



National Grain and Feed Association

Arbitration Decision

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October 7, 2010

Arbitration Case Number 2499

Plaintiff: Cargill, Inc., Minneapolis, Minn.

Defendant: CAC Farms Partnership and Christopher Sanders as general partner, Marion, Ark.

Factual and Procedural Background

The plaintiff, Cargill, Inc. (Cargill), requested the entry of a default judgment in the amount of \$55,700.18 against the defendant, CAC Farms Partnership and Christopher Sanders as general partner (CAC Farms). The default judgment was granted for the reasons set forth below.

Cargill submitted an arbitration complaint dated Jan. 19, 2010 to the National Grain and Feed Association (NGFA). The complaint alleged that CAC Farms failed to perform on duly signed Cargill contract nos. 73997 and 73999 for delivery of no. 1 yellow soybeans and contract no. 74015 for delivery of no. 2 soft red winter wheat.

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

1. NGFA Trade and Arbitration Rules. Unless otherwise provided herein, this Contract 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 this Contract or relating to the formation of this Contract 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.

Acting upon Cargill’s complaint, NGFA prepared an arbitration services contract and submitted it to Cargill for execution. By certified mail dated Feb. 25, 2010, NGFA also sent to CAC Farms 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. This mailing was returned unclaimed.

Upon receipt of the duly executed arbitration services contract from Cargill, NGFA then sent it with accompanying correspondence to CAC Farms by certified mail on March 16, 2010. This mailing was also returned unclaimed. On April 19, 2010, NGFA sent copies of the Feb. 25 and March 16 mailings to CAC Farms by Federal Express delivery. Federal Express confirmed that this mailing was delivered on April 21, 2010.

On June 7, 2010, NGFA sent to CAC Farms another letter by Federal Express delivery. Federal Express confirmed that this mailing was delivered on June 9, 2010. NGFA’s letters of March 16, April 19, and June 7, 2010 to CAC Farms 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 CAC Farms, or any indication that a response was forthcoming, NGFA sent yet another notice to CAC Farms on Aug. 5, 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 CAC Farms on Aug. 9, 2010.

NGFA has yet to receive an executed arbitration services contract from CAC Farms, despite the repeated attempts by NGFA to contact CAC Farms.

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. CAC Farms refused to comply with the NGFA Arbitration Rules, and refused to respond to any requests from 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 CAC Farms 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 CAC Farms was proper and warranted.

Therefore, on Sept. 14, 2010, 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 CAC Farms Partnership and Christopher Sanders as general partner for \$55,700.18.
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: September 14, 2010

NATIONAL GRAIN AND FEED ASSOCIATION

By: **Charles M. Delacruz**
National Secretary