

**OFFICE OF THE ATTORNEY GENERAL
SDCL 37-34-3 BUYING CLUB
BOND INSTRUCTIONS**

No bond form other than the one provided by the Office of Attorney General (hereinafter ATG) will be approved by the Attorney General's Office without prior approval. Electronic versions of the enclosed bond form may be obtained from the web page of the Office of Attorney General, providing the exact wording is retained:
<http://consumer.sd.gov>.

GENERAL NOTES

The most common errors include lack of titles, lack of acknowledgements, and incorrectly dated acknowledgements. The Office of Attorney General requires that:

1. All bonds must be acknowledged and signed by both the Principal and Surety or Attorney-In-Fact. Signatures on the bond form must be original. In order to easily distinguish an original signature from a photocopied one, it is strongly recommended that signatories use ink colored other than black (such as blue) for writing signatures.
2. The Power of Attorney must be dated the same day as the bond.
3. "Strike-outs" and "white-outs" are unacceptable. Such bonds will be returned for re-execution.
4. The bond must be an original document. Photocopies, including color photocopies, will be returned for re-execution.
5. Ignoring or skipping any of the bond instructions will likely lead to an error or omission that will be cause for the bond to be returned for re-execution.

PAGE 1

1. Fill in the name and business address of the Principal.
2. Fill in the name and business address of the Surety. The Surety's address must be consistent with the address on the Power of Attorney. Be sure to use the Surety's main corporate office address, not a branch office address.
3. Fill in the signed and sealed date of the bond. This date must be the same date that is used on the Power of Attorney.
4. The bond must be executed by the Principal. The individual who signs this section must have his or her signature acknowledged in the Acknowledgement of Principal section.

5. The bond may be executed by an Attorney-In-Fact for the Surety Company or an officer of the Surety Company. The individual who signs this section must have his or her signature acknowledged in the Acknowledgement of Surety section. A Power of Attorney verifying this individual's authority must be attached to the bond.

6. The bond must be executed by the South Dakota Registered Agent for the Surety.

ACKNOWLEDGEMENTS

1. Complete the Acknowledgement section pertinent to the Principal (Individual, Partnership, Corporation, or LLC):

- If for an Individual: provide the signature and typed name.
- If for a Partnership: attach to the bond a statement of partnership authority which includes:
 - i. The name of the partnership;
 - ii. The street address of its chief executive office and of one office in South Dakota, if there is one;
 - iii. The names and mailing addresses of all of the partners or of an agent appointed and maintained by the partnership.
 - iv. The names of the partners authorized to execute an instrument transferring real property held in the name of the partnership.
- If for a Corporation: provide the signature, title, typed name, and business address. The principal must be the president, vice president, secretary, or treasurer. The name and title of the Principal must be identical in all sections of the bond.

No other title will be accepted without a certificate of authority to bind the corporation. If the Principal executing the bond is NOT the president, vice president, secretary, or treasurer of the firm, a corporate officer must verify that such individual has the authority to execute bonds on behalf of the corporation by attaching a certificate of authority to bind the corporation. The certificate of authority must be signed by the president, vice president, secretary, or treasurer of the corporation and dated the same day as the bond.

- If for an LLC: provide the signature, title, typed name, and business address. The Principal must be the Managing Member of the LLC. The name and title of the Principal must be identical in all sections of the bond.

2. Complete the Acknowledgement section pertinent to the Surety. (Corporate Officer or Attorney-In- Fact). The name and title of the acknowledged party must be identical to those provided on Page 1. The acknowledgment of the Surety must be completed and dated the same date as the signed and sealed date of the bond.

3. Check to be sure that each section is correctly completed by the notary, including the notary's signature and date of commission expiration. If a rubber seal is used, take care that the seal does not obscure any of the information provided in the acknowledgment section. The Principal and the Surety, must be notarized separately.

POWER OF ATTORNEY

1. The Power of Attorney must be attached to the bond and be dated the same date as the signed and sealed date of the bond. The Attorney-In-Fact acknowledging the bond must be identified in the Power of Attorney as having the power to bind the surety. Do not have two different attorneys-in-fact acknowledge your bond and Power of Attorney.

2. The Power of Attorney must be an original document, not a copy. A raised seal or watermark should be present to identify it as an original. If the Power of Attorney attached to the bond is a copy and not an original, we need one of the following:

- a) A letter certifying a copy of the Power of Attorney is recognized by the company.
- b) A Certificate stating a copy of the Power of Attorney is recognized by the company.

The letter or certificate stating that a copy of the Power of Attorney is acceptable should be executed by a president, vice president, secretary, treasurer or attorney in fact of the bonding company.

State of South Dakota
Buying Club Bond

Bond # _____
Premium \$ _____

KNOW ALL MEN BY THESE PRESENTS:

That, _____
of _____, as Principal, and _____
a Corporation, as Surety, are held and firmly bonded unto and for the benefit of the State of South Dakota and any citizen thereof who suffers loss due to the insolvency or cessation of business by said principal, in the penal sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000) for the payment of which, well and truly to be made, we bind ourselves and our legal representatives, jointly and severally by these presents.

The Condition of the above obligation is such that,

WHEREAS, The Fiftieth Legislature of the State of South Dakota passed and approved an act to regulate buying clubs and said Act was approved by the Governor, on the 27th day of March 1985; and is now codified as Chapter 37-26 of South Dakota Codified Laws and is in full force and effect; and

WHEREAS, this Act provided that a bond should be entered for the benefit of any member of a buying club who suffers loss of any prepayment made pursuant to a contract entered into after the effective date of the act:

NOW, THEREFORE, if said Principal shall faithfully perform and pay the obligations of such Principal arising in connection with his business as such and if said Principal shall pay all losses suffered due to the insolvency of the club or the cessation of the business by the club then this obligation shall be void; otherwise remain in full force and effect until the _____ day of _____, 20_____, but under no circumstances shall the obligation of this bond on either the Principal or surety be released until any buying club member suffering loss of any prepayment as defined in the Act shall have had his claim satisfied.

The total liability of the Surety here under shall in no event exceed the total sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000).

Dated this _____ day of _____, 20_____.

Countersigned by:

Principal

South Dakota Resident Agent
by _____ day _____

Company

By: Attorney-in-fact

ACKNOWLEDGEMENT OF SURETY

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____, _____, before me, a Notary Public in and for said County, personally appeared _____, personally known to me, who being by me duly sworn, did say that he is the aforesaid officer of _____, of _____ a corporation duly organized and existing under the laws of the State of _____ that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the said instrument was signed, sealed and executed in behalf of said corporation by authority of its Board of Directors, and further acknowledge that the said instrument and the execution thereof to be the voluntary act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribe my name and affixed official seal the day and year last above written.

This bond is hereby approve this _____ day of _____, 20 _____.

Assistant Attorney General

ACKNOWLEDGEMENT OF PRINCIPAL

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____, 20____, before me, the undersigned officer, personally appeared _____ known to me or satisfactorily proven to the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purpose therein contained.

In witness whereof I have hereunto set my hand and official seal.

ACKNOWLEDGEMENT OF CORPORATE PRINCIPAL

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____, 20____, before me, _____, the undersigned officer, personally appeared _____ a corporation, and that he, as such _____ being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as _____.

In witness whereof I hereunto set my hand and official seal.

Title of Officer

My Commission Expires: _____

Notary Public
