



National Grain and Feed Association

Arbitration Decision

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November 3, 2011

Arbitration Case Number 2561

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

Defendant: Steve Sheeder and Maureen Sheeder, Red Oak, Iowa

Factual and Procedural Background

The plaintiff, Bunge North America Inc. (the plaintiff), requested the entry of a default judgment in the amount of \$228,512.50 against the defendant, Steve Sheeder and Maureen Sheeder (the defendants). The default judgment was granted for the reasons set forth below.

The plaintiff submitted an arbitration complaint dated April 21, 2011 to the National Grain and Feed Association (NGFA). The complaint alleged that the defendants failed to perform on duly signed Bunge contract nos. 2000109516, 2000109517, and 2000109518 for delivery of #2 yellow corn.

Each of the contracts stated, "TRADE ASSOCIATION: NGFA" (Emphasis in original). Each contract also contained the following provision under "GENERAL TERMS AND CONDITIONS":

13. Arbitration; Governing Law. In addition to the provisions herein, this Contract is subject to the rules of the Trade Association specified on the face of the Contract, and to the extent not in conflict with this Contract or with said rules, to the Uniform Commercial Code. Buyer and Seller agree that all disagreements, disputes and controversies of any nature whatsoever between them with respect to this Contract shall be arbitrated pursuant to the Trade Association's Arbitration Rules, that the decision and award determined thereunder shall be final and binding on Buyer and Seller, and that judgment thereon may be entered and enforced by any court of competent jurisdiction. If a matter at issue is not covered by the Trade Association's rules or the Trade Association's Arbitration Rules, this Contract shall be governed by and construed in accordance with the laws of the

State or province set forth in Buyer's address on the face of the Contract.

Acting upon the plaintiff's complaint, NGFA prepared an arbitration services contract and submitted it to the plaintiff for execution. By certified mail dated May 16, 2011, NGFA also sent to the defendants' counsel a letter providing notice of these proceedings with copies of the plaintiff's complaint and attachments, as well as the NGFA Trade Rules and Arbitration Rules. The certified mail return receipt confirmed that this mailing was signed for and received on May 19, 2011.

Upon receipt of the duly executed arbitration services contract from Bunge, NGFA then sent it with accompanying correspondence to the defendants' counsel by certified mail on June 1, 2011. The certified mail return receipt confirmed that this mailing was signed for and received on June 8, 2011.

On July 11, 2011, NGFA sent to the defendants' counsel another letter by Federal Express delivery. Federal Express confirmed that this mailing was delivered on July 13, 2011. NGFA's letters of June 1 and July 11, 2011 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 the defendants, or any indication that a response was forthcoming, NGFA sent yet another notice to the defendants' counsel on Aug. 4, 2011 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 on Aug. 8, 2011.

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

Default Judgment

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

The plaintiff 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." The plaintiff properly executed and returned the arbitration services contract. The defendants 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 the defendants 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 the defendants was proper and warranted.

Therefore, on Oct. 5, 2011, 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 Steve Sheeder and Maureen Sheeder for \$228,512.50.
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 5, 2011

NATIONAL GRAIN AND FEED ASSOCIATION

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