



National Grain and Feed Association

# Arbitration Decision

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January 14, 2010

## Arbitration Case Number 2455

**Plaintiff:** Cargill Inc., Minneapolis, Minn.

**Defendant:** James Mill Farms, LLC, Proctor, Ark.

### Factual and Procedural Background

The plaintiff, Cargill Inc. (Cargill), requested the entry of a default judgment in the amount of \$224,520 against the defendant, James Mill Farms, LLC (James Mill Farms). The default judgment was granted for the reasons set forth below.

Cargill submitted an arbitration complaint dated June 25, 2009 to the National Grain and Feed Association (NGFA). The complaint alleged that James Mill Farms failed to perform on duly signed Cargill contract nos. 67531 and 67532 for delivery of #2 soft red winter wheat.

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 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](http://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 July 2, 2009, NGFA also sent to James Mill 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. The certified mail return receipt confirmed that this mailing to James Mill Farms was

signed for and received on July 16, 2009.

Upon receipt of the duly executed arbitration services contract from Cargill, NGFA then sent it with accompanying correspondence to James Mill Farms by certified mail on July 22, 2009. The certified mail return receipt confirmed that this mailing to James Mill Farms was signed for and received on July 25, 2009.

On Sept. 24, 2009, NGFA sent to James Mill Farms another letter by Federal Express delivery. Federal Express confirmed that this mailing was delivered on Sept. 28, 2009. NGFA’s letters of July 22 and Sept. 24, 2009 to James Mill 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 James Mill Farms, or any indication that a response was forthcoming, NGFA sent yet another notice to James Mill Farms on Oct. 27, 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 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 James Mill Farms on Oct. 29, 2009.

The NGFA has yet to receive an executed arbitration services contract from James Mill Farms, despite the repeated attempts by NGFA to contact James Mill 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. James Mill Farms refused to comply with the NGFA Arbitration Rules, and refused to properly 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 James Mill 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 James Mill Farms was proper and warranted.

Therefore, on Dec. 17, 2009, 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 James Mill Farms, LLC for \$224,520.
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: December 17, 2009

**NATIONAL GRAIN AND FEED ASSOCIATION**

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