



March 22, 2022

Chairman Mike Sundin  
House Agriculture Finance and Policy Committee  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St Paul, MN 55155-1298

Dear Chair Sundin and committee members,

My name is Paul Mattson, and I am the General Manager of Western Consolidated Cooperative in Holloway, MN. We are a grain and agronomy coop serving patrons in west central Minnesota and northeast South Dakota.

I wish to express my disapproval of the establishment of an indemnity fund to cover losses incurred by producers who choose to use voluntary extension of credit contracts as part of their grain marketing strategy. It is, and it should be the responsibility of the grain seller to research and determine that a buyer has earned the right to get credit. This is no different than at our cooperative where we are responsible for researching and determining if we should extend credit to a customer for agronomy services and products.

History would tell us that cooperatives like ours have experienced greater financial losses from individuals who don't pay their bills than have not been paid on grain sales. Don't we deserve an indemnity fund to cover our losses, too?

Our cooperative provides a member-elected board of directors a complete financial statement each month. These directors are the link to the customer base. We also provide at our annual meeting a complete unqualified audit to each member. They can clearly see the financial status of the facility they are doing business with. Each grain seller should take responsibility to get to know their counterparty and the risk, or lack of risk, in doing business with them. Each voluntary extension of credit contract is also signed by both parties. Willful blindness should not be an excuse for reckless behavior.

Should an indemnity fund be set up, how will grain buyers, who are responsible for collecting this money, accounting for this money, and the payment of this money, be re-imbursed? We are not set up to do more unnecessary accounting functions that we do not get paid to do.

Please vote no on the establishment of this indemnity fund.

Respectfully,

Paul Mattson  
General Manager