



National Grain and Feed Association

Arbitration Decision

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November 19, 2009

Arbitration Case Number 2407

Plaintiff: Cargill Inc., Minneapolis, Minn.

Defendant: Clark Farm #2, LLC/Brett Michael Clark, Melville, La.

Factual and Procedural Background

The plaintiff, Cargill Inc. (Cargill), requested the entry of a default judgment in the amount of \$22,400.00 against the defendant, Clark Farm #2, LLC/Brett Michael Clark (Clark Farm). The default judgment was granted for the reasons set forth below.

Cargill submitted an arbitration complaint dated Jan. 23, 2009 to the National Grain and Feed Association (NGFA). The complaint alleged that Clark Farm failed to perform on duly signed Cargill contract nos. 28138 and 28262 for delivery of #1 yellow soybeans, and contract no. 28137 for delivery of #2 sorghum.

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. In addition to any damages otherwise provided by law, Buyer shall be entitled to recover of its attorney’s fees and costs.

Acting upon Cargill’s complaint, the NGFA prepared an arbitration services contract and submitted it to Cargill for execution. By certified mail dated Feb. 17, 2009, the NGFA also sent to Clark Farm 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 Clark Farm was signed for and received on Feb. 20, 2009.

Upon receipt of the duly executed arbitration services contract from Cargill, the NGFA then sent it with accompanying correspondence to Clark Farm by certified mail on April 9, 2009. The certified mail return receipt confirmed that this mailing to Clark Farm was signed for and received on April 13, 2009.

On May 15, 2009, the NGFA sent to Clark Farm another letter by Federal Express delivery. Federal Express confirmed that this mailing was delivered on May 19, 2009. The NGFA’s letters of April 9 and May 15, 2009 to Clark Farm 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 Clark Farm, or any indication that a response was forthcoming, the NGFA sent yet another notice to Clark Farm on June 15, 2009 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 the defendant thus far, we must anticipate that the defendant does not intend to respond. ***This is our last attempt to elicit a response from you. A default judgment may be entered against the defendant 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 Clark Farm on June 17, 2009.

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

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. Clark Farm 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 Clark Farm 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 Clark Farm was proper and warranted.

Therefore, on Oct. 23, 2009, 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 Clark Farm #2, LLC/Brett Michael Clark for \$22,400.
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: October 23, 2009

NATIONAL GRAIN AND FEED ASSOCIATION

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