National Grain and Feed Association
Arbitration Decision
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October 6, 2015

CASE NUMBER 2681

PLAINTIFF: **CARGILL, INCORPORATED**
MINNEAPOLIS, MINN.

DEFENDANT: **STEVE SHEEDER**
VILLISCA, IA

STATEMENT OF THE CASE

Contracts in Dispute:

Contract No.	Contract Date	Open Quantity	Delivery Period
126704	8/16/2011	10,000	10/01/2012 – 10/12/2012
127004.01	8/26/2011	10,000	9/16/2012 – 9/30/2012
128664	11/08/2011	10,000	10/01/2012 – 10/12/2012

Nature of the Dispute:

Steve Sheeder failed to deliver the corn against the contracts listed above. Sheeder does not dispute that he failed to make these deliveries. The dispute between the parties arose out of the cancellation price used by Cargill. Cargill argues the appropriate cancellation price should be twenty-five cents per bushel above the price it was currently bidding at the facility where the grain was to have been delivered. Sheeder argues that the appropriate market cancellation price should be derived from country elevators in the area.

Sequence of events leading to the dispute:

Cargill reportedly made repeated attempts to contact Sheeder to resolve the issue, including by telephone and correspondence. Cargill sent a demand for adequate assurances to Sheeder by letter dated November 15, 2012. Cargill then cancelled the contracts on January 28, 2013, after it claimed Sheeder had failed to respond to Cargill's communications. Sheeder still did not respond and Cargill filed this arbitration case to attempt to collect damages for the cancellation of the contracts. Sheeder agrees with this account of the sequence of events leading to the contracts cancellation but disputes the "market price" used in the cancellation.

THE DECISION

Sheeder provided evidence from the state of Iowa's Department of Agriculture as to representative grain values in southeast Iowa at various country elevators and processing plants. Cargill asserts that fair market value for the contract cancellation was $7.69 per bushel. Sheeder asserts that $7.69 is not a reasonable cancellation price based upon published bids of country elevators in southeast Iowa at the time. Cargill's bid for/at the facility in Eddyville, IA (where the corn in this dispute was to be delivered) at the time was $7.44 per bushel. Cargill argues that to purchase an additional 30,000 bushels of corn it would have had to push its bid 25-cents per bushel.

The arbitrators reasoned that a facility that has the ability to unload over 400 trucks per day – such as the facility involved in this dispute – could buy an additional 30,000 bushels of corn without having to push its bid 25-cents per bushel. Cargill also claimed a five-cent per bushel "Charge for Futures Contract," but then failed to adequately address or substantiate this claim. Thus, the arbitrators disregarded it.

The arbitrators consequently concluded that the contracts should have been cancelled at $7.44 per bushel.

THE AWARD

Therefore, the arbitrators awarded to Cargill damages in the amount of $27,300 based upon the following calculations:

Contract Number	Open Quantity	Contract Price	Cancellation Price	Difference	Equity Due
127004.01	10,000	$7.29	$7.44	$0.15	$1,500.00
126704	10,000	$6.30	$7.44	$1.14	$11,400.00
128664	10,000	$6.00	$7.44	$1.44	$14,400.00
					$27,300.00

The arbitrators also awarded interest to Cargill on this amount from January 28, 2013, at the rate of 3.25% per annum pursuant to NGFA Arbitration Rule 6(F).

Decided: August 28, 2015

Submitted with the unanimous consent of the arbitrators, whose names appear below:

John Fletcher, *Chair*
General Manager
Central Missouri
AGRISerivce LLC
Marshall, MO 65340

Brian Leydens
Grain Division Manager
Starke County Farm Bureau
Co-op
Hamlet, IN 46532

Heath Barnes
CEO
Whitgro Inc.
Saint John, WA 99171