



OFFICE OF THE SECRETARY OF STATE
STATE OF MISSOURI
JEFFERSON CITY
65101

MATT BLUNT
SECRETARY OF STATE

SECURITIES DIVISION
P.O. BOX 1276
JEFFERSON CITY MO 65102
(573) 751-4136

May 6, 2004

Mr. Andrew J. Sporleder
Andereck, Evans, Milne, Peace & Johnson, L.L.C.
700 East Capitol Avenue
Col. Darwin Marmaduke House
P.O. Box 1438
Jefferson City, Missouri 65102-1438

Re: Northeast Missouri Grain Processors, Inc., No-Action Request pursuant to §
409.6-605(d), RSMo Cum. Supp. 2003.

Dear Mr. Sporleder,

On behalf of your client, Northeast Missouri Grain Processors, Inc. (the "Cooperative"), you have requested that the Missouri Securities Division take no action to require registration of the contemplated sale described below. You made the following representations, among others, in your correspondence:

The Cooperative

1. The Cooperative is a producer-owned cooperative organized under the Nonprofit Cooperative Marketing Law (Chapter 274 RSMo 2000).
2. The Cooperative is a "New Generation Processing Entity" as it owns within Missouri a renewable fuel production facility that produces ethanol from Missouri grown corn.
3. The Cooperative holds a majority of the voting rights and thereby the governance of the ethanol production facility, has the ability to control the hiring of management, and delivers the agricultural commodity of corn to the ethanol production facility for processing.
4. In its initial and subsequent equity drive, the Cooperative limited its offering of units to current members of the Cooperative.
5. These units were exempt from registration under the (now repealed) § 409.402(a)(5), RSMo 2000.
6. As set forth in the bylaws of the Cooperative, the units of membership are not freely transferable by a member, but may only be transferred or sold with the approval of the Board of Directors of the Cooperative.

The Contemplated Sale of Memberships to Other Members of the Cooperative

7. The Cooperative has established a policy (the "Policy"), which allows the Board of Directors to authorize a requesting member to offer for sale, by way of silent auction, the units of membership he/she desires to sell to other members of the Cooperative.
8. The Policy requires that, in this sale, a member who wishes to terminate his/her membership (the "terminating member") with the Cooperative and dispose of his/her units will surrender his/her certificate of units to the Cooperative and execute a Membership Unit Disposition Agreement (the "Disposition Agreement").
9. The Policy also requires that the terminating member will set a minimum asking price for his/her membership units.
10. The Policy prohibits a terminating member from setting the minimum price below the purchase price at which the units were originally purchased in the first or second offering.
11. The Policy requires that the terminating member's Disposition Agreement and the information contained therein shall be delivered to the attorney for the Cooperative, to be held confidentially until the notice of the sale has been sent to the entire membership.
12. The Policy requires the sale to be in the form of a silent auction and conducted by the Cooperative's Board of Directors.
13. Those Directors who have completed and maintained registration as agents via the U-4 registration process will conduct the sale.
14. According to the Policy, the members shall have thirty (30) days to accept an offer, after which the sale will be closed.

The Contemplated Sale of Memberships to Nonmembers of the Cooperative

15. Under the Policy and the Disposition Agreement, if no member bids the minimum price asked, then the terminating member will have indicated his/her choice to either (a) withdraw his/her intention to terminate his/her membership in the Cooperative or (b) offer his/her units of membership for sale to nonmembers of the Cooperative.
16. In the event no current members purchase the units at the terminating member's requested minimum price, then the Policy grants the Board of Directors the discretion to allow the terminating member to offer his/her units of membership to nonmembers who qualify for membership in the Cooperative (a "qualifying nonmember").
17. The Policy requires that this sale to the general public will be conducted in the same manner as the sale to the membership, at the same minimum asking price, within a thirty (30) day time span, and will be to the highest bidding qualifying nonmember.
18. Under the Policy and the Disposition Agreement, if no nonmember bids the minimum price asked, then the terminating member will have indicated his/her choice to (a)

withdraw his/her intention to terminate his/her membership in the Cooperative, or (b) request that his/her units of membership be purchased by the Cooperative.

19. Under the Policy, if no nonmember bids the minimum price asked, then the terminating member may in writing request the Board of Directors—in its discretion—to purchase the terminating member's interests from him/her at an amount equal to the price originally paid for the units pursuant to the first or second offering.
20. The Policy provides that units purchased by the Cooperative from a terminating member will be retained as the Cooperative's treasury stock.
21. The Policy also allows the terminating member to make a written notice delivered to the Cooperative, which withdraws the units from the sale process prior to the expiration of the thirty (30) day sale period provided by the Policy.
22. The Policy states that, if the member does request withdrawal of the units, then the member will be responsible for all costs, fees, and expenses associated with the sale of the units and incurred by the Cooperative prior to receipt of the written notice.
23. Under the Policy, if any sale conducted results in a tie bid between two or more of the highest bidders, these same highest bidders shall be eligible for a run-off, private auction.
24. According to the Policy, this run-off, private auction shall be conducted in the manner pursuant to the Policy's provisions for a silent auction.
25. The Policy further states that the run-off, private auction shall only be between the tied highest bidders and shall be fourteen (14) days in duration.

Completion of a Sale

26. The Policy states that, at the occurrence of a successful sale of the terminating member's units of membership or purchase of the units by the Cooperative, the Board of Directors will render to the terminating member the amount acquired by any sale or purchase of the units, less the costs, expenses, and fees associated with conducting the sale or purchase and any indebtedness due the Cooperative or its affiliates by the terminating member.
27. The Policy states that the terminating member shall not be entitled to receive interest or dividends, since no interest or dividends (other than patronage dividends) are paid on membership interest.
28. The Policy further provides that, upon completion of the sale or purchase of the terminating member's units, the voting membership of the terminating member shall be cancelled and the terminating member shall thereafter have no rights in the Cooperative, pursuant to the Amended and Restated Bylaws.
29. Under the Policy, no sale shall be conducted that would result in a member retaining less than the five (5) units of membership in the Cooperative, nor shall a sale be held to

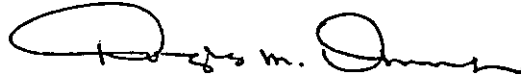
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nonmembers of fewer than five (5) units, as no person shall be eligible for membership in the Cooperative with fewer than five units of membership.

30. It shall be the responsibility of the Board of Directors to assure that the Policy is followed.

Based on the foregoing representations, the Securities Division will take no action to require the Cooperative or its members register with the Securities Division the above contemplated sale of the membership units. This "no-action" position does not constitute an exclusion from the anti-fraud provisions of the Missouri Securities Act of 2003. This position is based on the facts presented, and, should the facts prove different from those presented, the position of this office may differ as well.

Sincerely,

A handwritten signature in dark ink, appearing to read "Douglas M. Ommen", with a large, stylized initial "D" and a long, sweeping horizontal stroke at the end.

Douglas M. Ommen
Commissioner of Securities