



NATIONAL GRAIN AND FEED ASSOCIATION

Arbitration Decisions

October 8, 1980

Arbitration Case Number 1555

Plaintiff: Tabor Grain Co., a subsidiary of
Archer-Daniels-Midland Company

Defendant: Ralston Purina Company

Claim: \$2,025.00

Statement of Case

Plaintiff sold Defendant 10,000 bushels of soybeans on July 30th and 10,000 bushels on July 31st, 1979. Delivery was made against these contracts during the period specified for delivery by both parties. Plaintiff's contracts indicated the contracts to be unpriced basis contracts, while Defendant's contracts indicated a flat price.

Decision

While there was negligence on the part of both parties in not complying with the provisions of Rule 6(a), a valid contract existed with only the terms of price in dispute.

The Committee admonished both parties for failure to observe Rule 6(a) which states, "Upon receipt of said confirmation, the parties thereto shall carefully check all specifications named therein and upon finding any differences, shall immediately notify the other party to the contract, by wire, or telephone and confirm in writing, except in the case of manifest errors and differences of minor character, in which event, notice by return mail will suffice."

The Committee felt that Rule 30, Pricing - Basic Contracts, was violated by Plaintiff. It specifically states, "Unless otherwise agreed, all unpriced contracts shall be priced within the days price range at buyers option, while futures markets are open and tradeable, but in no case shall pricing orders go beyond the requested date of shipment, or the day before the first notice day of the contract futures month involved, whichever comes first." While we recognize that it is not uncommon to establish a flat price a day or two after delivery against a basis contract has been made, raising the pricing issue 9 days after the initial shipment was completed is beyond any reasonably accepted trade practice and violates Rule 30 since no agreement was made to price a basis contract that was in the first notice day.

Defendant's actions under Rule 30 were consistent with his belief that he had a flat price contract. Had Plaintiff acted under the provisions of Rule 30, it is felt that the dispute would have been immediately resolved. The Committee therefore ruled in favor of the Defendant in that no damages were due the Plaintiff.

The Committee also wished to alert all interested parties of the extreme importance of not only the exchanging of confirmations, but the absolute necessity of checking all details included in those confirmations.

/s/ S.L. Matthies, Chairman General Mills, Inc. Minneapolis, MN	/s/ R.A. McWard Bunge Corporation St. Louis, MO	/s/ C.H. Turnquist The Quaker Oats Co. Chicago, IL
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Decision of Arbitration Appeals Committee

Arbitration Case Number 1555

Appellant: Tabor Grain Co., a subsidiary of
Archer-Daniels-Midland Company

Appellee: Ralston Purina Company

The Arbitration Appeals Committee individually reviewed all evidence submitted in Arbitration Case Number 1555, and reviewed the findings and conclusions of the original Arbitration Committee.

The Arbitration Appeals Committee was unanimous in its affirmation of the decision of the Arbitration Committee that no damages were due the Appellant.

/s/ James Donnelly, Chairman R.F. Cunningham & Co., Inc. Melville, NY	/s/ Charles H. Holmquist Holmquist Elevator Co. Omaha, NE
/s/ Royce S. Ramsland The Quaker Oats Co. Chicago, IL	/s/ Clayton W. Johnson Midstates Terminals Inc. Toledo, OH

/s/ W.C. Theis
Simonds-Shields-Theis Grain Co.
Kansas City, MO