

# Arbitration Decisions

April 28, 1950

CASE NO. 1145

PLAINTIFF - Norris Grain Company, Peoria, Ill.  
 DEFENDANT - Commercial Solvents Corp., Peoria, Ill

The first committee drawn from the members of The Arbitration Panel to consider this case was composed of Mr. Moses Cohen, Atlantic Grain Co., New York, N. Y., Chairman; E. K. Sheppard, Cleveland Grain Co., Indianapolis, Indiana and Lyman Bowman, Scott County Milling Co., Sikeston, Missouri.

This was not an ordinary contract. It was another one of those transactions made particularly unusual and complicated by the fact that it was entered into during the period when OPA ceilings were in effect and it was adjusted after the removal of government controls. The principals in this case were both large handlers of grain; both with representatives daily on the market of the Peoria Board of Trade. The amount involved is \$11,513.12.

The Defendant was thoroughly familiar with all of the difficulties caused by OPA ceilings at the time that he pleaded with Norris Grain Company to lend him ten cars of corn in order that his plant might be kept in operation. He was familiar with all of these difficulties when he simultaneously promised Norris Grain Company to return the corn before January 31, 1946. It is perfectly obvious that this was purely an accommodation on the part of the Plaintiff in order to save the Defendant from the heavy loss that would result from closing the Defendant's plant. The Plaintiff had nothing to gain in this transaction and charged no profit. At the same time, every one of us who was in the grain business at that time knows how terrifically difficult it was to obtain corn without resorting to the black market, and that all kinds of hidden premiums and tie-in sales were very much in vogue.

It is obvious, too, from the evidence, that the Defendant's representative on the Peoria Board of Trade, Mr. T. C. Grier, was and is thoroughly aware of the moral obligation of his company. Mr. Grier is a grain man and there is no evidence that he personally tried to take advantage of any technicalities to avoid the obligations of his company for the very valuable favor done in his behalf by the Plaintiff.

It is apparent that in some stage of the proceedings, the higher management of the Defendant took this matter out of Mr. Grier's hands and tried to turn it into a legalistic proceeding, refusing to permit Mr. Grier to make good on their promises according to trade rules and the ethical standards of the trade. The Defendant was in position at all times to give notice of default which would put the Plaintiff in position to protect his interests. This was not done, although every opportunity was given the Defendant by the Plaintiff to work out this contract in the most economical manner.

To hold for the Defendant would imply that no contracts made during the existence of OPA, or other government regulations, should have any force. It would also establish the fact that the seller under a contract can always avoid his obligations by simply failing to deliver at the end of the contract period. It would impair the vital principle, which is one of the cornerstones of trading in grain, that verbal commitments are completely valid and binding.

The Committee unanimously concurs in the majority opinion of the Original Arbitration Committee in awarding the Plaintiff the amount of \$11,513.12. The cost of this arbitration is to be assessed against the Defendant.

The decision above was rendered by The Committee on Arbitration Appeals following appeal by Defendant.