



National Grain and Feed Association Arbitration Decision

www.ngfa.org | www.ngfa.org/decisions

1400 Crystal Drive, Suite 260
Arlington, VA 22202

P: (202) 289-0873
F: (202) 289-5388

February 19, 2025

CASE NUMBER 3018

PLAINTIFF: NORTH PRAIRIE AG, NEKOMA, NORTH DAKOTA

DEFENDANT: RHETT HULST, SALOL, MINNESOTA

STATEMENT OF THE CASE

This case involves purchase contract 8753 written on August 26, 2020, for 5,000 bushels (bu.) of soybeans at \$8.67 for December 2020 delivery, between the plaintiff, North Prairie AG (NPA), formally known as Hallock Co-Op, and the defendant, Rhett Hulst.

NPA argues it is owed \$38,000 in damages, plus \$2,000 in cancellation fees, \$2,820 in attorney and filing fees, and interest.

Mr. Hulst argues the contract is being canceled at a date that was incorrect and advantageous for the buyer.

The sequence of events leading to the dispute are as follows:

- On August 26, 2020, Mr. Hulst sold the above-referenced 5,000 bu. of Yellow Soybeans for December delivery to Hallock Co-Op, now known as North Prairie Ag (NPA).
- Mr. Hulst failed to make delivery of the soybeans to Hallock Co-Op within the contractual delivery period.
- On December 14, 2021, NPA and Hallock Co-Op filed to merge companies.
- On January 1, 2022, the merger became effective.
- NPA granted Mr. Hulst two additional extensions to the delivery period, and Mr. Hulst assured NPA that he would have the beans delivered before the end of January of 2022.
- NPA texted Mr. Hulst on January 10, 2022, asking that he call the office.
- NPA texted Mr. Hulst on February 7, 2022, stating it will have NPA's legal team reach out to Mr. Hulst due to no delivery being made.
- On May 4, 2022, NPA determined that Mr. Hulst had defaulted on the contract and NPA's General Manager canceled the contract.

The main arguments by NPA are as follows:

- Mr. Hulst defaulted on the contract by not delivering the beans as agreed upon, and he owes NPA the following:
 - \$38,000 for the contract price difference
 - \$2,000 cancellation fee
 - \$2,820 for attorney and filing fees
 - plus interest

The main arguments by Mr. Hulst are as follows:

- NPA itself referred to the transferring of the contract as “relatively complex.”
- There is no evidence that NPA’s general manager spent any time getting to know Mr. Hulst, his customer, and the person whom he works for as a manager of the cooperative.
- NPA never referenced any correspondence between the previous management of Hallock Co-Op, and NPA showed only one correspondence between NPA’s general manager and Mr. Hulst in this claim.
- In December of 2020, Mr. Hulst informed the manager of Hallock Co-Op that he would be short on bushels and the contract should have been canceled then.
- The cancellation date of May 4, 2022, was incorrect and advantageous for NPA and was not within the original contract to the seller causing a significant disadvantage to the seller.

THE DECISION

The arbitration committee agrees that Mr. Hulst owes damages to NPA for the cancelation of contract 8753.

These damages will include cancelation of the contract following NGFA Grain Trade Rule 28 (A) and the cancelations fees provided on the signed contract.

The committee does agree with Mr. Hulst that May 4, 2022, was the incorrect date to cancel the contract. The committee agrees the contract should have been canceled on February 8, 2022, following NGFA Grain Trade Rule 28(A)(3). The committee concludes this is the appropriate date based upon text messages from February 7, 2022, where NPA’s General Manager states that due to multiple extensions of the contract and a lack of communication from Mr. Hulst, NPA was to have its legal team contact Mr. Hulst.

The committee’s decision is unanimous, and the damages are calculated as follows:

- Cancellation of contract = \$32,975
- NPA originally requested \$38,000 for the cancellation of the contract on May 4, 2022.
- Due to the committee deciding February 8, 2022, as the appropriate date to cancel the contract, the committee is deducting \$5,025 dollars from the originally requested amount.
 - This amount was calculated by taking the difference of the closing price of the upfront futures month on February 8, 2022 (\$15.6875) and May 4, 2022 (\$16.6925) multiplied by the originally contracted bushel amount.
 - $\$1.005 \times 5,000 = \$5,025$
- Cancellation fees = \$2,000
 - Signed contract provides for a 40-cent cancelation fee.
 - $\$0.40 \times 5,000.00 = \$2,000.00$

No interest in awarded. NPA’s request for attorney and filing fees is denied.

THE AWARD

North Prairie AG is awarded \$34,975.00 from Rhett Hulst.

Decided: October 4, 2024

Submitted with the unanimous consent of the arbitrators, whose names appear below:

Kevin Green, *Chair*
Operations Manager
Farmers Grain Terminal Inc.
Greenville, MS

Bryce Hunsley
Regional Trading Manager
ADM
Havana, IL

Daniel Wilkins
Regional Grain Manager
Superior Ag.
Huntingburg, IN