



# Arbitration Decision

National Grain and Feed Association

December 17, 1998

## Arbitration Case Number 1946

**Plaintiff: Oakville Feed and Grain Co. Inc., Oakville, Iowa**

**Defendant: Robert Schneider, aka Robert J. Schneider, Oxford, Iowa**

### Findings and Default Judgment

The Oakville Feed and Grain Co, Inc. (Oakville), the plaintiff, requested the entry of a default judgment in the amount of \$3,532 against Robert Schneider (Schneider), the defendant. The judgment was granted for the reasons set forth herein.

Oakville filed a request for arbitration with the National Grain and Feed Association (NGFA) by letter dated April 2, 1998, which was received on April 7, 1998. Oakville's arbitration complaint alleged that Schneider had defaulted on grain purchase contract number 20239, dated Aug. 28, 1997. Oakville alleged that Schneider, under the contract, was obligated to deliver 10,000 bushels of corn to Oakville's facility in Frytown, Iowa, between Dec. 1, 1997 and Dec. 31, 1997. The purchase contract<sup>1</sup> specifically provided in numbered item 3 on the first page that:

"Unless otherwise provided herein, the terms of this contract are subject in all respects to the rules and regulations of the National Grain and Feed Association. *Buyer and Seller agree that all disputes and controversies between them with respect to the contract shall be arbitrated by the National Grain and Feed Association, according to said rules and regulations*, and that judgment may be entered on the arbitration award in any court of competent jurisdiction." [Emphasis added.]

Acting upon Oakville's complaint, the NGFA prepared a NGFA Contract for Arbitration and sent it to the plaintiff for execution by letter dated April 8, 1998. The NGFA's records also showed that Schneider, the defendant, was sent initial notice of Oakville's complaint by letter dated April 8, 1998 via U.S. Postal Service certified mail<sup>2</sup>.

As required by the NGFA's Arbitration Rules, Oakville executed the NGFA Contract for Arbitration and returned the executed contract with the arbitration service fee of \$332. The NGFA then sent a letter dated April 29, 1998 via U.S. Postal Service certified mail<sup>3</sup> to the defendant, requesting that he execute the NGFA Contract for Arbitration and pay the \$332 arbitration service fee. The defendant failed to do so.

Subsequently, Oakville, by letter dated Aug. 26, 1998, requested that the NGFA enter a default judgment against the defendant for failure to comply with the NGFA Arbitration Rules or otherwise take part in the arbitration proceeding.

Section 3(a)(2) of the NGFA Arbitration Rules provides, among other things, that:

"If the contract in dispute between a member and non-member provides for arbitration by the National Association

<sup>1</sup> The purchase contract also contained the signature of a "Robert J. Schneider."

<sup>2</sup> Notices to the defendant were sent to: Robert J. Schneider, 3926 Ivy Ave. S.W., Oxford, Iowa, 52322; The U.S. Postal Service domestic return receipt "Article Number Z 015 218 767" showed that the initial letter was delivered to defendant's address and was signed for by a "Robert Schneider" on April 11, 1998.

<sup>3</sup> The U. S. Postal Service domestic return receipt "Article Number Z 015 218 779" showed that the letter was delivered to the defendant's address and was signed for by a "Robert Schneider" on May 2, 1998.

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or under its Arbitration Rules, **the parties to the contract shall be deemed to have consented to arbitration under these rules.**" [Emphasis added.]

Oakville was (and is) a NGFA Active member. Schneider is not a member. Nevertheless, the contractual document submitted by Oakville clearly showed that the NGFA rules were referenced in the written confirmation. Language referencing merely the NGFA Trade Rules has been found to bind both parties to NGFA arbitration even where one party is not a member of the association. [See e.g., *Hodge Brothers, Inc. v. The DeLong Co., Inc.*, 942 F.Supp. 412 (W.D. Wis. 1996).] Here, the language was even broader and the contract also expressly required arbitration by the NGFA. Thus, the NGFA had jurisdiction over this case pursuant to Section 3(a)(2) of the NGFA Arbitration Rules.

The NGFA's records showed that each of the NGFA's letters to the defendant were actually delivered to his address. Thus, the defendant received notice of the claims asserted against him by Oakville and his failure to proceed with arbitration regarding Oakville's arbitration complaint appeared

to be intentional.

Section 1 of the NGFA Arbitration Rules vests in the National Secretary the responsibility and authority to administer the NGFA Arbitration System. As such, the National Secretary makes procedural decisions necessary to implement the NGFA Arbitration Rules.

Section 5(d) of the NGFA Arbitration Rules imposes a duty upon each party to complete and return the NGFA Contract for Arbitration "within fifteen (15) days from the date the party receives the contract from the National Secretary." Section 5(c) of the NGFA Arbitration Rules imposes an obligation on each party to pay the appropriate arbitration service fee at the same time.

The defendant failed to comply with the NGFA Arbitration Rules, notwithstanding clear evidence that he was obligated to do so and received notice of the plaintiff's claims. Thus, it was appropriate to enter the requested award in favor of the plaintiff, Oakville Feed and Grain Co. Inc., against the defendant, Robert J. Schneider.

### The Award

Therefore, it is ordered that:

▶ Oakville Feed and Grain Co. Inc. is awarded a judgment against Robert Schneider in the amount of \$3,200 for losses set forth in its arbitration complaint and the request for a default judgment. The plaintiff also is granted an award of costs of \$332 for the arbitration service fee paid in this case.

▶ Compound interest on the total judgment of \$3,532 shall accrue at the statutory rate on judgments applicable in Iowa from April 2, 1998 until paid in full.

Dated: Sept. 24, 1998

National Grain and Feed Association

By: David C. Barrett, Jr.  
National Secretary