

**Richter, Susan K.**

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**Subject:** Notification of Service for Case No. 18-2015-CV-00240 ( Public Service Commission, et al. vs. Grand Forks Bean Company, Inc. )

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Date Submitted: 9/30/2015 1:40:36 PM  
Filing Code: Affidavit  
Filing Desc: Affidavit of Timothy Erdmann  
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**224 GE-15-36** Filed: 9/30/2015 Pages: 8  
E-file to Court – Affidavit of Timothy Erdmann

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STATE OF NORTH DAKOTA  
COUNTY OF GRAND FORKS

IN DISTRICT COURT  
NORTHEAST JUDICIAL DISTRICT  
CIVIL NO. 18-2015-cv-00240

Public Service Commission, )  
)  
                                  Petitioner, )  
)  
                                  vs. )  
)  
Grand Forks Bean Company, Inc., and )  
Auto-Owner Insurance Company )  
)  
                                  Respondents. )  
)  
PSC Case No. GE-15-36 )

**AFFIDAVIT OF  
TIMOTHY ERDMANN**

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STATE OF NORTH DAKOTA )  
                                  )SS  
COUNTY OF BURLEIGH )

Timothy Erdmann, being first duly sworn, deposes and states as follows:

1. That he is a citizen of the United States of America, of legal age, residing at Denhoff, North Dakota.
2. That he is a Licensing Division Grain Warehouse Inspector for the Public Service Commission (Commission).
3. That he evaluated the unpaid grain claims in the Grand Forks Bean Company, Inc. (Grand Forks Bean) warehouse insolvency to determine whether the claims were valid or invalid claims.
4. That he evaluated the claims filed with the Commission to determine the amount and validity of each claim based on his experience, Commission precedent, and other factors.

5. That he reviewed the filed claims and compared them with information in Grand Forks Bean's files.

6. That he compared information received from the claimants with information from Grand Forks Bean's records and found the following:

- a. The Estate of Brad Nelson has submitted a claim for the amount of \$54,313.20 plus interest based on a quantity of 1,810.44 cwt of beans priced at \$30.00 per cwt. Brad Nelson submitted scale tickets and a Dry Bean Contract in Support of his claim. Brad Nelson's claim information was filed with the Court as Doc ID ## 43-44. In addition to the information submitted by the Estate of Brad Nelson, I also located in Grand Forks Bean's files a copy of a Price Later Marketing Agreement. A true and correct copy of this Price Later Marketing Agreement is attached hereto as Exhibit 1.
- b. Brent Baldwin has submitted a claim based upon a quantity of 2,220.36 cwt of beans for the market price prevailing on the date of insolvency with interest since date of insolvency. Brent Baldwin's claim includes two *Dry Bean Contracts* dated September 6, 2013, along with scale tickets supporting 2,220.35 cwt claimed. Brent Baldwin's claim information was filed with the Court as Doc ID ## 46-49.
- c. Baldwin Farms, Inc. has submitted a claim based upon a quantity of 1,005.71 cwt of beans for the market price prevailing on the date of insolvency with interest since date of insolvency. Baldwin Farms' claim includes scale tickets supporting 1,005.72 cwt claimed. Baldwin Farm's claim information was filed with the Court as Doc ID ## 50-53. The Price Later Marketing Agreement included in

Baldwin Farms, Inc.'s claim was located by me in Grand Fork's Bean's records.

- d. Duane Altendorf has submitted a claim based upon a quantity of 2,408.22 cwt of beans for the market price prevailing on the date of insolvency with interest since date of insolvency. Altendorf's claim includes scale tickets supporting the 2,408.22 cwt claimed. Duane Altendorf's claim information was filed with the Court as Doc ID ## 54-57.
- e. Curt Amundson has submitted a claim for \$363,848.40 with interest after July 1, 2014, based upon a quantity of 12,128.28 cwt of beans at \$30.00 per cwt. Amundson acknowledges an offset should be applied in the amount of \$42,753.00 arising from a purchase of seed by him from Grand Forks Bean. Amundson's claim includes documentation supporting the 12,128.28 cwt claimed. Amundson's claim information was filed with the Court as Doc ID ## 59-60. In addition to the materials provided by Amundson, I located within Grand Forks Bean's records an invoice (No. 1221) dated 12-16-14 for Pinto Seed. A true and correct copy of the invoice is attached hereto as Exhibit 2. Copies of the invoice may be difficult to read. The invoice is "Sold to" Curt Amundson, RR3 Box 220 in East Grand Forks, MN. It indicates Pinto Seeds in the amount of \$51,312.15 and interest in the amount of \$3,848.41 with a total of \$55,160.51. I did not find any documentation in my investigation of any amount having ever been paid on the invoice.
- f. Chuck Nelson has submitted a claim in the amount of \$39,452.40 with interest after July 1, 2014 based upon a quantity of 1,315.08 cwt of beans at \$30.00 per cwt. Chuck Nelson's claim includes an assembly sheet supporting the 1,315.08

cwt claimed. Chuck Nelson's claim information was filed with the Court as Doc ID ## 64-66. True and correct copies of scale tickets located in Grand Forks Beans' records relating to Chuck Nelson's claim are attached hereto as Exhibit 3. The assembly sheet submitted by Chuck Nelson indicates he was paid for 5,000 cwt, which is verified by the scale tickets and assembly sheet.

- g. WJS Nelson has submitted a claim in the amount of \$50,250.00 with interest after April, 2015, based upon a quantity of 1,675 cwt of beans based on \$30.00 per cwt. WJS's claim information was filed with the Court as Doc ID ## 62-63. The scale tickets provided by WJS Nelson equal 1,675 cwt as the gross weight. The net weight is 1,600.91 cwt, which is the appropriate amount to use for payment of the claim.
- h. Nicholas E. Adams has submitted a claim in the amount of \$29,982.15 with interest after September 15, 2012, based upon a quantity of 908.55 cwt of beans based on \$33.00 per cwt. Nicholas Adams's claim information was filed with the Court as Doc ID ## 67-68. In addition to the information submitted by Nicholas Adams, I located two scale tickets within Grand Forks Beans' records supporting the cwt claimed by Nicholas Adams. True and correct copies of the scale tickets are attached hereto as Exhibit 4.
- i. Ronald E. Adams has submitted a claim in the total amount of \$357,847.73 plus interest after March 29, 2012 on 6,232.33 cwt and after December 31, 2012 on 1,545.91 cwt. Ronald Adams's claim information was filed with the Court as Doc ID ## 69-73. True and correct copies of Ronald Adams's scale tickets located in Grand Forks Bean's files are attached hereto as Exhibit 5.

7. I have assisted in calculating the price, interest, storage fees, and bean promotion expenses as it relates to the final amount for each claim. I was asked to review what an appropriate price for the beans was on the recommended date of insolvency, December 19, 2014. The price as it relates to the beans at issue is not priced daily. Attached hereto as Exhibit 6 are true and correct copies of the *United States Department of Agriculture – Colorado Department of Ag Market News* printouts from October 7, 2014, to February 24, 2015. The price for Pinto Beans in North Dakota paid to growers remained steady at \$23.00 throughout that period. Based on my experience, it is my opinion the market price prevailing on the date of the insolvency for the beans in this case is \$23.00/cwt.

8. With respect to interest, the weighted average prime rate charged by the Bank of North Dakota has remained the same since December 17, 2008 at 3.25%. A true and correct copy of the Bank of North Dakota information used to verify the interest rate is attached as Exhibit 7.

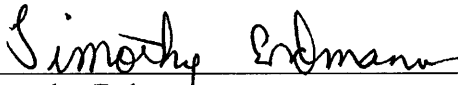
9. In the course of my investigation in this matter, I also visited the Grand Forks Bean warehouse. Posted in the warehouse in a conspicuous place was a Storage, Handling and Delivery Policy, a true and correct copy of which is attached hereto as Exhibit 8. I did not locate any information in Grand Forks Bean's files indicating notice was provided to any receipt holders of an intention to terminate a storage contract. As a result, these would be open storage contracts beginning on May 1, 2014.

10. In addition, there is also a charge of \$.10 per cwt charged to all beans in this case for an edible bean promotion, which should be applied as it would have had to be charged upon the sale of the beans by Grand Forks Bean.

11. As the cwt of each claimant has been verified, using the price, interest, edible bean promotion, and storage (from May 1, 2014, to December 18, 2014), the amount paid to each claimant can be determined. Attached as Exhibit 9 is a spreadsheet detailing the recommended payment to each claimant. Note, the interest was calculated through October 1, 2015.

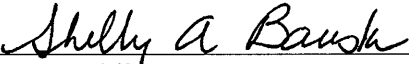
12. In addition to the individual claimants listed and described above, the Commission has also received claims filed by Bremer Bank National Association and Fessenden Cooperative Association. Bremer Bank's claim information was filed with the Court as Doc ID ## 31-41. Fessenden Cooperative Association's claim information was filed with the Court as Doc ID ## 82-85.

Dated this 30<sup>th</sup> day of September, 2015.

  
\_\_\_\_\_  
Timothy Erdmann

On this 30<sup>th</sup> day of September, 2015, before me personally appeared Timothy Erdmann, known to me to be the person described in the within and foregoing instrument and acknowledged to me that he executed the same.

(SEAL)

  
\_\_\_\_\_  
Notary Public  
Burleigh County, North Dakota  
My Commission Expires: \_\_\_\_\_

