



National Grain and Feed Association

Arbitration Decision

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May 20, 2010

Arbitration Case Number 2479

Plaintiff: Bunge North America Inc., St. Louis, Mo.

Defendant: Ron Nichols d/b/a Circle N Farms, Sikeston, Mo.

Factual and Procedural Background

The plaintiff, Bunge North America Inc. (Bunge), requested the entry of a default judgment in the amount of \$17,800 against the defendant, Ron Nichols d/b/a Circle N Farms (Circle N). The default judgment was granted for the reasons set forth below.

Bunge submitted an arbitration complaint dated Oct. 5, 2009 to the National Grain and Feed Association (NGFA). The complaint alleged that Circle N failed to perform on duly signed Bunge contract no. 88902 for delivery of #2 soft red winter wheat.

The contract stated that it was, "SUBJECT TO RULES OF: NATIONAL GRAIN AND FEED ASSOCIATION." (Emphasis in original.) It also contained the following provision under "GENERAL TERMS":

The terms of this confirmation are subject in all respects to the rules and regulations of the exchange, board, or association designated above. If Seller is not a member of the said exchange, board or association, then the rules and regulations of the National Grain and Feed Association shall govern. Buyer and Seller agree that all disputes and controversies between them with respect to this confirmation shall be arbitrated according to said rules and regulation, and that judgment may be entered on the arbitration award in any court of competent jurisdiction.

Acting upon Bunge's complaint, the NGFA prepared an arbitration services contract and submitted it to Bunge for execution. By certified mail dated Nov. 4, 2009, the NGFA also sent to Circle N a letter providing notice of these proceedings with copies of Bunge's complaint and attachments, as well as the NGFA Trade Rules and Arbitration Rules. This mailing was returned unclaimed

Upon receipt of the duly executed arbitration services contract from Bunge, the NGFA then sent it with accompanying correspondence

and a copy of the Nov. 4, 2009 mailing and attachments to Circle N by Federal Express delivery on Nov. 17, 2009. Federal Express confirmed that this mailing to Circle N was delivered on Nov. 19, 2009.

On Dec. 17, 2009, the NGFA sent to Circle N another letter by Federal Express delivery. Federal Express confirmed that this mailing was delivered on Dec. 19, 2009. The NGFA's letters of Nov. 17 and Dec. 17, 2009 to Circle N 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 Circle N, or any indication that a response was forthcoming, the NGFA sent yet another notice to Circle N on Feb. 2, 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.]

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

On Feb. 9, 2010. Mr. Nichols indicated to NGFA by telephone that he had received the notice dated Feb. 2.

NGFA has not heard further from the defendant in this case.

Default Judgment

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

Bunge 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." Bunge properly executed and returned the arbitration services contract. Circle N 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 Circle N 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 Circle N 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. Bunge North America Inc. is awarded judgment against Ron Nichols d/b/a Circle N Farms for \$17,800.
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