amount equal to the sum secured by the bond required to be filed.

The money or securities so deposited shall constitute a separate fund and shall be held in trust for, and applied exclusively to, the payment of claims against the licensee making the deposit, arising from the sale of milk or cream to the licensee, and all proceeds from the surety bonds, money or securities shall be distributed to the producer-creditors by the secretary.

3. This act shall take effect immediately.

Approved May 5, 2004.