

STATE OF NORTH DAKOTA
COUNTY OF RICHLAND

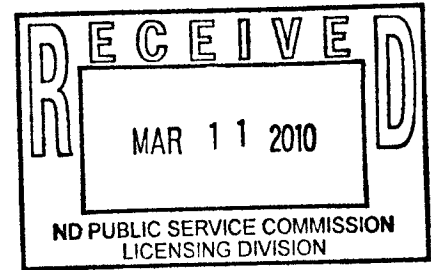
IN DISTRICT COURT
SOUTHEAST JUDICIAL DISTRICT

_____))
Public Service Commission))
))
Petitioner,))
))
vs.))
))
VeraSun Hankinson, LLC))
))
Respondent.))
_____))
PSC Case No. GE-09-104))
_____))

CIVIL NO. 39-9-C-462-1

**AFFIDAVIT OF TIMOTHY
ERDMANN IN SUPPORT OF
NONPAYMENT OF GRAIN
CLAIM OF KEITH SAUNDERS**

STATE OF NORTH DAKOTA)
)ss
COUNTY OF BURLEIGH)



Timothy Erdmann states under oath as follows:

1. I swear and affirm, upon penalty of perjury, that the statements made in this affidavit are true and correct.
2. I am a Grain Warehouse Inspector in the Public Service Commission's Licensing Division and on December 14, 2009 through December 16, 2009 I reviewed the business records of VeraSun Hankinson, LLC at Hankinson, North Dakota, and obtained documents that support the claim filed by Keith Saunders.
3. Exhibit TKS-1 is a contract between VeraSun Hankinson, LLC and The Farmers Cooperative Elevator Company of Lidgerwood, North Dakota (Farmers Cooperative Elevator Company), signed by Jon Anderson and Ronald Knaust

agreeing to sell 21,000 bushels of corn. The contract has a mid-page note stating "phone Jon with Ron, Keith Saunders 15,000, Mark Wyum ~~6000~~ 7000." Exhibit TKS-1.

4. Farmers Cooperative Elevator Company issued Assembly Sheet with Scale Tickets, Assembly 40753, Assembly Date June 30, 2008, to customer VeraSun Hankinson, LLC with a note in the upper left corner stating "Keith Saunders / Mark Wyum." Page one of Assembly 40753 lists ticket numbers 4732, 4736, 4741, 4745, 4754, 4760, 4764, 4770, 4777, 4782, 4788, 4791, 4854, 4858, 4861, 4865, 4868, and 4870, representing receipt of the grain that Keith Saunders delivered to Farmers Cooperative Elevator Company at Lidgerwood. Page two shows Settlement Number 77729 with a date of July 14, 2008, sourcing Assembly 40753, with the corn priced at \$6.75 per bushel representing partial settlement of these tickets and Settlement Number 77735 with a date of July 15, 2008, sourcing Assembly 40753, with the corn priced at \$5.92 per bushel representing final settlement of these tickets. VeraSun Hankinson, LLC sold the corn that was delivered by Keith Saunders to and received payment from The Farmers Cooperative Elevator Company of Lidgerwood, North Dakota, by issuing check number 43236. Exhibit TKS-2.
5. The check stub referencing check number 43236 issued by Farmers Cooperative Elevator Company, dated July 14, 2008 to VeraSun Hankinson, LLC represents proof of payment on Settlement Number 77729. Exhibit TKS-3.

6. Check number 43246 dated July 15, 2008, issued by Farmers Cooperative Elevator Company to VeraSun Hankinson, LLC represents proof of payment on Settlement Number 77735. Exhibit TKS-4.
7. Keith Saunders included a note in his claim (See Affidavit of Keith Saunders, Paragraph 22) that he was missing scale ticket number 5702; however, the assembly sheet provided by Mr. Saunders included the information from scale ticket number 5702 and scale ticket number 5703. I assumed he mistakenly referred to 5702 when he meant 5703 therefore, I obtained a copy of scale ticket 5703 for the 899.64 bushels of corn delivered by Keith Saunders to VeraSun Hankinson, LLC on October 6, 2008. Exhibit TKS-5.

Dated this 10 day of March, 2010.

By: Timothy Erdmann
Timothy Erdmann

Subscribed and sworn to before me this _____ day of March, 2010.

JURAT

State of North Dakota
County of Barnes

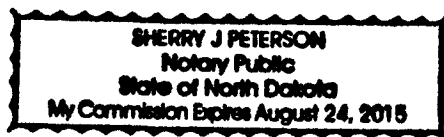
Subscribed and sworn/affirmed to before me this 10 day of March

20 10, by _____

Sherry Peterson
Notary Public

My Commission Expires: _____

Notary Public



GRAIN PURCHASE CONTRACT

U - 381

This is an agreement that the Seller Vera Sun Hankinson
(Seller's Name)
of Hankinson ND
(Seller's Address, City, State & Zip)

on 7-2-08 has sold and agreed to deliver to the Buyer FARMERS CO-OP ELEVATOR CO.
(Date) (Company Name)

at P.O. BOX 447 LIDGERWOOD, NORTH DAKOTA 58053
(Buyer's Address, City, State & Zip)

a net quantity of 21,000 (bu./ cwt.) of U.S. #2 Yellow of Corn at 14.5 (% Moisture)
(Circle One) (Grade and Kind) (Commodity)

at Lidgerwood, ND for delivery 30 days (BC)
(Delivery Location) (Specify Time Period for Delivery)

at the purchase price of \$ 6.75 per (bu.) cwt. under the following terms and conditions:
(Circle One)

TERMS AND CONDITIONS

Grade and Quality Specifications: The quality of grain delivered under this contract shall be determined at the place and time of delivery. Buyer's weights and grades to govern. All deliveries made under this contract shall be of the grade and quality specified herein. Buyer reserves the right to reject individual shipments not complying with this provision. Refusal by the Buyer to accept delivery of grain for this reason shall not release the Seller from this contract.

Merchantable Quality: All grain delivered under this contract shall be of merchantable quality, unadulterated, and unrestricted from movement in interstate commerce within the meaning of the federal Food, Drug and Cosmetics Act, Environmental Protection Agency tolerances, the U.S. Grain Standards Act and applicable state law. Seller expressly warrants that this grain was produced in the continental United States. Seller shall not deliver, and the Buyer has the right to reject delivery of, a commodity containing transgenic genes or traits that are not approved for sale in Japan, Mexico, the European Union, or other U.S. export markets.

Liens: Seller hereby warrants to Buyer that all grain delivered hereunder is now and will remain up to and including the time of delivery, free of all liens, encumbrances or security interests of any kind except as follows:

Premiums and Discounts to Apply: Acceptance of deliveries not meeting the contract grade and quality shall be at the option of the Buyer. If the Buyer elects to accept such deliveries not meeting the contract grade and quality, market scale discounts and premiums at time of delivery will apply, unless otherwise specified hereafter. The following premiums and discounts will apply to grain delivered pursuant to this contract:

West Coast Scales "Star Link Free" Keith Saunders 15,000
Mark Whymor 6,000
phone Tom with Ron 7,000
Any increase or decrease in Buyer's freight rates before delivery date to be for Seller's account.

Settlement for Underdeliveries: All deliveries made under this contract shall be for the quantity specified herein. If the Seller finds he will not be able to complete delivery of the contracted quantity, it shall be the duty of the Seller to advise the Buyer at once. The Buyer, when Seller's default is determined, shall by the close of the next market day elect either to: a) agree with the Seller upon an extension of the time for delivery; or b) after having given notice to the Seller to complete the contract, the Buyer, by the exercise of due diligence, will buy-in for the account of the Seller the defaulted portion of the contract; or c) after having given notice to the Seller to complete the contract, the Buyer will cancel the defaulted portion of the contract at the difference between the contract price and the replacement cost based on the close of the market the next business day when the trades can be made for the account of the Seller.

Settlement for under-delivery or non-delivery of grain shall be made on the difference between market price on delivery date and the contract price _____ cents per bushel handling charge to be paid to buyer upon such settlement.

Buyer's Right to Delay Delivery Period: The Buyer has the right, without penalty, to delay the time for accepting delivery and making payment under this contract if such delay is caused by government regulation or action, labor strikes, riots, insurrection, freight embargoes or transportation delays. It shall be the duty of the Buyer to accept delivery and make payment under this contract as soon as practicable after the cause for delay has ceased.

Arbitration: Buyer and Seller agree that all disputes and controversies between them with respect to this contract shall be subject to the Trade Rules of, and arbitrated by the _____ and that judgement may be entered on the arbitration award in any court of competent jurisdiction. Seller agrees to pay all Buyer's costs resulting from Seller's breach, including, but not limited to, reasonable attorney's fees and court costs.

Binding Effect: This contract, and any amendments thereto agreed to mutually by the Seller and Buyer, shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives and successors of the respective parties. This contract may not be assigned.

Final and Complete Agreement: This contract shall represent the final, complete and exclusive statement of agreement between the parties and may not be modified, supplemented or waived, except in writing signed by both parties.

In witness whereof, the parties have signed this contract this 2nd day of July (month), 08 (year).

SELLER: _____
(Authorized Signature(s))

BUYER: FARMERS CO-OP ELEVATOR CO.
Ronald Knaust
(Authorized Signature(s))

FARMERS CO-OP ELEVATOR CO.

Assembly Sheet with Scale Tickets

Sorted By Assembly Sheet Only
Open And Settled Assembly Sheets
Base Price

Loc	Assembly	Commodity Code	Description	Last Delivery Date	Contract	Base Price	Assembly Date	Units	Customer Ref	Name	Assembly
S	40753	02	Corn	07/11/2008		6.7500	06/30/2008				
KEITH SAUNDERS / MARK WYUM TOOK DCS THRU SO 4870											
						C387 Priced		20,000.00	3560	VeraSun Hankinson	40753
						Open Storage		3,128.21	3560	VeraSun Hankinson	40753

Ticket Number	Date	Gross Units	Dockage Shrink	Net Units	Base Price	Premium/Discounts			Unit Price
						TW	FM	MOISTURE	
SO 4732	06/30/08	983.93	0.00	983.93	0.0000	55.39	0.76	14.00	0.0000
			0.00			0.0000	0.0000	0.0000	
SO 4736	06/30/08	958.79	0.00	948.18	0.0000	56.64	0.50	15.10	0.0000
			8.61			0.0000	0.0000	0.0000	
SO 4741	06/30/08	978.43	0.00	958.85	0.0000	56.62	1.25	15.70	0.0000
			17.58			0.0000	0.0000	0.0000	
SO 4745	06/30/08	978.79	0.00	962.14	0.0000	56.16	0.85	15.50	0.0000
			14.65			0.0000	0.0000	0.0000	
SO 4754	07/01/08	980.36	0.00	980.36	0.0000	56.51	0.85	14.70	0.0000
			0.00			0.0000	0.0000	0.0000	
SO 4760	07/01/08	983.93	0.00	963.93	0.0000	57.15	0.74	14.70	0.0000
			0.00			0.0000	0.0000	0.0000	
SO 4764	07/01/08	922.14	0.00	922.14	0.0000	57.25	0.53	14.70	0.0000
			0.00			0.0000	0.0000	0.0000	
SO 4770	07/01/08	942.50	0.00	935.43	0.0000	56.16	0.50	15.00	0.0000
			7.07			0.0000	0.0000	0.0000	
SO 4777	07/02/08	981.79	0.00	981.79	0.0000	56.16	0.50	14.70	0.0000
			0.00			0.0000	0.0000	0.0000	
SO 4782	07/02/08	925.36	0.00	918.42	0.0000	55.78	1.60	15.00	0.0000
			6.94			0.0000	0.0000	0.0000	
SO 4788	07/02/08	566.07	0.00	566.07	0.0000	55.58	0.50	13.90	0.0000
			0.00			0.0000	0.0000	0.0000	
SO 4791	07/03/08	937.14	0.00	923.08	6.7500	55.65	2.34	15.50	6.7500
			14.06			0.0000	0.0000	0.0000	
SO 4818	07/08/08	950.71	0.00	950.71	6.7500	57.06	1.70	14.40	6.7500
			0.00			0.0000	0.0000	0.0000	
SO 4830	07/08/08	881.79	0.00	881.79	6.7500	55.74	2.03	13.20	6.7500
			0.00			0.0000	0.0000	0.0000	
SO 4837	07/08/08	904.84	0.00	904.64	6.7500	56.45	0.79	13.10	6.7500
			0.00			0.0000	0.0000	0.0000	
SO 4843	07/09/08	954.29	0.00	954.29	6.7500	56.77	1.89	12.90	6.7500
			0.00			0.0000	0.0000	0.0000	

FARMERS CO-OP ELEVATOR CO.

Assembly Sheet with Scale Tickets

Sorted By Assembly Sheet Only
Open And Settled Assembly Sheets
Base Price

Loc	Commodity		Last Delivery		Base Price	Assembly Date	Units	Customer		Assembly
	Assembly	Code	Description	Date				Contract	Ref	
Ticket Number	Date	Gross Units	Dockage Shrink	Net Units	Base Price	TW	Premium/Discounts FM MOISTU		Unit Price	
SO 4844	07/09/08	1,022.50	0.00	1,022.50	6.7500	56.30	1.43	13.10	6.7500	
			0.00			0.0000	0.0000	0.0000		
SO 4845	07/09/08	916.79	0.00	916.79	6.7500	57.10	2.44	13.20	6.7500	
			0.00			0.0000	0.0000	0.0000		
SO 4847	07/09/08	671.43	0.00	671.43	6.7600	56.98	1.50	13.70	6.7500	
			0.00			0.0000	0.0000	0.0000		
SO 4854	07/10/08	922.50	0.00	912.81	6.7500	55.26	1.04	15.20	6.7500	
			9.69			0.0000	0.0000	0.0000		
SO 4858	07/10/08	876.07	0.00	876.07	6.7500	55.78	1.43	14.30	6.7500	
			0.00			0.0000	0.0000	0.0000		
SO 4861	07/11/08	958.57	0.00	958.57	6.7500	55.81	1.66	14.80	6.7500	
			0.00			0.0000	0.0000	0.0000		
SO 4865	07/11/08	982.50	0.00	982.50	6.7500	56.64	1.38	14.50	6.7500	
			0.00			0.0000	0.0000	0.0000		
SO 4868	07/11/08	996.79	0.00	996.79	6.7500	55.90	2.47	13.90	6.7500	
			0.00			0.0000	0.0000	0.0000		
SO 4870	07/11/08	975.00	0.00	975.00	6.7500	55.84	0.54	14.70	6.7500	
			0.00			0.0000	0.0000	0.0000		
		23,206.81	78.60	23,128.21		56.23	1.25	14.39	3.8019	

Drying Charge Deduction: 0.00

Settlement	Date	Source	SourceRef	Destination	CheckRef	SettUnits	Price	GrossAmt
77729	07/14/2008	Assembly	40733	Priced	43236	1,000.00	6.7500	6,750.00
77729	07/14/2008	Assembly	40753	Priced	43236	20,000.00	6.7500	135,000.00
77735	07/15/2008	Assembly	40753	Priced	43246	3,128.21	5.9200	18,519.00
77735	07/15/2008	Assembly	40773	Priced	43246	8,368.05	5.9200	49,538.86
						32,496.26		209,807.86

3560 - VeraSun Hankinson Check #: 43236

Payee(s): VeraSun Hankinson

Commodity: Corn

Source	Reference	Units	Price	Amount
Assembly	40733	1,000.00	6.7500	6,750.00
Assembly	40753	20,000.00	6.7500	135,000.00
		21,000.00	6.7500	141,750.00

Gross Amount: 141,750.00
Drying Charges: 1,039.47 D

Settlement Number: 77729

Settlement Date: 07/14/2008

Check Amount: 140,710.53

3560 - VeraSun Hankinson Check #: 43246

Payee(s): VeraSun Hankinson

Commodity: Corn

Source	Reference	Units	Price	Amount
Assembly	40753	3,128.21	5.9200	18,519.00
Assembly	40773	8,368.05	5.9200	49,538.86

Gross Amount: 68,057.86

One hundred forty thousand seven hundred ten and 53 / 100

07/14/2008

\$140,710.53

VeraSun Hankinson
9230 Co Road 1
Hankinson, ND 58041

3560 - VeraSun Hankinson Check #: 43236 Date Printed: January 28, 2010 at 12:14 PM

Source	Reference	Units	Price	Amount
Assembly	40733	1,000.0000	6.7500	\$6,750.00
Assembly	40753	20,000.0000	6.7500	\$135,000.00
		21,000.0000	6.7500	\$141,750.00

Commodity: Corn
Gross Amount: \$141,750.00
Drying Charges: 1,039.47 D

Settlement Number: 77729

Settlement Date: 07/14/2008

Check Amount:

\$140,710.53

3560 - VeraSun Hankinson Check #: 43236 Date Printed: January 28, 2010 at 12:14 PM

Source	Reference	Units	Price	Amount
Assembly	40733	1,000.0000	6.7500	\$6,750.00
Assembly	40753	20,000.0000	6.7500	\$135,000.00
		21,000.0000	6.7500	\$141,750.00

Commodity: Corn
Gross Amount: \$141,750.00
Drying Charges: 1,039.47 D

Settlement Number: 77729

Settlement Date: 07/14/2008

Check Amount:

\$140,710.53

FARMERS COOP ELEVATOR CO.
P.O. BOX 447
LIDGERWOOD, ND 58053
PHONE: 701-538-4551

GRAIN DRAFT

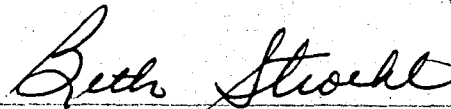
Transaction Services
Provided by Wachovia Bank
67-1/532

Exhibit TKS-4 43246

PAY Sixty-eight thousand fifty-seven and 86 / 100

DATE 07/15/2008 AMOUNT \$68,057.86

TO THE ORDER OF VeraSun Hankinson
9230 Co Road 1
Hankinson, ND 58041



AUTHORIZED SIGNATURE

⑈043246⑈ ⑆053200019⑆ 2079900476967⑈

FARMERS COOP ELEVATOR CO.

43246

3560 - VeraSun Hankinson Check #: 43246 Date Printed: July 15, 2008 at 3:37 PM

Source	Reference	Units	Price	Amount
Assembly	40753	3,128.2100	5.9200	\$18,519.00
Assembly	40773	8,368.0500	5.9200	\$49,538.86
		11,496.2600	5.9200	\$68,057.86

Commodity: Corn
Gross Amount: \$68,057.86

Settlement Number: 77735

Settlement Date: 07/15/2008

Check Amount:

\$68,057.86

VeraSón, Hawkinson, LLC
 9030 County Road 1
 Henderson, ND 58041
 Phone: (701) 342-9400

Exhibit TKS-5

DRIVER SIGNATURE _____ PRINTED DRIVER NAME _____ TRUCK # _____

UNL 030 16705 10000 VENDOR: 1030 Saunders, Keith 9406 147th Ave. SE Geneseo, ND, 58053	PRODUCER: BILLY TRIC LICENSE#0147ND CAPTAIN: MI SAUNDERS FARMS	TICKET NO.: 5703 DELIVERY NO.: BOL: THROUGH DRIVER: KEITH ON SCALE TRUCK TO 3236323630
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GROSS WT	70,440 LBS	10:54 AM	YELLOW CORN	U.S. No. 1
TARE WT	20,060 LBS	11:05 AM	H	13.3
NET WT	50,380 LBS	099.44 BU	YW	56.6
			BCH	2.0
			BKT	0.3
			HT	OTHER

NOTES:

