



National Grain and Feed Association

Arbitration Decision

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May 20, 2010

Arbitration Case Number 2472

Plaintiff: Cargill Inc., Minneapolis, Minn.

Defendant: Sidney Howell d/b/a Sidney Howell Farms, Clinton, Ky.

Factual and Procedural Background

The plaintiff, Cargill Inc. (Cargill), requested the entry of a default judgment in the amount of \$119,412.50 against the defendant, Sidney Howell d/b/a Sidney Howell Farms (Howell). The default judgment was granted for the reasons set forth below.

Cargill submitted an arbitration complaint dated Aug. 25, 2009 to the National Grain and Feed Association (NGFA). The complaint alleged that Howell failed to perform on duly signed Cargill contract nos. 48729, 49356, and 49401 for delivery of #2 yellow corn, and contract no. 49305 for delivery of #2 soft red winter wheat.

Each of the contracts indicated, “**Rules to Govern:** NGFA,” and under “PURCHASE TERMS,” stated as follows:

1. **NGFA Trade and Arbitration Rules.** Unless otherwise provided herein, this Contract, and all other grain contracts by and between Buyer and Seller, shall be subject to the Trade Rules of the National Grain and Feed Association (NGFA), which Trade Rules are incorporated herein by reference. The parties agree that the sole forum for resolution of all disagreements or disputes between the parties arising under any grain contract between Buyer and Seller or relating to the formation of any grain contract between Buyer and Seller shall be arbitration proceedings before NGFA pursuant to NGFA Arbitration Rules. The decision and award determined by such arbitration shall be final and binding upon both parties and judgment upon the award may be entered in any court having jurisdiction thereof. Copies of the NGFA Trade and Arbitration Rules are available from Buyer upon request and are available at www.ngfa.org. [Emphasis in original.]

Acting upon Cargill’s complaint, the NGFA prepared an arbitration services contract and submitted it to Cargill for execution. By certified mail dated Oct. 1, 2009, the NGFA also sent to Howell a letter providing notice of these proceedings with copies of Cargill’s complaint and attachments, as well as the NGFA Trade Rules and Arbitration Rules. The certified mail return receipt confirmed that this mailing to Howell was signed for and received on Oct. 2, 2009.

Upon receipt of the duly executed arbitration services contract from Cargill, the NGFA then sent it with accompanying correspondence to Howell by certified mail on Oct. 16, 2009. The certified mail return receipt confirmed that this mailing to Howell was signed for and received on Oct. 21, 2009.

On Dec. 17, 2009, the NGFA sent to Howell another letter by Federal Express delivery. Federal Express confirmed that this mailing was delivered on Dec. 19, 2009. The NGFA’s letters of Oct. 16 and Dec. 17, 2009 to Howell specifically provided notice that Sections 5(c) and (d) of the NGFA Arbitration Rules required that the signed contract be returned within fifteen (15) days.

After still not receiving any response from Howell, or any indication that a response was forthcoming, the NGFA sent yet another notice to Howell on Feb. 10, 2010 by Federal Express delivery. This notice further specifically stated as follows:

NGFA Arbitration Rules 5(d) and (e) provide for the entry of a default judgment when a party fails to execute the arbitration contract and pay the service fee within fifteen (15) days. Based upon the lack of any response from you thus far, we must anticipate that you do not intend to respond. ***This is our last attempt to elicit a response from***

you. A default judgment may be entered against you at any time, which the Plaintiff may enforce in a court of law. [Emphasis in original.]

The NGFA has yet to receive an executed arbitration services contract from Howell, despite the repeated attempts by NGFA to contact him.

Federal Express confirmed that this mailing was delivered to Howell on Feb. 4, 2010.

Default Judgment

The NGFA established jurisdiction over this matter pursuant to the express terms of the contracts and by way of Cargill's status as a NGFA active member.

Cargill properly and in a timely manner filed its complaint under NGFA Arbitration Rules Section 5(a). Pursuant to Section 5(b), the NGFA then submitted an arbitration services contract to the parties. Section 5(d) states that, "it shall be the duty of both parties to complete the contract for arbitration within fifteen (15) days from the date the party receives the contract from the National Secretary." Cargill properly executed and returned the arbitration services contract. Howell refused to comply with the NGFA Arbitration Rules, and refused to respond to any requests from the NGFA for the executed contract.

NGFA Arbitration Rule Section 5(e) provides for the following:

Where a party fails to pay the arbitration service fee and/or fails to execute the contract for arbitration, the National

Secretary may without further submissions by the parties enter a default judgment or such other relief as the National Secretary deems appropriate.

As it appeared that Howell made a conscious decision to disregard these arbitration proceedings, pursuant to Section 5(e) of the NGFA Arbitration Rules, the National Secretary found that entry of default judgment against Howell was proper and warranted.

Therefore, on April 28, 2010, the NGFA entered a default judgment against the defendant. The defendant was also advised that NGFA Arbitration Rule Section 5(e) sets forth the requirements and conditions under which, "[a]ny party against whom a default judgment has been entered under this provision may apply for vacation of the default judgment within fifteen (15) days of entry of the default judgment." In this case, the defendant did not apply to vacate the default judgment pursuant to Section 5(e).

The Award

THEREFORE, IT IS ORDERED THAT:

1. Cargill Inc. is awarded judgment against Sidney Howell d/b/a Sidney Howell Farms for \$119,412.50.
2. Interest on the judgment shall accrue at the statutory rate available for judgments in the applicable jurisdiction from this date until paid in full. This award is not intended to preclude the plaintiff from pursuing an additional award for interest, legal fees or costs in a court of law.

Dated: April 28, 2010

NATIONAL GRAIN AND FEED ASSOCIATION

By: Charles M. Delacruz
National Secretary