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Law Center



University of Arkansas • Division of Agriculture

An Agricultural Law Research Project

Requirements for Grain Dealers

State of Missouri

Prompt Payment

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Requirements for Warehouses

STATE OF MISSOURI

Current with legislation from the 2014 Reg.Sess.

V.A.M.S. 276.461

276.461. Dealer to pay for grain, when--failure to make payment on demand, director's duties, grounds for suspension or revocation of license--demands, how made

1. In general, a person licensed as a grain dealer shall make payment of the agreed-upon purchase price to the seller of grain upon delivery or demand of said seller or his authorized agent, unless a written grain purchase contract or valid deferred payment contract shall provide otherwise. However, every person licensed as a grain dealer shall establish and properly document the agreed-upon purchase price of all grain he buys as prescribed by the director or as otherwise provided by law. When a dealer has failed to make payment upon demand of the seller and such failure has come to the attention of the director, the director may request the dealer to make payment. Such request may be made verbally or in writing. The director may require the dealer to make payment with a certified or cashier's check, or in cash. The license may be modified, suspended or revoked if the dealer fails to make timely payment as requested by the director.
2. A person licensed as a class I dealer shall properly document the agreed-upon, between buyer and seller, purchase price of grain, as prescribed by the director, and shall make payment upon demand. However, if no demand for payment is made, a class I dealer has the option of entering the account, as prescribed by the director, onto a formal settlement sheet or paying the seller the agreed upon price. Such entry onto a formal settlement sheet must occur within thirty days of delivery. When an account is so entered onto a formal settlement sheet, payment shall be made the earlier of demand or one hundred eighty days from delivery. If payment is not made at the conclusion of the one hundred eighty day period, a formal written contract as provided for in subsections 8 and 11 of this section shall be executed.
3. A person licensed as a class II dealer shall properly document the agreed-upon, between buyer and seller, purchase price of grain, as prescribed by the director, and shall make payment upon demand. However, if no demand for payment is made, a class II dealer has the option of entering the account, as prescribed by the director, onto a formal settlement sheet or paying the seller the agreed-upon price. Such entry onto a formal settlement sheet must occur within thirty days of delivery. When an account is so entered onto a formal settlement sheet, payment shall be made on demand or within one hundred eighty days from delivery, whichever occurs first. A class II dealer shall not enter into any type of credit sales contract.
4. A person licensed as a class III, IV, V or VI grain dealer shall make payment to the seller within thirty days of delivery or upon demand of the seller or his authorized agent, whichever occurs first. A class III, IV, V, or VI dealer shall not enter into any type of credit sales contract.
5. Nothing contained in sections 276.401 to 276.582 shall be construed to limit or prohibit the right of a seller of grain to make an oral demand for payment from a dealer, provided that the right to recover under the surety bond shall be based only upon written demand to the surety by the seller or by the

department on behalf of the claimant.

6. Recovery by a claimant on the bond shall not be his sole or exclusive remedy and shall not bar a civil action based upon rights or obligations arising under the grain purchase contract.

7. Notwithstanding any provisions of this section, in the case of valid deferred price contracts the seller of grain shall have no right of recovery under the grain dealer's surety bond. Deferred price contracts shall be in writing, dated, and shall contain a statement informing the seller that the seller is relinquishing title and all rights of ownership in the grain, that the grain dealer is not required to carry bond on the grain for the benefit of the seller, and that the payment for the grain becomes a common claim against the grain dealer. Only a class I grain dealer may enter into deferred price contracts.

8. In the case of deferred payment contracts, a class I grain dealer and a seller of grain may agree that payment be deferred to a future date. The agreement shall be in writing, dated, and shall contain a statement informing the seller that the seller is transferring title to the buyer and that the seller is relinquishing all rights in the grain and that the class I dealer is required to carry bond on the grain for the benefit of the seller for twelve months from the date the contract was entered into, and that after twelve months, payment for the grain becomes a common claim against the dealer. No other class of dealer may enter into deferred payment contracts.

9. In the event the license of a grain dealer is revoked by the director for any reason, all deferred payment agreements executed within the twelve months prior to revocation shall be deemed priced unpaid obligations as of the effective date of the revocation and as such agreements are covered by the grain dealer's bond.

10. In the case of minimum price contracts, a class I grain dealer and a seller of grain may agree upon a minimum price for the grain sold but allow the seller to retain the ability to participate in subsequent price gains or futures market increases, if any. The agreement shall be in writing, dated, and shall contain a statement informing the seller that the seller is transferring title and all rights of ownership in the grain to the buyer, and shall contain entries stating the agreed upon minimum price and explaining how subsequent price gains will be calculated. This agreement shall also contain statements informing the seller that only the payment of the specified minimum price is covered under the dealer's bond for the benefit of the seller, for, and only for, twelve months from the date the contract was entered; and that payment for any subsequent price gains, if any, is not covered by bond. No other class of dealer may enter minimum price contracts.

11. For the purposes of this section, deferred price, deferred payment, and minimum price contracts are not deemed valid unless they contain all the required statements and are signed by both the buyer and seller or their authorized representatives. The director may require any additional information from a grain dealer that he deems necessary to protect the interests of the seller of grain in such transactions. Class II, III, IV, V and VI grain dealers may not use or enter into such contracts with sellers of grain.