

Reprinted 3/14

SENATE FILE 2345

By COMMITTEE ON COMMERCE

(FORMER SSB 2288)

Approved 2/14 (1993)

Passed Senate, Date 3-20-80 (1993) Passed House, Date _____

Vote: Ayes 41 Nays 0 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act amending chapters five hundred forty-two (542)
2 and five hundred forty-three (543) of the Code, relating
3 to the marketing of certain agricultural products, and
4 providing penalties.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2345

1 Section 1. Chapter five hundred forty-two (542), Code
2 1979, is amended by adding the following new section:

3 NEW SECTION. CERTIFIED AUDIT. An application for a license
4 or license renewal under this chapter shall be accompanied
5 by an audited balance sheet and statements of income and
6 changes in financial position, prepared in accordance with
7 generally accepted accounting principles and accompanied by
8 an auditor's report containing an unqualified opinion of an
9 independent certified public accountant licensed in this
10 state. However, the commission by administrative rule may
11 waive the requirements of this section with respect to
12 categories of grain dealers licensed under this chapter.

13 Sec. 2. Chapter five hundred forty-two (542), Code 1979,
14 is amended by adding the following new section:

15 NEW SECTION. STANDARDIZATION OF RECORDS AND DOCUMENTS.

16 1. The commission may adopt rules specifying the form
17 and content of scale tickets, deferred payment contracts and
18 deferred pricing and payment contracts used by licensed grain
19 dealers. The commission may prescribe a uniform numbering
20 system to be used in this state for the purpose of identifying
21 scale tickets and contracts executed or issued by the
22 respective licensed grain dealers. Rules establishing this
23 uniform numbering system may require registration with and
24 approval by the commission of all numbers to be used by the
25 respective licensees, and may include other requirements as
26 necessary to assure the security of the uniform numbering
27 system and the enforcement of this chapter. The use of a
28 scale ticket, deferred payment contract, or deferred pricing
29 and payment contract which fails to satisfy the requirements
30 established by the commission is a violation of this chapter.
31 Each scale ticket form issued by a licensed grain dealer shall
32 include, in addition to other information required by rule,
33 appropriate symbols to enable the grain dealer to indicate
34 whether purchased grain is received pursuant to a cash sale,
35 a deferred payment contract, or a deferred pricing and payment

1 contract.

2 2. The commission may adopt rules specifying the types
3 of books, accounts and records to be used by a grain dealer
4 in the conduct of business under this chapter, and procedures
5 to be followed in maintaining those books, accounts and
6 records.

7 Sec. 3. Section five hundred forty-two point three (542.3),
8 Code 1979, is amended to read as follows:

9 542.3 LICENSE REQUIRED--FINANCIAL RESPONSIBILITY. A
10 person shall not engage in the business of a grain dealer
11 in this state without having obtained a license issued by
12 the commission. Each application for a license to engage
13 in business as a grain dealer shall be filed with the
14 commission and shall be in a form prescribed by the commission.
15 The application shall include the name of the applicant, its
16 principal officers if the applicant is a corporation or the
17 active members of a partnership if the applicant is a
18 partnership and the location of the principal office or place
19 of business of the applicant. A separate license shall be
20 required for each location at which the records are normally
21 kept for transactions of the grain dealer. The application
22 shall also list the number of trucks or tractor trailer units
23 that will be used in the transportation of grain purchased
24 for resale. The application shall be accompanied by a complete
25 financial statement of the applicant setting forth the assets,
26 liabilities and the net worth of the applicant. The financial
27 statement must be prepared according to generally accepted
28 accounting principles. Assets shall be shown at original
29 cost less depreciation. Upon a petition filed with the
30 commission, the commission may allow asset valuations in
31 accordance with a competent appraisal. Deferred pricing
32 contracts shall be shown as a liability and valued at the
33 applicable current market price of grain as of the date the
34 financial statement is prepared. In order to receive and
35 retain a license the applicant must have and maintain a net

1 worth of at least twenty-five thousand dollars or provide
2 bond in addition to that required by section 542.4 in the
3 amount of two thousand dollars for each one thousand dollars
4 or fraction thereof of net worth deficiency, provided that
5 an applicant or a licensee shall not at any time have a net
6 worth of less than ten thousand dollars. The commission may
7 require additional information or verification with respect
8 to the financial resources of the applicant and the applicant's
9 ability to pay producers for grain purchased from them.

10 Sec. 4. Section five hundred forty-two point eleven
11 (542.11), Code 1979, is amended to read as follows:

12 542.11 PENALTIES--MISDEMEANOR INJUNCTIONS. Any-person
13 who-engages-in-business-as-a-grain-dealer-without-obtaining
14 a-license-or-any-person-in-violation-of-any-ether-provision
15 of-this-chapter,-or-any-grain-dealer-who-refuses-to-permit
16 inspection-of-his-or-her-premises,-books,-accounts-or-records
17 as-provided-in-this-chapter,-shall-be-guilty-of-a-simple-mis-
18 demeanor---Each-day-that-any-violation-continues-shall
19 constitute-a-separate-offense---Any-person-violating-the
20 provisions-of-this-chapter-may-be-restrained-by-an-injunction-

21 1. A person who engages in business as a grain dealer
22 without obtaining a license, or who knowingly submits false
23 information to the commission or any of its employees in a
24 document or record required to be submitted or maintained
25 under this chapter, or who refuses to permit inspection of
26 licensed premises, or books, accounts, records or other
27 documents required by this chapter, or who knowingly issues
28 a false scale ticket or deferred payment contract or deferred
29 pricing and payment contract, commits a class D felony.

30 2. Except as provided in subsection one (1) of this
31 section, a person who violates a provision of this chapter
32 commits a simple misdemeanor. Each day that the violation
33 continues shall be a separate offense.

34 3. A violation of this chapter may be restrained by an
35 injunction.

1 Sec. 5. Chapter five hundred forty-three (543), Code 1979,
2 is amended by adding the following new section:

3 NEW SECTION. CERTIFIED AUDIT. An application for a license
4 or license renewal under this chapter shall be accompanied
5 by an audited balance sheet and statements of income and
6 changes in financial position, prepared in accordance with
7 generally accepted accounting principles and accompanied by
8 an auditor's report containing an unqualified opinion of an
9 independent certified public accountant licensed in this
10 state. However, the commission by administrative rule may
11 waive the requirements of this section with respect to
12 categories of warehousemen licensed in this state.

13 Sec. 6. Chapter five hundred forty-three (543), Code 1979,
14 is amended by adding the following new section:

15 NEW SECTION. STANDARDIZATION OF RECORDS AND DOCUMENTS.

16 1. The commission may adopt rules specifying the form
17 and content of scale tickets, warehouse receipts, and deferred
18 payment contracts and deferred pricing and payment contracts
19 used in licensed warehouses. The commission may prescribe
20 a uniform numbering system to be used in this state for the
21 purpose of identifying scale tickets, warehouse receipts,
22 and contracts executed or issued by the respective licensed
23 warehouses. Rules establishing this uniform numbering system
24 may require registration with and approval by the commission
25 of all numbers to be used by the respective licensees, and
26 may include other requirements as necessary to assure the
27 security of the uniform numbering system and the enforcement
28 of this chapter. The use of a scale ticket, warehouse receipt,
29 deferred payment contract, or deferred pricing and payment
30 contract which fails to satisfy the requirements established
31 by the commission is a violation of this chapter. Each scale
32 ticket form issued by a licensed warehouse shall include,
33 in addition to other information required by rule, appropriate
34 symbols to enable the warehouseman to indicate whether
35 purchased grain is received pursuant to a cash sale, a deferred

1 payment contract, or a deferred pricing and payment contract.
2 2. The commission may adopt rules specifying the types
3 of books, accounts and records to be used by a warehouse in
4 the conduct of business under this chapter, and procedures
5 to be followed in maintaining those books, accounts and
6 records.

7 Sec. 7. Section five hundred forty-three point six (543.6),
8 Code 1979, is amended to read as follows:

9 543.6 ISSUANCE OF LICENSE AND FINANCIAL RESPONSIBILITY.

10 The commission is authorized, upon application to it, to issue
11 to any warehouseman or to any person about to become a
12 warehouseman a license or licenses for the operation of a
13 warehouse or warehouses in accordance with the provisions
14 of this chapter and such rules as may be made by the commission
15 under the authority of section 543.5. A single license may
16 be issued for the operation of two or more warehouses located
17 in the same city and operated by the same warehouseman. A
18 license to operate two or more warehouses located within a
19 twenty-five mile radius of a central office may be issued,
20 but a separate fee shall be charged for each station. An
21 application for a warehouse license shall be accompanied by
22 a complete financial statement of the applicant setting forth
23 the assets, liabilities and net worth of the applicant. The
24 financial statement must be prepared according to normally
25 accepted accounting principles. Assets shall be shown at
26 original cost less depreciation. Upon petition being filed
27 with the commission, the commission may allow asset valuations
28 in accordance with a competent appraisal. Deferred pricing
29 contracts shall be shown as a liability and valued at the
30 applicable current market price of grain as of the date the
31 financial statement is prepared. In order to receive and
32 retain a license the applicant must have and maintain a net
33 worth of at least twenty-five thousand dollars or provide
34 bond in addition to that required by section 543.12 in the
35 amount of two thousand dollars for each one thousand dollars

1 or fraction thereof of net worth deficiency, provided that
 2 an applicant or a licensee shall not at any time have a net
 3 worth of less than ten thousand dollars.

4 Sec. 8. Section five hundred forty-three point thirty-
 5 six (543.36), Code 1979, is amended to read as follows:

6 543.36 PENALTIES--~~MISDEMEANOR~~ INJUNCTION. ~~Every person~~
 7 ~~who violates or fails to comply with any of the provisions~~
 8 ~~of this chapter or to comply with any lawfully authorized~~
 9 ~~order, direction, demand, or rule or regulation of the~~
 10 ~~commission shall be guilty of a simple misdemeanor.~~

11 1. A person who engages in business as a warehouseman
 12 without obtaining a license, or who knowingly submits false
 13 information to the commission or any of its employees in a
 14 document or record required to be submitted or maintained
 15 under this chapter, or who refuses to permit inspection of
 16 licensed premises, or books, accounts, records or other
 17 documents required by this chapter, or who knowingly issues
 18 a false scale ticket, warehouse receipt, deferred payment
 19 contract or deferred pricing and payment contract, commits
 20 a class D felony.

21 2. Except as provided in subsection one (1) of this
 22 section, a person who violates a provision of this chapter
 23 commits a simple misdemeanor. Each day that the violation
 24 continues shall be a separate offense.

25 3. A violation of this chapter may be restrained by an
 26 injunction.

27 Sec. 9. This Act takes effect September first following
 28 enactment.

29 EXPLANATION

30 This bill relates to the licensing and regulation of grain
 31 dealers and agricultural warehouses under Code chapters 542
 32 and 543, respectively. The various sections of the bill
 33 provide as follows:

34 Section 1 requires a licensed grain dealer to submit a
 35 certified financial audit performed by an independent certified

1 public accountant along with an application for a license
2 or license renewal. However, the commerce commission could
3 exempt categories of dealers by rule.

4 Section 2 authorizes the commerce commission to adopt rules
5 specifying accounting forms and procedures to be used by
6 licensed grain dealers, and specifying the form and content
7 of scale tickets, deferred payment and deferred payment and
8 pricing contracts used by licensed grain dealers. The
9 commission could adopt a uniform statewide numbering system
10 to aid in identifying documents and in preventing violations
11 of the chapter. Section 2 also authorizes the commission
12 to specify uniform accounting practices and procedures.

13 Section 3 amends the current net worth requirements to
14 provide that a grain dealer must maintain a minimum net worth
15 of at least ten thousand dollars. Under present law, a grain
16 dealer can satisfy net worth requirements by posting a bond
17 in lieu of actual net worth.

18 Section 4 amends the penalty section of chapter 542 to
19 increase the penalty for certain violations from a simple
20 misdemeanor to a class D felony. The amendments also expressly
21 prohibit the knowing delivery of false records or information.

22 Section 5 amends chapter 543 to require licensed warehouses
23 to submit a certified financial statement performed by an
24 independent certified public accountant along with an
25 application for a license or license renewal. However, the
26 commerce commission could exempt categories of warehouses
27 by rule.

28 Section 6 authorizes the commerce commission to adopt rules
29 which standardize scale tickets, warehouse receipts and
30 deferred payment and deferred pricing and payment contracts
31 used in licensed warehouses. The commission could adopt a
32 uniform statewide numbering system to aid in identifying
33 documents and in preventing violations of the chapter. Section
34 6 also authorizes the commission to specify uniform accounting
35 practices and procedures.

1 Section 7 amends the current net worth requirements to
2 provide that a warehouseman must maintain a minimum net worth
3 of at least ten thousand dollars. Under present law, a
4 warehouseman can satisfy the net worth requirement by posting
5 a bond in lieu of actual net worth.

6 Section 8 amends the penalty section of chapter 542 to
7 increase the penalty for certain violations from a simple
8 misdemeanor to a class D felony. The amendments also expressly
9 prohibit the knowing delivery of false records or information.

10 The bill would take effect September first following
11 enactment.

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SENATE FILE 2345

S-5466

- 1 Amend Senate File 2345 as follows:
2 1. Page 6, by inserting after line 26 the
3 following:
4 "Sec. _____. Section sixty-eight A point seven
5 (68A.7), subsection twelve (12), Code 1979, is amended
6 by striking that subsection."
7 2. By renumbering sections.

S-5466 FILED
MARCH 20, 1980
ADOPTED (p. 993)

BY PATRICK J. DELUHERY
JULIA GENTLEMAN
FORREST V. SCHWENGELS

SENATE FILE 2345

S-5470

- 1 Amend Senate File 2345 as follows:
2 1. Page 1, line 35, by striking the word "or".
3 2. Page 2, line 1, by inserting after the word
4 "contract" the words ", or for storage under a ware-
5 house receipt".

S-5470 FILED
MARCH 20, 1980

BY ARNE WALDSTEIN

WITHDRAWN (p. 993)

SENATE FILE 2345

S-5479

- 1 Amend Senate File 2345 as follows:
2 1. Page 1, line 35, by striking the word "or".
3 2. Page 2, line 1, by inserting after the word
4 "contract" the words ", or for storage under a ware-
5 house receipt".
6 3. Page 5, line 1, by striking the word "or".
7 4. Page 5, line 1, by inserting after the word
8 "contract" the words ", or for storage under a ware-
9 house receipt".

S-5479 FILED & ADOPTED (p. 993) BY ARNE WALDSTEIN
MARCH 20, 1980

SENATE FILE 2345

S-5477

- 1 Amend the Gentleman et al. amendment S-5474 to
2 Senate File 2345 as follows:
3 1. Page 1, line 13, by striking the word "simple"
4 and inserting in lieu thereof the word "serious".
5 2. Page 1, line 36, by striking the word "simple"
6 and inserting in lieu thereof the word "serious".

S-5477 FILED
MARCH 20, 1980
RULED OUT OF ORDER (p. 993)

BY IRVIN L. BERGMAN

S-5462

1 Amend Senate File 2345 as follows:

2 1. Page 3, by striking lines 21 through 29 and
3 inserting in lieu thereof the following:

4 "1. A person who engages in business as a grain
5 dealer without a license, or who refuses to permit
6 inspection of licensed premises, or books, accounts,
7 records or other documents required by this chapter,
8 commits a class D felony.

9 2. A person who knowingly submits false information
10 to the commission or any of its employees in a document
11 or a book, account, or record required to be submitted
12 or maintained under this chapter, commits a fraudulent
13 practice."

14 2. Page 3, line 30, by striking the words
15 "subsection one (1)" and inserting in lieu thereof
16 the words "subsections one (1) and two (2)".

17 3. Page 3, by striking lines 34 and 35 and
18 inserting in lieu thereof the following:

A 19 " . A violation of this chapter, or a violation
20 of chapter seven hundred fourteen (714) or seven
21 hundred fifteen (715) of the Code involving the conduct
22 of business as a grain dealer, may be restrained by
23 an injunction in an action brought by the commerce
24 commission."

25 4. Page 6, by striking lines 11 through 20 and
26 inserting in lieu thereof the following:

27 "1. A person who engages in business as a
28 warehouseman without obtaining a license, or who
29 refuses to permit inspection of licensed premises,
30 or books, accounts, records or other documents required
31 by this chapter, commits a class D felony.

32 2. A person who knowingly submits false information
33 to the commission or any of its employees in a document
34 or a book, account, or record required to be submitted
35 or maintained under this chapter commits a fraudulent
36 practice."

37 5. Page 6, line 21, by striking the words
38 "subsection one (1)" and inserting in lieu thereof
39 the words "subsections one (1) and two (2)".

40 6. Page 6, by striking lines 25 and 26 and
41 inserting in lieu thereof the following:

B 42 " . A violation of this chapter, or a violation
43 of chapter seven hundred fourteen (714) or seven
44 hundred fifteen (715) of the Code involving the conduct
45 of business as a warehouseman, may be restrained by
46 injunction in an action brought by the commerce
47 commission."

48 7. By renumbering subsections.

S-5462 FILED
MARCH 20, 1980
DIVISION A--WITHDRAWN
DIVISION B--WITHDRAWN

BY JULIA GENTLEMAN
PATRICK DELUHERY

S-5484

1 Amend Senate File 2345 as follows:

2 1. Page 3, by striking lines 21 through 35 and
3 inserting in lieu thereof the following:

4 "1. A person who knowingly submits false
5 information to the commission or any of its employees
6 in a document or a book, account, or record required
7 to be submitted or maintained under this chapter,
8 commits a fraudulent practice.

9 2. A person who engages in business as a grain
10 dealer without obtaining a license, or who refuses
11 to permit inspection of licensed premises, or books,
12 accounts, records or other documents required by this
13 chapter, commits a serious misdemeanor, except that
14 a person who commits such a violation after having
15 been found guilty of the same violation commits an
16 aggravated misdemeanor.

17 3. Except as provided in subsections one (1) and
18 two (2) of this section, a person who violates any
19 provision of this chapter commits a simple misdemeanor.
20 With respect to a continuing violation, each day that
21 the violation continues shall be a separate offense.

22 4. A violation of this chapter, or a violation
23 of chapter seven hundred fourteen (714) or seven
24 hundred fifteen (715) of the Code involving the conduct
25 of business as a grain dealer, may be restrained by
26 an injunction in an action brought by the commerce
27 commission."

28 2. Page 6, by striking lines 11 through 26 and
29 inserting in lieu thereof the following:

30 "1. A person who knowingly submits false
31 information to the commission or any of its employees
32 in a document or a book, account, or record required
33 to be submitted or maintained under this chapter
34 commits a fraudulent practice.

35 2. A person who engages in business as a
36 warehouseman without obtaining a license, or who
37 refuses to permit inspection of licensed premises,
38 or books, accounts, records or other documents re-
39 quired by this chapter, commits a serious misdemeanor,
40 except that a person who commits such a violation
41 after having been found guilty of the same violation
42 commits an aggravated misdemeanor.

43 3. Except as provided in subsections one (1) and
44 two (2) of this section, a person who violates any
45 provision of this chapter commits a simple misdemeanor.
46 With respect to a continuing violation, each day that
47 the violation continues shall be a separate offense.

48 4. A violation of this chapter, or a violation
49 of chapter seven hundred fourteen (714) or seven
50 hundred fifteen (715) of the Code involving the conduct

S-5484

Page 2

1 of business as a warehouseman, may be restrained by
2 injunction in an action brought by the commerce
3 commission."

S-5484 FILED
MARCH 20, 1980
ADOPTED (p. 999)

BY JULIA GENTLEMAN
PATRICK J. DELUHERY
LUCAS DeKOSTER

S-5474

1 Amend Senate File 2345 as follows:

2 1. Page 3, by striking lines 21 through 35 and
3 inserting in lieu thereof the following:

4 "1. A person who knowingly submits false
5 information to the commission or any of its employees
6 in a document or a book, account, or record required
7 to be submitted or maintained under this chapter,
8 commits a fraudulent practice.

9 2. A person who refuses to permit inspection of
10 licensed premises, or books, accounts, records or
11 other documents required by this chapter, or who
12 violates any other provision of this chapter, commits
13 a simple misdemeanor, except that a person who violates
14 any such provision after having been found guilty
15 of the same violation commits an aggravated
16 misdemeanor. With respect to a continuing violation,
17 each day that the violation continues shall be a
18 separate offense.

19 3. A violation of this chapter, or a violation
20 of chapter seven hundred fourteen (714) or seven
21 hundred fifteen (715) of the Code involving the conduct
22 of business as a grain dealer, may be restrained by
23 an injunction in an action brought by the commerce
24 commission."

25 4. Page 6, by striking lines 11 through 26 and
26 inserting in lieu thereof the following:

27 "1. A person who knowingly submits false
28 information to the commission or any of its employees
29 in a document or a book, account, or record required
30 to be submitted or maintained under this chapter
31 commits a fraudulent practice.

32 2. A person who refuses to permit inspection of
33 licensed premises, or books, accounts, records or
34 other documents required by this chapter, or who
35 violates any other provision of this chapter, commits
36 a simple misdemeanor, except that a person who violates
37 any such provision after having been found guilty
38 of the same violation commits an aggravated
39 misdemeanor. With respect to a continuing violation,
40 each day that the violation continues shall be a
41 separate offense.

42 3. A violation of this chapter, or a violation
43 of chapter seven hundred fourteen (714) or seven
44 hundred fifteen (715) of the Code involving the conduct
45 of business as a warehouseman, may be restrained by
46 injunction in an action brought by the commerce
47 commission."

S-5474 FILED
MARCH 20, 1980
WITHDRAWN (p. 993)

BY JULIA GENTLEMAN
PATRICK J. DELUHERY
LUCAS J. DE KOSTER

SENATE FILE 2345
By COMMITTEE ON COMMERCE

(AS AMENDED AND PASSED BY THE SENATE MARCH 20, 1980)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act amending chapters five hundred forty-two (542)
2 and five hundred forty-three (543) of the Code, relating
3 to the marketing of certain agricultural products, and
4 providing penalties.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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————— = New Language
by the Senate

* = Language Stricken
by the Senate

1 Section 1. Chapter five hundred forty-two (542), Code
2 1979, is amended by adding the following new section:

3 NEW SECTION. CERTIFIED AUDIT. An application for a license
4 or license renewal under this chapter shall be accompanied
5 by an audited balance sheet and statements of income and
6 changes in financial position, prepared in accordance with
7 generally accepted accounting principles and accompanied by
8 an auditor's report containing an unqualified opinion of an
9 independent certified public accountant licensed in this
10 state. However, the commission by administrative rule may
11 waive the requirements of this section with respect to
12 categories of grain dealers licensed under this chapter.

13 Sec. 2. Chapter five hundred forty-two (542), Code 1979,
14 is amended by adding the following new section:

15 NEW SECTION. STANDARDIZATION OF RECORDS AND DOCUMENTS.

16 1. The commission may adopt rules specifying the form
17 and content of scale tickets, deferred payment contracts and
18 deferred pricing and payment contracts used by licensed grain
19 dealers. The commission may prescribe a uniform numbering
20 system to be used in this state for the purpose of identifying
21 scale tickets and contracts executed or issued by the
22 respective licensed grain dealers. Rules establishing this
23 uniform numbering system may require registration with and
24 approval by the commission of all numbers to be used by the
25 respective licensees, and may include other requirements as
26 necessary to assure the security of the uniform numbering
27 system and the enforcement of this chapter. The use of a
28 scale ticket, deferred payment contract, or deferred pricing
29 and payment contract which fails to satisfy the requirements
30 established by the commission is a violation of this chapter.
31 Each scale ticket form issued by a licensed grain dealer shall
32 include, in addition to other information required by rule,
33 appropriate symbols to enable the grain dealer to indicate
34 whether purchased grain is received pursuant to a cash sale,
* 35 a deferred payment contract, a deferred pricing and payment

1 contract, or for storage under a warehouse receipt.

2 2. The commission may adopt rules specifying the types
3 of books, accounts and records to be used by a grain dealer
4 in the conduct of business under this chapter, and procedures
5 to be followed in maintaining those books, accounts and
6 records.

7 Sec. 3. Section five hundred forty-two point three (542.3),
8 Code 1979, is amended to read as follows:

9 542.3 LICENSE REQUIRED--FINANCIAL RESPONSIBILITY. A
10 person shall not engage in the business of a grain dealer
11 in this state without having obtained a license issued by
12 the commission. Each application for a license to engage
13 in business as a grain dealer shall be filed with the
14 commission and shall be in a form prescribed by the commission.
15 The application shall include the name of the applicant, its
16 principal officers if the applicant is a corporation or the
17 active members of a partnership if the applicant is a
18 partnership and the location of the principal office or place
19 of business of the applicant. A separate license shall be
20 required for each location at which the records are normally
21 kept for transactions of the grain dealer. The application
22 shall also list the number of trucks or tractor trailer units
23 that will be used in the transportation of grain purchased
24 for resale. The application shall be accompanied by a complete
25 financial statement of the applicant setting forth the assets,
26 liabilities and the net worth of the applicant. The financial
27 statement must be prepared according to generally accepted
28 accounting principles. Assets shall be shown at original
29 cost less depreciation. Upon a petition filed with the
30 commission, the commission may allow asset valuations in
31 accordance with a competent appraisal. Deferred pricing
32 contracts shall be shown as a liability and valued at the
33 applicable current market price of grain as of the date the
34 financial statement is prepared. In order to receive and
35 retain a license the applicant must have and maintain a net

1 worth of at least twenty-five thousand dollars or provide
2 bond in addition to that required by section 542.4 in the
3 amount of two thousand dollars for each one thousand dollars
4 or fraction thereof of net worth deficiency, provided that
5 an applicant or a licensee shall not at any time have a net
6 worth of less than ten thousand dollars. The commission may
7 require additional information or verification with respect
8 to the financial resources of the applicant and the applicant's
9 ability to pay producers for grain purchased from them.

10 Sec. 4. Section five hundred forty-two point eleven
11 (542.11), Code 1979, is amended to read as follows:

12 542.11 PENALTIES--MISDEMEANOR INJUNCTIONS. Any person
13 who engages in business as a grain dealer without obtaining
14 a license or any person in violation of any other provision
15 of this chapter, or any grain dealer who refuses to permit
16 inspection of his or her premises, books, accounts or records
17 as provided in this chapter, shall be guilty of a simple mis-
18 demeanor.--Each day that any violation continues shall
19 constitute a separate offense.--Any person violating the
20 provisions of this chapter may be restrained by an injunction.

21 1. A person who knowingly submits false information to
22 the commission or any of its employees in a document or a
23 book, account, or record required to be submitted or main-
24 tained under this chapter, commits a fraudulent practice.

25 2. A person who engages in business as a grain dealer
26 without obtaining a license, or who refuses to permit
27 inspection of licensed premises, or books, accounts, records
28 or other documents required by this chapter, commits a serious
29 misdeemeanor, except that a person who commits such a violation
30 after having been found guilty of the same violation commits
31 an aggravated misdemeanor.

32 3. Except as provided in subsections one (1) and two (2)
33 of this section, a person who violates any provision of this
34 chapter commits a simple misdemeanor. With respect to a
35 continuing violation, each day that the violation continues

1 shall be a separate offense.

2 4. A violation of this chapter, or a violation of chap-
3 ter seven hundred fourteen (714) or seven hundred fifteen
4 (715) of the Code involving the conduct of business as a grain
5 dealer, may be restrained by an injunction in an action brought
6 by the commerce commission.

7 Sec. 5. Chapter five hundred forty-three (543), Code 1979,
8 is amended by adding the following new section:

9 NEW SECTION. CERTIFIED AUDIT. An application for a license
10 or license renewal under this chapter shall be accompanied
11 by an audited balance sheet and statements of income and
12 changes in financial position, prepared in accordance with
13 generally accepted accounting principles and accompanied by
14 an auditor's report containing an unqualified opinion of an
15 independent certified public accountant licensed in this
16 state. However, the commission by administrative rule may
17 waive the requirements of this section with respect to
18 categories of warehousemen licensed in this state.

19 Sec. 6. Chapter five hundred forty-three (543), Code 1979,
20 is amended by adding the following new section:

21 NEW SECTION. STANDARDIZATION OF RECORDS AND DOCUMENTS.

22 1. The commission may adopt rules specifying the form
23 and content of scale tickets, warehouse receipts, and deferred
24 payment contracts and deferred pricing and payment contracts
25 used in licensed warehouses. The commission may prescribe
26 a uniform numbering system to be used in this state for the
27 purpose of identifying scale tickets, warehouse receipts,
28 and contracts executed or issued by the respective licensed
29 warehouses. Rules establishing this uniform numbering system
30 may require registration with and approval by the commission
31 of all numbers to be used by the respective licensees, and
32 may include other requirements as necessary to assure the
33 security of the uniform numbering system and the enforcement
34 of this chapter. The use of a scale ticket, warehouse receipt,
35 deferred payment contract, or deferred pricing and payment

1 contract which fails to satisfy the requirements established
2 by the commission is a violation of this chapter. Each scale
3 ticket form issued by a licensed warehouse shall include,
4 in addition to other information required by rule, appropriate
5 symbols to enable the warehouseman to indicate whether
6 purchased grain is received pursuant to a cash sale, a deferred
* 7 payment contract, a deferred pricing and payment contract,
8 or for storage under a warehouse receipt.

9 2. The commission may adopt rules specifying the types
10 of books, accounts and records to be used by a warehouse in
11 the conduct of business under this chapter, and procedures
12 to be followed in maintaining those books, accounts and
13 records.

14 Sec. 7. Section five hundred forty-three point six (543.6),
15 Code 1979, is amended to read as follows:

16 543.6 ISSUANCE OF LICENSE AND FINANCIAL RESPONSIBILITY.
17 The commission is authorized, upon application to it, to issue
18 to any warehouseman or to any person about to become a
19 warehouseman a license or licenses for the operation of a
20 warehouse or warehouses in accordance with the provisions
21 of this chapter and such rules as may be made by the commission
22 under the authority of section 543.5. A single license may
23 be issued for the operation of two or more warehouses located
24 in the same city and operated by the same warehouseman. A
25 license to operate two or more warehouses located within a
26 twenty-five mile radius of a central office may be issued,
27 but a separate fee shall be charged for each station. An
28 application for a warehouse license shall be accompanied by
29 a complete financial statement of the applicant setting forth
30 the assets, liabilities and net worth of the applicant. The
31 financial statement must be prepared according to normally
32 accepted accounting principles. Assets shall be shown at
33 original cost less depreciation. Upon petition being filed
34 with the commission, the commission may allow asset valuations
35 in accordance with a competent appraisal. Deferred pricing

1 contracts shall be shown as a liability and valued at the
2 applicable current market price of grain as of the date the
3 financial statement is prepared. In order to receive and
4 retain a license the applicant must have and maintain a net
5 worth of at least twenty-five thousand dollars or provide
6 bond in addition to that required by section 543.12 in the
7 amount of two thousand dollars for each one thousand dollars
8 or fraction thereof of net worth deficiency, provided that
9 an applicant or a licensee shall not at any time have a net
10 worth of less than ten thousand dollars.

11 Sec. 8. Section five hundred forty-three point thirty-
12 six (543.36), Code 1979, is amended to read as follows:

13 543.36 PENALTIES--MISDEMEANOR INJUNCTION. Every person
14 who violates or fails to comply with any of the provisions
15 of this chapter or to comply with any lawfully authorized
16 order, direction, demand, or rule or regulation of the
17 commission shall be guilty of a simple misdemeanor.

18 1. A person who knowingly submits false information to
19 the commission or any of its employees in a document or a
20 book, account, or record required to be submitted or maintained
21 under this chapter commits a fraudulent practice.

22 2. A person who engages in business as a warehouseman
23 without obtaining a license, or who refuses to permit
24 inspection of licensed premises, or books, accounts, records
25 or other documents required by this chapter, commits a serious
26 misdemeanor, except that a person who commits such a violation
27 after having been found guilty of the same violation commits
28 an aggravated misdemeanor.

29 3. Except as provided in subsections one (1) and two (2)
30 of this section, a person who violates any provision of this
31 chapter commits a simple misdemeanor. With respect to a
32 continuing violation, each day that the violation continues
33 shall be a separate offense.

34 4. A violation of this chapter, or a violation of chap-
35 ter seven hundred fourteen (714) or seven hundred fifteen

1 (715) of the Code involving the conduct of business as a
2 warehouseman, may be restrained by injunction in an action
3 brought by the commerce commission.

4 Sec. 9. Section sixty-eight A point seven (68A.7),
5 subsection twelve (12), Code 1979, is amended by striking
6 that subsection.

7 Sec. 10. This Act takes effect September first following
8 enactment.

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