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FAQ: SALAMONIE MILLS, INC., GRAIN CLOSURE

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1. What is the Indiana Grain Buyers and Warehouse Licensing Agency?

The Indiana Grain Buyers and Warehouse Licensing Agency (“Agency”) was established by the State of Indiana General Assembly in 1975 after the collapse of a commercial grain company that left many grain producers unpaid for their delivered bushels. It serves as a regulatory unit of state government located within the Indiana State Department of Agriculture. The Agency conducts financial and inventory audits on all commercial grain operations transacting business within the State of Indiana. These audits are designed to evaluate and ensure each licensed entity maintains sufficient levels of liquidity and solvency to meet certain financial obligations.

2. What happened at Salamonie Mills, Inc.?

On Friday, April 24th, 2020, Salamonie Mills, Inc., voluntarily surrendered its grain buyer-warehouse license to the Agency. As a result, the company is no longer authorized to receive grain for storage, grain bank, warehouse receipts, deferred pricing, direct shipment to end users, or to conduct any other grain merchandising. This includes corn for all uses, popcorn, wheat, oats, barley, rye, sorghum, soybeans, oil seed, or other agricultural commodities approved by the Agency. The Agency has taken custody of Salamonie Mills, Inc., business for the purpose of settling the company’s outstanding grain accounts.

3. What is the current situation?

At this time all feed mill, elevator, and merchandising operations have ceased at all Salamonie Mills, Inc., facilities. The Agency is collecting and reviewing company records to identify individuals who may potentially be impacted by the voluntary surrender of the company’s grain license. This process can take a few months. Once records collected from the company have been reconciled, the Agency will send information packets (via USPS) to identified individuals regarding their respective outstanding grain transactions.

4. Which of Salamonie Mills, Inc., grain facilities does the voluntary license surrender affect?

All of Salamonie Mills, Inc., facilities located in Huntington and Wells counties are affected by the voluntary license surrender. This includes both feed mill and grain elevator operations.

5. What can producers be doing right now if they have any unsettled grain transactions with Salamonie Mills, Inc.?

Producers should start organizing their personal records as it pertains to any unsettled grain transactions they may potentially have with Salamonie Mills, Inc. Records that could help producers

substantiate a possible loss include grain delivery tickets, signed contracts, deferred pricing agreements, settlement sheets, and/or warehouse receipts they received from the company. Producers with returned checks issued by Salamonie Mills, Inc., that were meant for the payment of grain, should keep the check image and notification documents received from their bank, and the matching grain settlement sheets received from the company. Producers should keep all of their records in a safe place should they need to be called upon at a later date.

6. Is the Agency currently accepting claims from producers who have not been fully settled for their grain transactions with Salamonie Mills, Inc.?

The Agency is not accepting claims from producers at this time. The Agency must first reconcile records collected from Salamonie Mills, Inc., identifying producers who may potentially be impacted by the company's voluntary license surrender. Once all of the company's producer records have been reconciled, the Agency will mail (via USPS) information packets to all identified producers for their unsettled grain transactions. The information packets sent will include a *Proof of Loss Statement* that will be unique to each identified producer, and will also include further instructions on submitting a claim.

7. Will the Agency hold any type of public meeting regarding Salamonie Mills, Inc.?

At this time, the Agency will not hold any type of public meeting regarding Salamonie Mills, Inc. The Agency's current objective is to collect and reconcile company records as efficient as possible in order to provide those impacted with better information.

The Agency will hold a public claims hearing a few weeks after information packets are mailed out. The time, date, and location of the public claims hearing will be stated in the information packets, and will also be published in local newspapers in counties served by Salamonie Mills, Inc. It should be noted that the holding of any such public claims hearing shall be subject to the declared Indiana public health emergency and to the various Executive Orders issued or to be issued by the Governor of the State of Indiana.

8. Do producers need legal representation?

Producers are not required to obtain any legal representation for this process. However, they are welcome to do so if they wish.

9. How soon will producers receive payment for their unsettled grain transactions?

This process will take several months. It is difficult to determine today the exact date producers can expect to receive any compensation payments. Once initial information packets are mailed the Agency must also: (1) hold a public claims hearing, (2) issue a public *Findings of Fact and Final Order* document detailing all proven claimants respective total loss, and (3) if necessary, producers who are participants in the grain indemnity program will automatically have their unpaid claims forwarded to the Indiana Grain Indemnity Corporation ("Corporation"). Upon Corporation approval of a claim, the Corporation has up to ninety (90) days to compensate the participating producer. A compensation payment for an approved claim may be extended beyond ninety (90) days by the Corporation's Board of Directors under certain circumstances as outlined in state statute.

10. How much will producers be compensated for their unsettled grain transactions?

Producers with grain held at Salamonie Mills, Inc., on open storage or a warehouse receipt may be compensated up to 100% of the determined value of their respective grain. Producers who may have experienced a financial loss (i.e. deferred pricing, delivered basis contract, hold pay, or returned check) may be compensated 80% of the determined total loss of their respective grain.

11. How will the futures value of grain delivered to Salamonie Mills, Inc., on a basis contract be determined?

The Agency will use the closing futures value of the nearby futures month for each commodity on the date the voluntary license surrender was executed, plus the contracted basis value.

12. How will the price of grain for bushels delivered to Salamonie Mills, Inc., on deferred pricing be determined?

The Agency will: (1) use the closing futures value of the nearby futures month for each commodity on the date the voluntary license surrender was executed, plus (2) the average of posted basis values of like commercial grain operations within a fifty (50) mile radius of Salamonie Mills, Inc., for each commodity on the date the voluntary license surrender was executed.

13. What happens to the flat priced, hedge-to-arrive, and basis contracts producers have with Salamonie Mills, Inc., that have not been delivered on?

Any and all contracts for which no grain has been delivered are considered null and void as of the date of the voluntary license surrender.

14. Will the Agency or the Indiana Grain Indemnity Fund be able to compensate impacted producers for all of the unsettled grain transactions they have with Salamonie Mills, Inc.?

No. State statute only allows the Agency and the Indiana Grain Indemnity Fund ("Fund") to compensate proven claimants for grain that has been delivered to Salamonie Mills, Inc., within fifteen (15) months prior to the company's voluntary license surrender. Any grain that was delivered to Salamonie Mills, Inc., prior to January 24, 2019, is considered ineligible for any compensation from the Agency and/or the Fund.

15. Who can producers contact if they have questions regarding their grain transactions?

Producers may contact the Agency by phone at (317) 232-1360 or e-mail at ingrainbuyers@isda.in.gov if they have any questions regarding their grain transactions with Salamonie Mills, Inc. If you reach the Agency's voice mailbox, please leave a brief message that includes your full name and phone number, and your call will be returned as soon as possible.