

§513. Subdealers' or subhandlers' bonds

It shall be unlawful for a subdealer or subhandler to buy, acquire, receive or handle milk from a milk dealer or handler who purchases, acquires or receives milk from producers, unless the subdealer or subhandler shall file with the board a corporate surety or collateral bond, approved by the board. Such bond shall be executed to the Commonwealth in a sum equal to the sum of the highest aggregate amount owed for milk by the subdealer or subhandler to dealers or handlers for any thirty-day period during the preceding twelve months and shall be conditioned for the payment by the subdealer or subhandler of all amounts due under this act and the orders of the board for milk purchased, acquired or received from such milk dealer or handler or dealers or handlers during the license year; subject, however, to the further condition that if at time of default, such milk dealer or handler or dealers or handlers indebted, or in arrears in their payments, to producers, the proceeds thereof shall be held on the account of such dealer or handler or dealers or handlers are for the benefit of such producers. Such bond shall be filed annually with the subdealer's or subhandler's application for a license. The bond shall be executed to the Commonwealth by the subdealer or subhandler as principal and by a corporate surety company as surety. The board shall have no authority to reject any corporate surety bond which is executed by a corporate surety company authorized to do business in this Commonwealth if the amount of the bond is equal to or less than the amount which the surety company is authorized to execute on a single bond without obtaining collateral security from the principal. The board may reject any bond which exceeds this amount.

The board shall have the power to sue at its discretion on the bond on behalf of the milk dealer or handler to whom money is owed by the subdealer or subhandler, or the board may sue on behalf of a milk dealer or handler to recover a debt owed to him by a subdealer or subhandler. Suits which are brought shall be in the name of the Commonwealth, shall identify the board as the real party and shall follow the same procedure as for debts which are recoverable by law.

If a subdealer or subhandler who has not engaged in the business during the preceding twelve months purchases, acquires, receives or intends to purchase or receive milk from a milk dealer or handler, he shall file a bond in a sum to be fixed by the board in accordance with the subdealer's or subhandler's anticipated purchases from a dealer. The board shall review the operations of the subdealers and of the subhandlers every two months. Bonds shall be modified so that purchases from dealers are adequately covered.