



# National Grain and Feed Association

# Arbitration Decision

1250 Eye St., N.W., Suite 1003, Washington, D.C. 20005-3922  
Phone: (202) 289-0873, FAX: (202) 289-5388, E-Mail: [ngfa@ngfa.org](mailto:ngfa@ngfa.org), Web Site: [www.ngfa.org](http://www.ngfa.org)

February 15, 2007

## Arbitration Case Number 2147

**Plaintiff:** United Cooperative, Beaver Dam, Wis.

**Defendant:** Central States Enterprises Inc., Heathrow, Fla.

### Statement of the Case

This case involved the sale by United Cooperative (United) of 25 rail cars of corn through a string trade to Central States Enterprises (Central States) for shipment on Oct. 16 – 31, 2006 to Corn Products International in Argo, Ill. The participants in the string trade were as follows: United – Hollander & Feuerhaken (H&F) – ConAgra – CSE – Corn Products International.

On the morning of Oct. 31, H&F notified United that Central States was requiring application and providing a sell back value of +9z. At 4:55 p.m. on Oct. 31, CSE emailed billing instructions to ConAgra with notice of cancellation by the buyer if the train was not placed, loaded and billed before 12 a.m. on Nov. 1. On the evening of Oct. 31, United generated a bill of lading for 25 rail cars of corn

destined to Corn Products International in Argo, Ill., from United's facility in Horicon, Wis. The Wisconsin and Southern Railroad's local representative provided a lead car number to United to enable the billing to Argo. The train actually was placed at Horicon at 2:01 a.m. on Nov. 1. Central States rejected application of the October billing, and cancelled the contract at +10z. United then sold out the rail car loads as a spot unit at +1z on Nov 1.

United claimed that Central States should have accepted the billing, and that United should be reimbursed for the 87,500 bushels contained in the 25 rail cars at the rate of 10 cents per bushel (representing the 9 cent per bushel trade loss and 1 cent per bushel in commissions), for a total claim of \$8,750.

### The Decision

The arbitrators closely considered the documentation and arguments provided by the parties in this case. The arbitrators ruled in favor of the defendant, Central States. The arbitrators based their judgment upon customary trade practice that rail cars must be placed

and loaded before a bill of lading is generated. Although United claimed to have had an Oct. 31 bill of lading, the arbitrators determined that the rail cars had not been placed or loaded at the time the bill of lading was issued.

### The Award

The arbitrators denied the claims by the plaintiff, United Cooperative, against the defendant, Central States Enterprises Inc.

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

**Michael Sulzberger**, *Chair*  
Manager  
Prairie Central Cooperative Inc.  
Chenoa, Ill.

**Tom McLaughlin**  
V.P./General Manager  
Integrated Grain & Milling  
Fresno, Calif.

**Chuck Lapke**  
Trader  
Lansing Trade Group LLC  
Overland Park, Kan.