SUPREME COURT OF NORTH DAKOTA

Galpin v. Cantina Holdings

Galpin, 2026 ND 54 (N.D. 2026) · No. No. 20250254 · Decided February 26, 2026

SUMMARY

The North Dakota Supreme Court affirmed a judgment awarding Neil Galpin a $100,000 earnest money deposit after a business sale failed to close. The court held that the specially drafted, incorporated earnest-money provision controlled over conflicting standard-form financing language and upheld the finding that Galpin did not fail to negotiate a contract for deed in good faith.

CASE DETAILS

COURT	Supreme Court of North Dakota
WRITING FOR THE COURT	Jerod E. Tufte; Lisa Fair McEvers, C.J.; Daniel J. Crothers; Jon J. Jensen; Douglas A. Bahr
JURISDICTION	Supreme Court of North Dakota
DECIDED	February 26, 2026
DOCKET	No. 20250254
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from a judgment entered after a one-day bench trial awarding the plaintiff a $100,000 earnest money deposit and denying the defendants' counterclaims.
STANDARD OF REVIEW	Contract interpretation to determine legal effect is reviewed de novo as a question of law. Findings of fact after a bench trial are reviewed under the clearly erroneous standard.
PRECEDENTIAL VALUE	Published and precedential
PARTIES	Cantina Holdings, LLC, Clay Butte Holdings, LLC v. Neil Galpin

TOPICS

contract interpretation · contracts · conditions precedent · commercial litigation · real estate

PRACTICE AREAS

Contracts · Commercial litigation · Real estate · Remedies

QUESTIONS PRESENTED

1. Which contractual provision governed the disposition of the $100,000 earnest money when the incorporated confidential letter and the standard-form purchase agreement contained conflicting provisions?
2. Whether the district court clearly erred in finding that Galpin Entertainment did not fail to negotiate the contract for deed in good faith.

HOLDINGS

1. The confidential letter's specially drafted provision making the earnest money nonrefundable controlled over the conflicting standard-form financing-contingency language in the purchase agreement, and Galpin was entitled to the $100,000 earnest money.
2. The district court did not clearly err in finding that Galpin Entertainment did not fail to negotiate the contract for deed in good faith.

KEY QUOTATIONS

> *"when part of a contract is drafted under the special directions of the parties and the remainder is copied from a standard form, the specially drafted part controls over the standard form language, and if the two are absolutely repugnant, the form language must be disregarded."* (¶ 15)

> *"Because the confidential letter was incorporated into the purchase agreement, there is no temporal distinction between the two; the later-in-time principle does not apply where the earlier agreement is expressly incorporated into the later one."* (¶ 16)

> *"courts do not focus on isolated actions but look to the overall conduct of a party to determine whether it has engaged in the bargaining process with an open mind and a sincere desire to reach an agreement."* (¶ 19)

FACTUAL BACKGROUND

The parties negotiated the sale of The Pier Bar & Grill for $4,000,000, with a $100,000 earnest money deposit and the balance to be paid under a contract for deed. A confidential offer letter stated that the earnest money became nonrefundable upon completion of due diligence or March 30, 2023, while a later purchase agreement contained standard-form language providing for release of the earnest money to the buyer if financing failed. The purchase agreement incorporated the confidential letter, the parties never finalized the contract for deed, and the seller ultimately sold the business to another purchaser. The buyer argued that the seller's request for personal guarantees during contract-for-deed negotiations showed bad faith, but negotiations continued and the closing date was extended.

PROCEDURAL HISTORY

Galpin sought a declaratory judgment establishing his entitlement to the earnest money deposited in connection with a failed business sale. The defendants counterclaimed for declaratory relief, breach of contract, unjust enrichment, and conversion. After a bench trial, the district court awarded Galpin the nonrefundable earnest money and denied the counterclaims; the defendants appealed.

DISPOSITION

affirmed

CASES CITED

- Metcalf v. Security Int'l Ins. Co., 261 N.W.2d 795, 799-800 (N.D. 1977)
- Spagnolia v. Monasky, 2003 ND 65, ¶ 10, 660 N.W.2d 223
- RTS Shearing, LLC v. BNI Coal, Ltd., 2021 ND 170, ¶ 13, 965 N.W.2d 40
- City of Bismarck v. Mariner Constr., Inc., 2006 ND 108, ¶ 11, 714 N.W.2d 484
- Olson v. Peterson, 288 N.W.2d 294, 298 (N.D. 1980)
- Belfield Educ. Ass'n v. Belfield Pub. Sch. Dist., 496 N.W.2d 12, 16 (N.D. 1993)
- Continental Resources, Inc. v. Armstrong, 2021 ND 171, ¶ 8, 965 N.W.2d 57

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