



National Grain and Feed Association

# Arbitration Decision

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June 17, 2010

## Arbitration Case Number 2492

**Plaintiff:** DeBruce Grain de México, S.A. de C.V., Zona Jurica, Querétaro, México

**Defendant:** Grupo Agroindustrial de Cd. Guzman S.A. de C.V., Jalostotitlán, Jalisco, México

### Factual and Procedural Background

The plaintiff, DeBruce Grain de México, S.A. de C.V. (DBG), requested the entry of a default judgment in the amount of \$5,957.22 U.S.D. against the defendant, Grupo Agroindustrial de Cd. Guzman S.A. de C.V. (Guzman). The default judgment was granted for the reasons set forth below.

DBG submitted an arbitration complaint dated Nov. 30, 2009 to the National Grain and Feed Association (NGFA). The complaint alleged that Guzman failed to perform on duly signed DBG contract no. SCW1302930 for delivery of white corn.

The contract contained the following provision in both Spanish and English:

Any disputes under this agreement or in connection with the same shall be finally settled by arbitration in accordance with the Trade Rules and Arbitration of the "National Grain and Feed Association" headquartered in Washington D.C. United States of America.

The arbitration shall be conducted in the English language and it shall take place in the City of Washington D.C., United States of America.

Acting upon DBG's complaint, NGFA prepared an arbitration services contract and submitted it to DBG for execution. By FedEx mail dated Dec. 16, 2009, NGFA also sent to Guzman a letter providing notice of these proceedings with copies of DBG's complaint and attachments, as well as the NGFA Trade Rules and Arbitration Rules. Federal Express confirmed that this mailing to Guzman was delivered on Dec. 18, 2009.

Upon receipt of the duly executed arbitration services contract from DBG, NGFA then sent it with accompanying correspondence to Guzman by FedEx mail on Jan. 7, 2010. Federal Express confirmed that this mailing was delivered on Jan. 11, 2010.

On Feb. 2, 2010, NGFA sent to Guzman another letter by Federal Express delivery. Federal Express confirmed that this mailing was delivered on Feb. 4, 2010. NGFA's letters of Jan. 7 and Feb. 2, 2010 to Guzman 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 Guzman, or any indication that a response was forthcoming, NGFA sent yet another notice to Guzman on March 19, 2010 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 Guzman on March 22, 2010.

NGFA has yet to receive an executed arbitration services contract or any other communication from Guzman, despite the repeated attempts by NGFA to contact Guzman.

## Default Judgment

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

DBG properly and in a timely manner filed its complaint under NGFA Arbitration Rules Section 5(a). Pursuant to Section 5(b), 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." DBG properly executed and returned the arbitration services contract. Guzman refused to comply with the NGFA Arbitration Rules, and refused to respond to any arbitration-related mailings.

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 Guzman 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 Guzman was proper and warranted.

Therefore, on May 26, 2010, 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. DeBruce Grain de México, S.A. de C.V. is awarded judgment against Grupo Agroindustrial de Cd. Guzman S.A. de C.V. for \$5,957.22 U.S.D.
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: May 26, 2010

NATIONAL GRAIN AND FEED ASSOCIATION

By: Charles M. Delacruz  
National Secretary