



Public Service Commission

State of North Dakota

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April 25, 2013

Mr. Eric Larson, President of the Board
Larson Grain Company
10106 72nd Street SE
LaMoure, ND 58458

RE: Grain Warehouse Inspection

Dear Mr. Larson:

The Public Service Commission's Grain Warehouse Inspectors recently completed a routine grain warehouse examination at Larson Grain Company. The inspectors:

1. Reviewed company operations to determine if generally accepted business practices and state warehousing laws and rules were being adhered to, if documents complied with statutory requirements, and if required notices were posted appropriately.
2. Physically inspected warehouse facilities, to determine if grain was being stored only in approved space and whether the stated physical capacity was accurate and adequately bonded.
3. Physically measured all grain on hand to determine if inventories agreed with company records and were of a kind, quality, and quantity sufficient to cover all outstanding storage obligations.

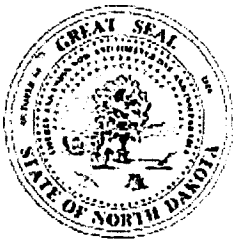
At the conclusion of the examination, the inspectors issued a Memorandum of Adjustment (MOA). A MOA is the final product of an examination and discloses any conditions that must be corrected. The MOA identified failure to convert scale tickets within 45 days on one open assembly priced unpaid account, six deferred payments contracts were not signed, and 25 priced later contacts were not signed. The MOA was presented to the Grain Division Director for review and signature. Larson Grain Company was asked to provide the Licensing Division with proof of corrective action.

A copy of the MOA is being provided to you as a courtesy. If you have any questions, I can be reached at 701-328-4097.

Sincerely,

Susan K. Richter
Licensing Division Director

Enclosure



Memorandum of Adjustment

03/27/2013 10:20:11 AM

Page: 1

License No: 1068

Exam Date: 03/25/2013

Examiner: 1

Number of items on this report: 2

Larson Grain Company
PO Box 198
LaMoure, ND
County:

An examination of this warehouse and/or the commodities stored there disclosed the following conditions which must be corrected as soon as possible. These conditions may also be in violation of state laws or rules. The issuance of this form is a report of the conditions found at this examination and is not an election by the North Dakota Public Service Commission to be taken..

Examiner comments are shown in *italic* below each item.

No Book Adjustments Required

Item no: 1050

refer to: NDCC 60-02-11 & ND Admin Code 69-07-03-01

A uniform and consecutively numbered scale ticket must be issued for each load of grain received and must be converted into cash, noncredit-sale contracts, credit-sale contracts, or warehouse receipts within 45 days after the grain is delivered to the warehouse. The original scale ticket must be issued in consecutive order and must contain the name of the licensee, receiving location, name of the depositor, type of grain, per centum of dockage, test weight, gross weight, tare weight, and net weight. The scale ticket must be delivered to the person from whom the grain is received and a copy must be retained and remain as a permanent record.

Condition; Failure to convert scale tickets within 45 days. One open assembly priced unpaid account # 15150 for 63,000 bushels of corn payable to Larson, E. beyond 45 days of delivery and not paid or converted to a credit-sale contract. Please contact Mr. Larson and either purchase the corn or convert to an appropriate credit-sale contract. A report must be forwarded to the Licensing Division Office indicating correction of this condition.

Item no: 1110

refer to: NDCC 60-02-01(2) & 60-02-19.1

Credit-Sale Contract means a written contract for the sale of grain pursuant to which the sale price is to be paid or may be paid more than 30 days after the delivery or release of the grain for sale and which contains: (1) the seller's name and address; (2) conditions of delivery; (3) the amount and kind of grain delivered; (4) the price per unit or basis of value; (4) the price per unit or basis of value; (5) the date payment is to be made; (6) the duration of the credit-sale contract; and (7) notice in a clear and prominent manner that the sale is not protected by the bond. The contract must be signed by both parties and executed in duplication with one copy retained by the warehouseman and one copy delivered to the seller.

Condition; Unsigned credit sale contracts. Schlenker, J. has six deferred payment contracts not signed. Please refer to list provided. 25 priced later contracts not signed. Please refer to list provided. Please contact individuals involved with these contracts and either get signatures or purchase the grain accounted on these contracts. A report must be forwarded to the Licensing Division Office within 30 days indicating correction of conditions. The report may consist of indicating the corrective action taken on the lists provided. Indicate the date the contract was signed or check number and date if the grain was purchased. Please contact the Office if questions arise or further assistance is required.

Thank you,

