



**CAVE and CWIDB  
Seminar and Meeting, May 9, 2009**

**FARM PRODUCTS  
ACT  
12-16-101 C.R.S.**



# What Is The Farm Products Act?

The Colorado Farm Products Act is law designed to protect sellers of farm products. It is a system of licensing and bonding to assist the seller in getting paid.



# What Is A Farm Product?

"Farm products" includes the following unprocessed products produced in Colorado or owned by any Colorado resident, dealer, or small-volume dealer.



- Agricultural, horticultural, viticultural, fruit, and vegetable products of the soil



- Livestock and livestock products, except livestock held by the purchaser and not resold or processed within ninety days after the purchase date, Milk; and Honey.



- The term also includes ensiled corn and baled, cubed, or ground hay



# Farm Products Dealer

Anyone who purchases Farm Products from a Colorado producer or owner for resale



# **Who Needs To Be Licensed?**

Anyone or any company that is purchasing Colorado farm products for the purpose of resale or processing.



# How Does It Work?

The law requires that dealers and brokers license and bond with the Department of Agriculture. 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



# **Will This Insure That I Get Paid?**

No, Your claim may exceed the amount of the licensee's bond, and there may be competing claims for the bond. In that event, you will receive a pro-rata share of the bond proceeds. This will not prevent you from seeking relief in the court system.



# Are All Dealers Bonded?

No, There are two exceptions: the small volume dealer, and the cash buyer. The Act provides for the licensing of small volume dealers, who purchase less than \$20,000 of farm products in any one year, with no one transaction exceeding \$2,500.



# How Is The Act Enforced?

A dealer that is operating without a license is committing a class 6 felony, and is subject to prosecution under the criminal statutes.



# Are There Any Exceptions To The Requirement To License?

Restaurants, retail grocery stores, small feedlots, and any person or company that is purchasing farm products for their own consumption need not license.



# Why Are Commodities Excluded From The Act?

They are covered under a similar act called the Commodities Act.

*\* Commodities are grain and dry edible beans*



# How Can I Protect Myself?

Document the transaction by obtaining evidence of sale. Scale tickets, bills of lading, warehouse receipts, or delivery receipts can be used.



# Should I Use A Contract?

Yes, one of the major problems that we incur in trying to settle disputes is trying to determine what the buyer and seller agreed to. Get a contract in writing.



# Do I Need A Fancy Contract?

No. A plain handwritten contract explaining the terms of the sale can be used.



# What Should I Include In The Contract?

- Who Is The Buyer?
- Quantity Sold
- Quality Agreed Upon
- Sale Price
- Method Of Payment
- Use Of The Farm Product
- Where And When Does Title Transfer

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# CAMP

Colorado Agricultural Mediation Program



- Mediation is a process that helps disputing parties come together and have an open, honest and confidential discussion about the issues.



- A trained mediator helps the parties explore options that are available to them and find an end to the conflict through mutually agreed upon solutions.



- The CAMP program provides a neutral mediator who can sit down with the parties or work on the phone to resolve very problematic issues.



- The mediator is not as a judge, deciding who is right or wrong. The parties themselves control the result of the mediation and any agreement that is developed.



- Instead of years it can take for a case to filter through the courts, mediation generally takes only a few meetings to complete.



- Mediation documents are not to be used for any other legal action. This is one of the key requirements for state mediation certification. Confidentiality is the key to making mediation work.



- Mediation is another tool to help agricultural producers and natural resource managers make wise decisions.

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