STATE OF SOUTH DAKOTA) IN CIRCUIT COURT
COUNTY OF SPINK) SS) FIFTH JUDICIAL CIRCUIT
) CIV. 12)
IN THE MATTER OF THE ANDERSON SEED CO INC GRAIN BUYER BOND) PETITION TO APPOINT) SOUTH DAKOTA PUBLIC UTILITIES) COMMISSION AS RECEIVER)

- 1. Petitioner South Dakota Public Utilities Commission ("Commission") is an agency of the state of South Dakota created by SDCL 49-1-8. The South Dakota Attorney General, through its Special Assistant Attorney General assigned to the Commission, joins in instituting this action at the request of the Commission pursuant to SDCL 1-11-1 and 49-1-14.
- The Commission hereby requests the above Court to appoint it as receiver pursuant to SDCL 49-45-16.1 and 49-45-19 and SDCL Chapter 21-21 on behalf of claimants against the bond held by the Commission for issuance of a grain buyer license pursuant to SDCL 49-45-9 to Anderson Seed Co., Inc. (Anderson Seed), to take possession of:

The cash proceeds of the grain buyer's bond number 66094009, commencing 6/30/11 and ending 6/30/12, through Auto-Owners Insurance Company, a corporate surety company organized and existing under the laws of the state of Michigan, and through Duane Hovland, its attorney in fact.

- 3. The purpose of this Receivership will be to administer the claims process in accordance with SDCL Chapter 1-26 and the orders of this Court in order to provide an orderly and equitable process for determining the merits of claims, subject to the final approval of this Court, against the above stated bond that has been executed in accordance with applicable law.
- 4. In support of its Petition, the Commission states:
 - A. Anderson Seed was a licensed grain dealer in the State of South Dakota and possessed a grain buyer's license to do business at 17284 38th Ave, Redfield, SD. A copy of Anderson Seed's most recent license is attached and incorporated by reference as Exhibit A.
 - B. Pursuant to SDCL 49-45-9, Anderson Seed furnished a \$100,000 bond for a license as a class A grain buyer effective for the period listed above. A copy of the bond is attached and incorporated by reference as Exhibit B.

- C. On or about January 14, 2012 the Commission first became aware of acts of insolvency by Anderson Seed. Specifically, the Commission is aware of approximately thirty-nine producers or companies that have not been paid for product delivered to Anderson Seed.
- D. On February 17, 2012, pursuant to SDCL 49-45-16, the Commission suspended Anderson Seed's grain buyer's license due to said acts of insolvency.
- E. On March 15, 2012, pursuant to SDCL 49-45-16, the Commission issued an Order Revoking License and for Commencement of Receivership Action that revoked Anderson Seed's grain buyer's license after Anderson Seed failed to request a hearing. This Order was modified after rehearing by the Commission's Order issued on April 4, 2012, to limit the petition for receivership to bond proceeds only.
- F. Pursuant to SDCL 49-45-16.1, the Commission now petitions this Court to appoint the Commission as a receiver on behalf of grain seller claimants to make claim against the bond issued by Auto-Owners Insurance as described in detail above and to take possession of the proceeds of such bond as fiduciary for the benefit of grain seller claimants entitled to such proceeds under SDCL Chapter 49-45.
- G. A receivership created by order of this Court would be for the sole and limited purpose of determining the claims against the grain dealer's bonds. Any funds received by the Commission as proceeds on the bond would be deposited in an FDIC insured and interest bearing bank account in Pierre, South Dakota, and held therein by Commission in a fiduciary capacity pending the final determination of pro rata claim entitlements pursuant to SDCL Chapters 1-26 and 49-45, SDCL 21-21-10, and the Order of this Court following the conclusion of the claims process.
- H. Upon being appointed receiver of the proceeds of the bonds, the Commission will send notice to all potential claimants including all persons known to have done business with Anderson Seed and place notices in the Redfield Press and the Green Sheet in order to notify potential claimants in this matter of their right to file a claim with the Commission.
- I. The Commission, upon notice to known and potential claimants, will hold a hearing in accordance with the adjudicatory hearing provision of Ch. SDCL 1-26, at a time and place yet to be determined, for claimants to present evidence as to the merits of their claims under the bond.
- J. Pursuant to SDCL 21-12-9, the Commission shall submit Proposed Findings of Fact Conclusions of Law and a Decision, after consideration of all claims and recommendations presented to the Commission, to this Court.

WHEREFORE, the Commission requests that this Court:

1. Issue an order pursuant to SDCL 49-45-16.1 and SDCL Chapter 21-21 appointing the Commission as receiver over the grain dealer's bond described in the Petition.

- 2. Issue an order requiring Auto-Owners Insurance Company to pay to the Commission such amounts as may be due and unpaid under the above-described bond, as determined by the Commission subject to the final approval of this Court.
- 3. Authorize the Commission to act as referee at a hearing for the purposes of determining the valid claims against the bonds and to make a proposal regarding the distribution of monies due under the bond for this Court's approval.
- 4. Waive surety requirements imposed by SDCL 21-21-6 and 21-21-8 because the Commission is an agency of the State of South Dakota and the Commissioners are covered under the state employees' blanket bond pursuant to SDCL 49-1-6.

Dated this 5^{H} day of April, 2012

By: 6

Kara Semmler Special Assistant Attorney General South Dakota Public Utilities Commission 500 East Capitol Avenue Pierre, SD 57501 Ph: (605) 773-3201 Kara.Semmler@state.sd.us Attorney for Petitioner

By: John Smith

Special Assistant Attorney General South Dakota Public Utilities Commission 500 East Capitol Avenue Pierre, SD 57501 Ph : (605) 773-3201 John.Smith3@state.sd.us Attorney for Petitioner