

CDA's Farm Products Program: Protecting Producers

By Mark Gallegos, Program Administrator



COLORADO
Department of Agriculture

We all know that the agricultural community is more than growing a product and selling it at a market. As farmers and ranchers, you must also be the drivers, accountants, and negotiators. You have a hand in every aspect of your business. But where can you turn when business doesn't go as planned?

The Colorado Department of Agriculture's Farm Products Program protects producers and dealers of fruits, vegetables, hay, grain, and livestock by licensing and bonding farm products dealers; and conducting examinations and financial analysis of dealers. When appropriate, non-payment complaints between producers and dealers are investigated.

What is the Farm Products Act?

The State of Colorado, Department of Agriculture, Farm Products program, is a regulatory program that protects producers by regulating Farm Product Dealers that purchase Farm Products for processing, resale and store agricultural products for others. The program does this through a system of licensing and bonding Farm Product Dealers, auditing and inspecting licensed dealers for financial soundness, and through the investigation of complaints.

The Colorado Farm Products Act requires that anyone or any company that is purchasing Colorado farm products for the purpose of resale or processing must be licensed and bonded. A dealer that is operating without a license or a bond is committing a class 6 felony, and is subject to prosecution under the criminal statutes. But there are exceptions; restaurants, retail grocery stores, small feedlots, and any person or company that is purchasing farm products for their own consumption need not license.

When a complaint is filed against a licensee, the Department investigates the complaint, and if the complaint is deemed to be valid, a claim will be made against the licensee's bond. Owners of farm products have 120 days to file their claim from the date the transaction occurred. The bonding companies' liability to pay on a claim is 180 days from the date of the transaction.

Protect Yourself, Protect Your Business

The most important step you can take to protect your business is to get your transactions in writing. Often, the major problem in trying to settle disputes is trying to determine what was agreed to. But don't think you need to hire a lawyer for this step. A simple handwritten contract explaining the terms of the agreement will work. Important items to include would be:

- Who is the buyer?
- Quantity sold
- Quality agreed upon
- Sale price
- Method of payment
- Use of the farm product
- Where and when does the title transfer
- When is payment expected to be made

Plus, consider other documents that may support your agreement: receipts, scale tickets, bills of lading, warehouse receipts, or delivery receipts can be used. These are all vital documents in settling transaction disputes.

The Farm Products Program falls under CDA's Inspection & Consumer Services division, which is committed to promoting an honest, equitable marketplace and to encouraging integrity in agriculture and industry. For more information, contact Mark Gallegos at (303) 867-9213.