

The National Agricultural  
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An Agricultural Law Research Project

## **Requirements for Grain Dealers**

**State of Missouri**

*Auditing*

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## Requirements for Warehouses

### STATE OF MISSOURI

*Current with legislation from the 2014 Reg.Sess.*

#### **.A.M.S. 276.421**

#### **276.421. Financial statement to accompany application, how prepared--false statement, penalty--minimum net worth required--maintaining of current assets**

<Text of section eff. until Jan. 1, 2017. See, also, section eff. Jan. 1, 2017.>

1. All applications shall be accompanied by a true and accurate financial statement of the applicant, prepared within six months of the date of application, setting forth all the assets, liabilities and net worth of the applicant. In the event that the applicant has been engaged in business as a grain dealer for at least one year, the financial statement shall set forth the aggregate dollar amount paid for grain purchased in Missouri and those states with whom Missouri has entered into contracts or agreements as authorized by section 276.566 during the last completed fiscal period of the applicant. In the event the applicant has been engaged in business for less than one year or has not previously engaged in business as a grain dealer, the financial statement shall set forth the estimated aggregate dollar amount to be paid for grain purchased in Missouri and those states with whom Missouri has entered into contracts or agreements as authorized by section 276.566 during the applicant's initial fiscal period. All applications shall also be accompanied by a true and accurate statement of income and expenses for the applicant's most recently completed fiscal year. The financial statements required by this chapter shall be prepared in conformity with generally accepted accounting principles; except that the director may promulgate rules allowing for the valuation of assets by competent appraisal.
2. The financial statement required by subsection 1 of this section shall be audited or reviewed by a certified public accountant. The financial statement may not be audited or reviewed by the applicant, or an employee of the applicant, if an individual, or, if the applicant is a corporation or partnership, by an officer, shareholder, partner, or a direct employee of the applicant.
3. The director may require any additional information or verification with respect to the financial resources of the applicant as he deems necessary for the effective administration of this chapter. The director may promulgate rules setting forth minimum standards of acceptance for the various types of financial statements filed in accordance with the provisions of this chapter. The director may promulgate rules requiring a statement of retained earnings, a statement of changes in financial position, and notes and disclosures to the financial statements for all licensed grain dealers or all grain dealers required to be licensed. The additional information or verification referred to herein may include, but is not limited to, requiring that the financial statement information be reviewed or audited in accordance with standards established by the American Institute of Certified Public Accountants.
4. All grain dealers shall provide the director with a copy of all financial statements and updates to financial statements utilized to secure the bonds required by sections 276.401 to 276.582.
5. All financial statements submitted to the director for the purposes of this chapter shall be accompanied by a certification by the applicant or the chief executive officer of the applicant, subject to the penalty provision set forth in subsection 4 of section 276.536, that to the best of his knowledge

and believe the financial statement accurately reflects the financial condition of the applicant for the fiscal period covered in the statement.

6. Any person who knowingly prepares or assists in the preparation of an inaccurate or false financial statement which is submitted to the director for the purposes of this chapter, or who during the course of providing bookkeeping services or in reviewing or auditing a financial statement which is submitted to the director for the purposes of this chapter, becomes aware of false information in the financial statement and does not disclose in notes accompanying the financial statements that such false information exists, or does not disassociate himself from the financial statements prior to submission, is guilty of a class C felony. Additionally, such persons are liable for any damages incurred by sellers of grain selling to a grain dealer who is licensed or allowed to maintain his license based upon inaccuracies or falsifications contained in the financial statement.

7. Any licensed grain dealer or applicant for a grain dealer's license shall maintain a minimum net worth equal to five percent of annual grain purchases as set forth in the financial statements required by this chapter. If the dealer or applicant is deficient in meeting this net worth requirement, he must post additional bond as required in section 276.436.

8.

(1) Any licensed grain dealer or applicant for a grain dealer's license shall have and maintain current assets at least equal to one hundred percent of current liabilities. The financial statement required by this chapter shall set forth positive working capital in the form of a current ratio of the total adjusted current assets to the total adjusted current liabilities of at least one to one.

(2) The director may allow applicants to offset negative working capital by increasing the grain dealer surety bond required by section 276.426 up to the total amount of negative working capital at the discretion of the director.

(3) Adjusted current assets shall be calculated by deducting from the stated current assets shown on the financial statement submitted by the applicant any current asset resulting from notes receivable from related persons, accounts receivable from related persons, stock subscriptions receivable, and any other related person receivables.

(4) A disallowed current asset shall be netted against any related liability and the net result, if an asset, shall be subtracted from the current assets.

### **V.A.M.S. 276.423**

#### **276.423. Examination by department, when, fee--discrepancy reports, contents--revocation or suspension of license, when--subpoenas**

1. The department shall make at least one complete examination of each state licensed class I, class II and class III grain dealer each year and may examine class IV, class V and class VI state licensed grain dealers. The annual grain dealer examination for grain dealers holding a federal warehouse license under the United States Warehouse Act may be waived if the director is satisfied as to the quality of the audit performed under the United States Warehouse Act and receives a full copy of such audit.

2. Any additional examinations deemed necessary by the department during any year shall be at the expense of the department. If upon any examination a discrepancy is found to exist, the director may collect a fee for that examination and for any subsequent examination deemed necessary to insure that the discrepancy is corrected. The fee for each such examination shall be computed in accordance with rates established by the director by rule. This subsection applies equally to all classes of grain dealers which may be examined by the department.

3. Any dealer may request additional examinations at the expense of the dealer. The director may

collect a fee for each special or requested examination or for extra work beyond regular examination procedures in connection with regularly scheduled examinations, computed in accordance with the rates established in section 276.506.

4. Upon completion of any examination which reveals a failure to comply with the provisions of sections 276.401 to 276.582, and the regulations promulgated hereunder, the director or any department auditor, within a reasonable time, shall present a written discrepancy report to the dealer, his employee or agent. The report shall specify the areas of noncompliance and shall give a specific period of time, reasonable and practical under the circumstances, within which corrective action is to be taken. A report of that corrective action shall be sent to the director. If, after further examination, the discrepancy still exists, the director may modify, suspend or revoke the dealer's license, or the director may take whatever other action he deems necessary consistent with the provisions of sections 276.401 to 276.582 until the dealer has corrected the discrepancy.

5. The director is hereby authorized to issue subpoena duces tecum to any financial institutions, or to any other type of business entity, causing them to deliver any and all records of a licensee, or any and all records kept pertaining to a licensee or any person who in the opinion of the director may need to be licensed. Such financial institutions, or other business entities, are hereby authorized and required to deliver any and all such records to the director notwithstanding any law to the contrary. This section applies to persons or individual accounts or transactions as well as to corporate records where the licensee, or person, who in the opinion of the director, needs to be licensed, is conducting business in corporate form.

#### **V.A.M.S. 276.471**

##### **276.471. Records to be maintained by dealer--current financial position--retention for inspection**

1. The grain dealer shall maintain at his principal place of business current and complete records with respect to all grain received and withdrawn from, purchased, sold, and held by him for that business.
2. Each licensed grain dealer shall keep in a place of safety, complete and correct records and accounts of:
  - (1) The quantity of each kind and class of grain received in his facility and withdrawn therefrom;
  - (2) Duplicate copy of receipts, tickets and bills of lading issued by him;
  - (3) Original receipts and tickets returned to and cancelled by him;
  - (4) A register which records all grain transactions not evidenced by the dealer's own scale ticket, i.e., direct farm-to-market shipments. This register shall be updated daily showing, at a minimum, the name of the seller, quantity of grain, date of shipment, name of terminal or other business accepting the physical commodity, destination scale ticket number and whether the grain was delivered for sale, or other specified purpose.
3. In addition to the records required by subsections 1 and 2 of this section, the grain dealer shall maintain such adequate financial records as will clearly reflect his current financial position and will clearly support any financial information required to be submitted to the director for licensing, auditing, inspection and/or investigation purposes.
4. A grain dealer licensed or required to be licensed under this chapter shall keep available for examination all books, records and accounts required by this chapter and any other books, records and accounts relevant to his operating a grain dealer business for a period of not less than three years after the close of the period for which such books or records were required. An examination may be performed by the director or his representative, and may take place at any time during the normal

business hours of the dealer or, if prior notice of the examination is given to the grain dealer, at such time as is prescribed in that notice.

**V.A.M.S. 276.476**

**276.476. Auditors may be appointed--highway patrol to cooperate**

The director may appoint auditors familiar with the purchase, sale, and handling of grain and knowledgeable with respect to sections 276.401 to 276.581 and regulations promulgated hereunder to investigate, audit, and inspect persons as authorized by sections 276.401 to 276.581 and the regulations promulgated hereunder. It shall be the duty of employees of the Missouri highway patrol and weighing station employees to cooperate with the director in the enforcement of sections 276.401 to 276.581.

**V.A.M.S. 276.481**

**276.481. Inspection of premises and records--dealers may be required to report--transporters to have proper records--director to investigate**

1. The director or any auditor appointed pursuant to the provisions of section 276.476 may inspect the premises used by any person licensed under sections 276.401 to 276.581, or persons who the director has reasonable cause to believe should be licensed under sections 276.401 to 276.581, in the conduct of his business at any time. The books, accounts, records and papers of every grain dealer shall at all times during business hours be subject to inspection as prescribed by the director.
2. The director may perform such inspections as are necessary for the orderly administration of the provisions of sections 276.401 to 276.581 based upon reports and other information available to him.
3. Every person licensed under sections 276.401 to 276.581 and such person's employees, agents, officers, partners, directors, and shareholders shall cooperate and hold themselves available to assist in the inspection, including allowing full and reasonable use of the weighing, sampling, and grading equipment, if any.
4. Any dealer who is licensed in this state and who does not have a place of business within the state shall make available and furnish to the director or an auditor, upon request, all books, accounts, papers, and records of grain transactions within this state at any time and place that the director may designate.
5. Each grain dealer may also be required to make such reports as deemed necessary by the director to protect the seller of grain as set forth in sections 276.401 to 276.581 and the regulations promulgated hereunder.
6. The transporter of grain in transit shall have in his possession bills of lading or other documents covering such grain in transit. Such documents shall be available for inspection by the director or his agent upon request.
7. The director shall, upon the verified complaint in writing of any person setting forth facts which if proved would be in violation of the provisions of sections 276.401 to 276.581, or regulations promulgated hereunder or would constitute grounds for refusal, suspension, or revocation of a license under sections 276.401 to 276.581, investigate the actions of any person applying for, holding, or

claiming to hold a license; provided that the director is not required to investigate any complaint which does not appear to have a reasonable basis.