



Public Service Commission

State of North Dakota

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September 9, 2015

Mr. Josh Shockman, President
Larson Grain Company
6746 Co Rd 62
Berlin, ND 58415

RE: Grain Warehouse Inspection

Dear Mr. Shockman:

The Public Service Commission's Grain Warehouse Inspector(s) recently completed a routine grain warehouse examination at Larson Grain Company. The examination consisted of one or more of the following:

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 Inspector(s) 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 was completed and presented to the Merchandiser for review and signature. Proof of corrective action was filed with the Licensing Division.

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
GE-15-566

14 GE-15-566 Filed: 9/9/2015 Pages: 3
Letter to President with MOA



North Dakota Public Service Commission
Memorandum of Adjustment

08/05/2015 02:51:49 PM

Page: 1

License No: 1068

Exam Date:08/05/2015

Examiner: 1

Number of items on this report: 1

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: 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; (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.

Deficiency; unsigned priced later contracts. C#156338-Danuser - C#156318 Hefty Seed - C#156324 Miller Farms - C#156354 Paul, Mike - These contracts are not signed. Please contact these individuals and either get them signed or purchase the grain accounted on these contracts. A report must be forwarded to The Licensing Division within 30 days, report to include copy of signed contract or copy of settlement information.

Deficiency; unsigned deferred payment contracts or indecision to defer or take payment. Please contact the following individuals regarding deferred payment, Jay Schlenker C#96436 - 96437, S&S Farms C# 96439, Dave Schmidt - C# 96485-96490-96496, & Donna Schrader priced not paid #10113. Again a report must be Forwarded to The Licensing Division Office within 30 days, report to include a signed copy of the contract or settlement information if the grain is purchased.

Deficiency: Priced later contracts are required to have a duration or expiration date. Most priced later contracts have an expiration date which has past or is expired. Some of the recent issue contracts do not have an expiration date. All future issue credit-sale contracts must include a duration or expiration date. Please establish a procedure to address expired contracts and the unpaid service charges associated with these expired contracts.

Deficiency; The merging of the Wishek Farmers Elevator has resulted in credit-sale contracts being issued with varying information and formats. Management must review the computer generated credit-sale contract templates in use at the various locations and get every location using the same proper credit-sale template. The priced later, basis fixed, deferred payment, and any other type of credit-contract must be of the same format at each location and must include all the required information. Please refer the fore-mentioned law. Items of extreme importance, duration or expiration date - Indemnity fund statement- Bond disclaimer statement. A copy of each credit-sale contract template must be forwarded to The Licensing Division Office after each location is set-up and using the same template. Please contact the Office if questions arise or assistance is required.

All of the fore-mentioned deficiencies must be corrected and reported to THE LICENSING DIVISION OFFICE BY SEPTEMBER 8, 2015

Thank you

1 Jimmy Gudman
Name of PSC Examiner

08/05/2015
Date

I acknowledge receipt of this form. I understand that the above conditions must be corrected as soon as possible. The corrective action must be mailed to the licensing division offices within 30 days of the date received. If all corrections are not completed in 30 days, I will report my progress and continue to submit reports at 15-day intervals until all corrections are completed.

[Signature]
Licensee's Signature
Crain Division Director
Title

Jason Parenteau
By (please print)
8/5/15
Date

Please submit report to: Licensing Division
Public Service Commission
600 E. Boulevard Ave. Dept. 408
Bismarck, ND 58505-0480

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