

Global Processing Inc. Bankruptcy Impacting Farmers with Clawback Letters

Organic and Non-GMO Farmers Asked to Return Payments for Sold Grains

WASHINGTON, DC, UNITED STATES, September 24, 2024 /EINPresswire.com/ -- On October 24, 2022, organic and non-GMO grain buyer Global Processing, Inc filed for Chapter 11 bankruptcy with the United States Bankruptcy Court for the Northern District of Iowa (Case 22-00669).

For many farmers, when Global Processing, Inc. declared bankruptcy they lost a local organic grain buyer, which strained their farm businesses. Now however, they're being asked to pay back a portion of what they earned as a part of the bankruptcy liquidation process, which is hitting twice as hard.

Beginning on Friday, September 13, 2024, over 90 "clawback" letters have been received by farmers in Iowa, Minnesota and other states from the law firm Wandro & Associates based in Des Moines, Iowa, serving as the trustee for Global Processing, Inc.'s liquidation.

The letters claim that farms that were paid by Global Processing, Inc. for grain that they delivered during the 90 days leading up to the bankruptcy filing now must return a large portion of that payment to the bankruptcy proceeding.

"Farmers should not be asked to pay back money they earned honestly by selling grain to Global Processing, Inc.," says Kate Mendenhall, Executive Director of the Organic Farmers Association. "Farmers cannot be held responsible for bad business decisions made by Global Processing, Inc. that forced them to declare bankruptcy. Farming is risky enough and depressed organic grain prices have already created a financial strain on farmers. These clawback letters could not have come at a worse time. Wandro & Associates should remove farmers from the clawback."

Farmers receiving these letters should not ignore them. Unfortunately, this is a legitimate part of the bankruptcy process. However, farmers are encouraged to take immediate action and seek legal assistance to explore options for greatly reducing and hopefully avoiding these clawback payments.

Steps for Farmers After Receiving a Clawback Letter

1. Do not automatically pay the requested amount – You may be able to negotiate the payment

amount or provide evidence that you should be exempt from the clawback.

2. Request an extension – The clawback letters do not allow farmers appropriate time to respond, and this is the worst time of year to ask grain farmers to deal with additional paperwork. You or your attorney can ask for additional time to prepare a response.

3. Gather documentation – Compile records of your transactions with Global Processing, Inc., including grain delivery dates and payment histories.

4. Consult an attorney – Work with an attorney experienced in bankruptcy law to evaluate possible defenses.

5. Use available resources – The Organic Farmers Association (OFA) is offering support through its Farmer HelpLine (883-714-3834, email helpline@organicfarmersassociation.org) and can assist in connecting you with experts and other farmers in the same situation.

Recent Bankruptcies Shed Light on What Could Be Next for Farmers

In 2021, Minnesota-based Pipeline Foods declared bankruptcy leaving many farmers unpaid for delivered grain, then, a year later they issued clawback letters to farmers who had delivered grain and received payment for their grain within the 90 days before Pipeline filed bankruptcy.

Non-GMO and organic farmers across the upper Midwest had to pay back huge sums of money for grain they had delivered. Some farmers had delivered their entire year's harvest during that period, jeopardizing a huge percentage of their farm earnings in the clawback. Clawbacks during this timeframe were priced upwards to \$300,000-\$500,000 for some farmers.

In October of 2022, when Global Processing, Inc. filed for bankruptcy, farmers were again undercut by unstable organic buyers. Farmers who had delivered grain and were not paid were eligible to file claims to the Iowa Indemnity fund since Global Processing was located in Iowa, yet because of the number of claims from Iowa farmers from the Pipeline Foods bankruptcy a year earlier, the Iowa indemnity fund was wiped clean and many farmers were left without indemnity payment protection.

Scott Myers, OFA Policy Chair and organic grain farmer in Ohio stated, "Clawback letters are intimidating and stressful. Many farmers are already isolated in rural areas and many organic farmers do not have other organic neighbors to consult with. Organic farmers are already operating under a depressed marketplace, and these clawback payments could put farmers out of business. Farmers should not be included in bankruptcy clawback payments."

If you or a neighbor have received one of these letters, OFA's Farmer Services Team can connect you to resources, experts and farmers in the same situation. Call 883-714-3834, email helpline@organicfarmersassociation.org or visit [OFA's clawback resource page for more](#)

[information.](#)

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