

**Chambliss, Cody**

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**From:** Schaeffbauer, Logan  
**Sent:** Thursday, March 7, 2024 12:03 PM  
**To:** Charles Haaser  
**Cc:** Chambliss, Cody; Kenefick-Aschoff, Paul  
**Subject:** RE: [EXT] Yield 10 - SD License

Charles,

Yield 10 is not in compliance with South Dakota's laws for grain buyers. Please see this statute:

**49-45-25. Grain buyer's financial condition--Notice to commission--Penalty--Civil fine.**

If during the licensing period a grain buyer becomes aware that the grain buyer is not in compliance with each financial standard, as set forth in the commission's rules, the grain buyer shall immediately notify the commission of the grain buyer's financial condition. When notification occurs, the commission shall immediately conduct an examination to determine if any grounds for suspension pursuant to § 49-45-16 have occurred.

A willful violation of this section that results in a financial loss to a grain supplier is punishable as theft under chapter 22-30A.

A willful violation that does not result in a financial loss to a grain supplier is a Class 1 misdemeanor. The commission may assess, against an out-of-compliance grain buyer, a civil fine in an amount not to exceed one thousand dollars for each day the grain buyer has been out of compliance, up to a maximum of twenty thousand dollars per licensing period, as set forth in § 49-45-3.

This is now a revocation of license process with the possibility of civil fines. Additionally, SDCL 49-45-26 allows the South Dakota Public Utilities Commission to assess a fine of \$1,000 for each day that materials are withheld from inspectors. Today is the deadline for Staff's Data Requests. Please send the requested information as soon as possible.

Logan Schaeffbauer  
Staff Attorney  
South Dakota Public Utilities Commission

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**From:** Charles Haaser <chaaser@yield10bio.com>  
**Sent:** Thursday, March 7, 2024 8:45 AM  
**To:** Schaeffbauer, Logan <Logan.Schaeffbauer@state.sd.us>  
**Cc:** Chambliss, Cody <Cody.Chambliss@state.sd.us>  
**Subject:** RE: [EXT] Yield 10 - SD License

Hi Logan,

We're a year-end publicly traded company. We are in the midst of our year-end audit and 10-K preparations for filing with the SEC. Would it be possible for you to move your audit work to a less busy time for us, say after April 1<sup>st</sup>?

**Chuck Haaser**

VP-Finance, Chief Accounting Officer & Treasurer



Office: 978-513-1874

Email: [chaaser@yield10bio.com](mailto:chaaser@yield10bio.com)

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**From:** Schaeffbauer, Logan <[Logan.Schaeffbauer@state.sd.us](mailto:Logan.Schaeffbauer@state.sd.us)>  
**Sent:** Wednesday, March 6, 2024 4:26 PM  
**To:** Charles Haaser <[chaaser@yield10bio.com](mailto:chaaser@yield10bio.com)>  
**Cc:** Chambliss, Cody <[Cody.Chambliss@state.sd.us](mailto:Cody.Chambliss@state.sd.us)>  
**Subject:** FW: Yield 10 - SD License

Mr. Haaser,

I'm forwarding you an email that was sent to Dr. Oliver Peoples. We still have not received a response so I am sending this email to verify if the message was received and hopefully get a response as to Yield 10's plan going forward. As a reminder, there is a statutory deadline of five working days for inspector requests. (See SDCL 49-45-26.)

Thanks,  
Logan Schaeffbauer  
Staff Attorney  
South Dakota Public Utilities Commission

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**From:** Schaeffbauer, Logan  
**Sent:** Friday, March 1, 2024 10:33 AM  
**To:** [peoples@yield10bio.com](mailto:peoples@yield10bio.com)  
**Cc:** Chambliss, Cody <[Cody.Chambliss@state.sd.us](mailto:Cody.Chambliss@state.sd.us)>  
**Subject:** Yield 10 - SD License

Dr. Oliver Peoples,

Earlier today you spoke with our Grain Warehouse manager Cody Chambliss about your grain buyers license in South Dakota. The below email was sent to Charles Haaser on February 28, 2024 for a remote inspection. We would still need that information completed and verification that any purchases of grain in South Dakota have been paid in full. We recommend Yield 10 Bioscience INC (Yield 10) surrenders their grain buyers license in South Dakota. We will file a docket and publish in South Dakota newspapers for the 90-day bond claim period. If Yield 10 chooses not to surrender we will go forward with the process for revocation as Yield 10 does not meet minimum financial criteria for a Grain Buyers license in South Dakota. Please contact our office with the requested data concerning purchases in South Dakota and your decision to voluntarily surrender the license or proceed with a revocation docket. The statutes and rules pertaining to this matter are found below. Please respond with this information within 5 days pursuant to SDCL 49-45-26.

Regards,  
Logan Schaeffbauer  
Staff Attorney  
South Dakota Public Utilities Commission

**49-45-25. Grain buyer's financial condition--Notice to commission--Penalty--Civil fine.**

If during the licensing period a grain buyer becomes aware that the grain buyer is not in compliance with each financial standard, as set forth in the commission's rules, the grain buyer shall immediately notify the commission of the grain buyer's financial condition. When notification occurs, the commission shall immediately conduct an examination to determine if any grounds for suspension pursuant to § 49-45-16 have occurred.

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A willful violation that does not result in a financial loss to a grain supplier is a Class 1 misdemeanor.

The commission may assess, against an out-of-compliance grain buyer, a civil fine in an amount not to exceed one thousand dollars for each day the grain buyer has been out of compliance, up to a maximum of twenty thousand dollars per licensing period, as set forth in § 49-45-3.

**49-45-26. Provision of requested records--Penalty--Civil fine.**

A grain buyer, the owner, manager, or chief executive officer of a grain buyer, or any other person in a managerial position, whether licensed or unlicensed, who or that purchases grain in this state, shall, within five working days of an inspector's request, provide to the inspector, at a licensed location within this state or at the offices of the commission, all books, accounts, and electronic records relating to the transactions of the grain buyer, either within or outside the state.

A willful violation of this section is a Class 1 misdemeanor.

The commission may assess a civil fine in an amount not to exceed one thousand dollars for each day requested materials are withheld, up to a maximum of twenty thousand dollars per licensing period, as set forth in § 49-45-3.

**49-45-16. Grounds for suspension of grain buyer's license--Hearing--Revocation.**

The commission may immediately suspend the license of a grain buyer and the grain buyer shall surrender the license to the commission if:

- (1) The grain buyer refuses, neglects, or is unable, upon proper demand, to redeem any scale ticket issued by the grain buyer, through redelivery or cash payment;
- (2) The grain buyer refuses, neglects, or is unable to provide a bond in an amount required by the commission;
- (3) The commission has knowledge of any act of insolvency, including the filing of a petition in bankruptcy naming the grain buyer as debtor; or
- (4) The grain buyer refuses to submit to an inspection or cooperate with the lawful requests of a commission inspector, including requests for access to and copies of the books and records of the grain buyer.

Within fifteen days the grain buyer may request a hearing pursuant to chapter 1-26 to determine if the license should be revoked. If no request is made within fifteen days, the commission shall revoke the license.

**20:10:12:15. Financial criteria for licensing.** At a minimum, for a class A license the applicant's balance sheet must show a positive net worth of \$100,000. At a minimum, for a class B license the applicant's balance sheet must show a positive net worth. In determining net worth for a class A or class B applicant, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;
- (2) Accounts receivable over 180 days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.

At a minimum, the balance sheet for a class A or class B applicant must show current assets greater than current liabilities. In determining working capital, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;
- (2) Accounts receivable over 180 days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.

**Source:** 24 SDR 190, effective July 15, 1998; 40 SDR 39, effective September 9, 2013.

**General Authority:** SDCL [49-45-6\(5\)](#).

**Law Implemented:** SDCL [49-45-7](#).

**From:** Kenefick-Aschoff, Paul <[Paul.Kenefick-Aschoff@state.sd.us](mailto:Paul.Kenefick-Aschoff@state.sd.us)>

**Sent:** Wednesday, February 28, 2024 2:32 PM

**To:** Charles Haaser <[chaaser@yield10bio.com](mailto:chaaser@yield10bio.com)>

**Cc:** Andrea Ramirez <[aramirez@yield10bio.com](mailto:aramirez@yield10bio.com)>

**Subject:** SD PUC inspection for Yield 10 Bioscience Inc

It has come time to complete another inspection. Please review the answers in red for changes from the last inspection. Have you purchased any grain from South Dakota?

I am an inspector with the South Dakota Public Utilities Commission, Grain Warehouse Program. I need to conduct a remote inspection on your company. If you are not the person in your company to handle this inspection, could you please forward as needed. First, I have a round of questions.

Below is the information needed for the inspection.

I have a round of questions.

- Who is the general manager of your company? **Oliver Peoples**
- Does your company have a different on-site manager or person who oversees the grain buying for South Dakota? **Senior Director of Seed Operations**
- Who is your accounts manager/bookkeeper for your company in reference to grain buying for South Dakota? **Charles Haaser**
- Does your company use an accounting software? If so, what is the name of it? **NetSuite**
- Does your company have an operating line of credit? **No**
  - Name of the bank or financial institute?
  - What is the max amount you can borrow?
  - What is the current balance borrowed at this point?
- What is your grain marketing practices? Do you have a hedging account? If so with what companies? **Not at this time**
- Does your company utilize voluntary credit sale contracts? These are typically delayed price, deferred payment, price later, basis, ect...

On a typical inspection I would obtain the following reports. Please provide the following information. I will only need to look at information for South Dakota.

- Daily Position Report or something similar, this report typically shows grain inventory, positions on grain warehousing, payables, contracts, ect...
- Customer Status Report or something similar, this report shows all open grain payables, open contracts, warehoused grain, ect...
- Copy of your most recent internal financial statement.

I will need to review a few purchases from South Dakota, preferably ones from producers but could be from other grain buyers. I will need the following items. A random record of 5-10 purchases of grain from South Dakota within the last year.

- Scale tickets, delivery sheet, settlement sheet or something similar showing the purchases.
- Payment/settlement information showing payment for the grain.

Thank you for your cooperation. SDCL: 49-45-26 requires that requested information be received within 5 working days of the request. Let me know if you have any questions or concerns on any of this.

Have a great day!

Paul A. Kenefick-Aschoff  
South Dakota Public Utilities Commission  
Grain Warehouse Program  
500 East Capitol Avenue  
Pierre, South Dakota 57501  
Phone (605) 773-5280  
<https://puc.sd.gov>

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