



Arbitration Decision

National Grain and Feed Association

January 18, 1996

Arbitration Case Numbers 1739 and 1739B

Primary Complaint

Plaintiff: Farmland Industries, Inc., Kansas City, Mo.

Defendant: Bartlett & Co., Kansas City, Mo., and Agri Grain Marketing (affiliated with Cargill Inc.), Des Moines, Iowa

Cross-Complaint

Plaintiff: Bartlett & Co., Kansas City, Mo.

Defendants: Cargill Inc., Minneapolis, Minn., and Agri Grain Marketing (affiliated with Cargill Inc.), Des Moines, Iowa

Statement of the Case

These arbitration cases arose from the application of a barge of corn (ACBL 430B) by Bartlett & Co. to Farmland Industries Inc. on July 26, 1993.

In this string trade, Farmland accepted the application of the barge on a valid contract with Bartlett & Co. Agri Grain Marketing was the loading company and became involved in this case for that reason.

No issue was raised until this arbitration was filed by Farmland against Bartlett and Agri Grain Marketing approximately one year following application of the barge. Farmland conceded that Bartlett complied with NGFA Trade Rules on this shipment, but maintained that Agri Grain Marketing under the Uniform Commercial Code should not have loaded and applied the barge because of flooding conditions on the Mississippi River. When the barge arrived in New Orleans, La., for unloading, the grain it contained was out of condition. Farmland sought damages for \$76,591.12 for loss of quality on the contents of the barge.

The Decision

The facts of this case were both clear and undisputed by the parties. The contracts were properly executed by all parties. The barge in question was applied in a proper and timely manner, and the application was accepted. All parties were NGFA Active members and also included in their contracts express provisions that NGFA Trade Rules were to apply.

Farmland's arguments were based upon the Uniform Commercial Code, which it maintained "...applies in each state of the parties (and) imposes upon these transactions a paramount and superseding duty of good faith and fair dealing which obligated Bartlett and Agri Grain to only undertake such actions as would reflect honesty in fact and the observance of reasonable commercial standards."

However, common law provides that before going to an outside source, a dispute first must be examined within the four corners of the document from which the dispute arises. The Uniform Commercial Code pro-

vides that it is to be used only when the issues are not adequately covered by documents and rules at issue. All parties agreed to abide by the NGFA Trade Rules. Title and risk of loss clearly passed upon application of the barge on July 26, 1993, according to NGFA Barge Trade Rule 10. Farmland accepted application and, therefore, title and risk of loss.

Consequently, Farmland had no valid claim against either Bartlett or Agri Grain Marketing. Hence, the arbitration panel unanimously denied Farmland's claim for \$76,591.12. Bartlett & Company's claims asserted against Cargill Inc. and Agri Grain Marketing, therefore, became moot and were denied.

Submitted with the unanimous consent and approval of the arbitration committee, whose names appear below:

John C. Pearson, *Chairman*
President
Guthrie Corporation
Guthrie, Okla.

Shawn McCambridge
Grain Merchandiser
Corn Products Division, CPC International Inc.
Chicago, Ill.

Steve Nail
Executive Vice President
Farmers Grain Terminal Inc.
Greenville, Miss.