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STATE OF NORTH DAKOTA
COUNTY OF GRAND FORKS

IN DISTRICT COURT
NORTHEAST JUDICIAL DISTRICT

CIVIL NO. 18-2015-cv-00240

Public Service Commission,)
)
 Petitioner,)
)
 vs.)
)
 Grand Forks Bean Company, Inc.,)
)
 Respondent.)

**BRIEF IN SUPPORT OF MOTION TO
JOIN SURETY**

[¶1] The Public Service Commission, Court-appointed Trustee in this matter, by and through its undersigned counsel, submits the following brief in support of its Motion to Join Surety.

[¶2] Grand Forks Bean Company, Inc. operated a licensed grain warehouse at Grand Forks, North Dakota, under license number 1164. On November 18, 2014, the Licensing Division received a phone call from a producer inquiring about redelivery of dry edible beans that the producer had delivered to Grand Forks Bean at its licensed grain warehouse. This was followed by a series of events more fully described in the *Application for Appointment as Trustee and for Ex Parte Order* filed on February 13, 2015 (Doc ID #1).

[¶3] On February 13, 2015, the Commission requested appointment as Trustee under North Dakota Century Code Chapters 60-04 and 60-10 for the purpose of marshaling all trust assets of Grand Forks Bean Company, Inc. The request to appoint the Commission Trustee to administer the insolvency was granted by Amended Order entered March 25, 2015 (Doc ID #26).

[¶4] Numerous claims for amounts due from Grand Forks Bean have been received by the Public Service Commission since publication of the *Notice of Appointment as Trustee and Notice to File Claims*.

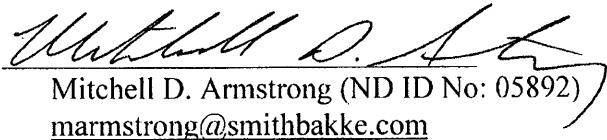
[¶5] North Dakota Century Code section 60-02-09 requires that a bond must be filed with the Commission before any license can be issued to any public warehouseman in North Dakota. The bond is for the purpose of protecting the holders of outstanding receipts and for covering the costs incurred by the Commission in the administration of the licensee's insolvency. The insolvent licensee, Grand Forks Bean Company, Inc., had such a bond, issued by Auto-Owner Insurance Company, 6101 Anacapri Blvd, Lansing, MI 48917, as surety.

[¶6] The Commission is in the process of reviewing claims filed against the warehouseman and a detailed determination regarding the validity of each claim will be attached to and summarized in the forthcoming Report and Recommendation of Trustee. From its review of the claims and its understanding of the positions likely to be taken by the claimants, the Commission believes the proceeds from the bond may be needed to redeem outstanding receipts issued by Grand Forks Bean Company, Inc.

[¶7] North Dakota Century Code section 60-04-03.3 provides that the surety for an insolvent licensed grain warehouse within the state of North Dakota must be joined as a party to the insolvency proceedings upon motion by the Public Service Commission when the commission believes that proceeds from the warehouseman's bond may be needed to redeem outstanding receipts issued by the warehouseman.

[¶8] The Public Service Commission respectfully requests that the Court order Auto-Owner Insurance Company joined as an additional Respondent.

Dated this 10th day of August, 2015.

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