



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

December 15, 2025

CASE NUMBER 3158

PLAINTIFF: BRUCE FINDLAY, CARO, MICHIGAN

DEFENDANT: COOPERATIVE ELEVATOR CO., PIGEON, MICHIGAN

STATEMENT OF THE CASE

The claimant, Bruce Findlay (Findlay), and the respondent, Cooperative Elevator Co. (Cooperative), entered into a contract dated June 1, 2023, for 17,600 bushels of US #1 grade Organic Wheat for the price of \$12.00 per bushel (Contract No. 65222). The terms of this contract provide for delivery on or before April 1, 2024, with a delivery point of pick up from Findlay's farm at the request of Cooperative. Both parties signed and dated the contract provided by Cooperative.

On July 11, 2023, Cooperative sent an employee to Findlay's farm to obtain a sample of the contracted wheat. This sample was taken to Cooperative for testing, and at this time Cooperative noted quality concerns related to the wheat describing a "strong fishy odor." On July 17, 2023, Findlay delivered three samples of wheat to Cooperative's facility in Sebewaing, Michigan, which included two samples from two different bins of Findlay's harvested wheat crop that would be applied to the aforementioned contract, and a third sample that was seed wheat purchased from Cooperative as a way for Findlay to verify testing. All of the samples provided were sent to a Michigan Department of Agriculture and Rural Development ("MDARD") inspector for testing. The resulting test results detected "dwarf bunt" or "stinking smut" in the samples submitted with the exception of the seed wheat sample. At this time, Findlay was unable to provide samples of wheat that satisfied the US#1 grade Organic Wheat contract requirements.

Over the next several months, Findlay submitted multiple different samples for testing to USDA's Federal Grain Inspection Service through the Detroit Grain Inspection Service and an affiliate lab in Texas. Cooperative sent to Findlay a "Wheat rejection form," dated September 8, 2023, citing "microbial" as the reason for the rejection. Unofficial sample test results from the USDA labs provided by Findlay showed no traces of the spores found by the MDARD inspector in the original samples provided to Cooperative.

In December 2023, more composite samples of Findlay's wheat were provided to the Michigan State University laboratory for further testing, and after some confusion on test results was cleared up, the report came back showing no signs of dwarf bunt in the composite samples. During this time, the two parties discussed taking Findlay's wheat to another location, but if the wheat was rejected, Findlay would have been responsible for the cost of freight on the rejected load. There does not appear to have been any follow-up with this potential arrangement or any demands for pickup of any loads.

On March 27, 2024, Findlay found a new buyer for his wheat. On March 28, 2024, Findlay informed Cooperative that he would be selling his wheat, and Cooperative offered to zero-out the contract. Findlay responded that Cooperative Elevator would need to pay the difference in price. Cooperative Elevator did not agree. On April 11, 2024, Findlay entered into a wheat contract with the new buyer for 14,000 bushels at \$8.50 per bushel.

Findlay is seeking \$49,000 in damages for the difference in price between his contract with Cooperative and his new buyer.

THE DECISION

The arbitrators find that contract 65222 for US#1 grade organic wheat was signed, and the quality requirements were presumed to be understood by both parties.

In regard to the claim that Cooperative did not properly document the sampling from Findlay's wheat because of the photos relied upon by Cooperative, the arbitrators find that official grades are not obtained or based upon photos since photos can be mistakenly confused and mishandled, as seemingly happened in this case. Also, that only pages 3 -- 5 of the "sample report" were sent to Findlay carries no weight in determining if proper documentation of sampling occurred as Cooperative only provided the pages that were pertinent to the Findlay wheat samples.

In regard to the claim that Findlay's wheat passed USDA testing consistent with NGFA Trade Rules, the arbitrators do not find merit. The term "Merchantable Quality" in the master agreement applies to all contracts unless otherwise specified in the terms of the contract. In this case, the quality is specified as US#1 organic wheat. Furthermore, the sample grades provided were not determined to be officially sampled, making them not applicable to the contract. Also, while the sample grades provided did not detect the presence of bunt, they did show a damaged kernel and sprout damage of 22.4%, which further deems this wheat to not be US#1 organic wheat.

In regard to the claim that Cooperative did not provide Findlay with proper procedure to challenge the rejection of Findlay's wheat, which would be consistent with the NGFA Grain Trade Rules, the arbitrators finds this claim lacking of evidence. It does not appear in this case there was an inspection committee agreed to by both parties for review. In citing the food safety standards listed by Cooperative after the initial sample was rejected, an inspection committee should have been asked for immediately. At the same time, the arbitrators would like to have seen Cooperative buy in or zero out the contract upon the initial discovery of the samples not meeting contracted grades and not let this dispute drag on for as long as it did, which the arbitrators note provided Findlay a sense that his wheat could pass inspection sometime during the contract delivery period.

In regard to the parties' claims for legal fees, the arbitrators decline to award any legal fees.

THE AWARD

The arbitrators conclude that no damages or legal fees be awarded.

Decided: October 29, 2025

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

Amy Nelson, Chair
Lead Grain Advisor – West Region
Central Farm Service
Truman, MN

Andrew Clements
Feed Ingredients Merchant
Arizona Grain Inc.
Casa Grande, AZ

Brian Strazi
Chief Financial Officer
Farmers Grain Terminal Inc.
Greenville, MS