



NATIONAL GRAIN AND FEED ASSOCIATION

# Arbitration Decisions

September 4, 1986

## ARBITRATION CASE NUMBER 1631

Plaintiff: Weldon Cooperative Grain Co., Weldon, Ill.

Defendant: Cargill Inc., Minneapolis, Minn.

### Statement of the Case

This case concerned a claim by the seller, Weldon Cooperative Grain Co., that it is owed from Cargill Inc., \$1,726.95 plus interest since Nov. 6, 1985, instead of owing the buyer, Cargill Inc., \$1,373.05 plus interest from Oct. 30, 1985, as a result of contract cancellation price differences detailed below:

<u>Contract Number</u>	<u>Open Balance</u>	<u>Contract Price</u>	<u>Cancellation Price per Weldon Co-op</u>	<u>Due Weldon Co-op</u>	<u>Cancellation Price per Cargill</u>	<u>Due Cargill</u>
16380	5,000.00	\$2.605	\$2.31	\$1,475.00	\$2.605	\$-0-
16516	5,000.00	2.635	2.31	1,625.00	2.635	-0-
26063	3,652.70	2.29	2.31	(73.05)	2.31	73.05
27022	25,000.00	2.258(1)	2.31	(1,300.00)	2.31	1,300.00
27727	599.44	2.31	2.31	-0-	2.31	-0-
				<u>\$1,726.95</u>		<u>\$1,373.05</u>

(1) weighted average

On Oct. 29, 1985, Weldon Cooperative Grain Co. notified Cargill, by telephone, of its desire to cancel the remaining bushels of corn undelivered to A. E. Staley Co., Inc., Decatur, Ill., for October 1985 delivery. Weldon Co-op contended that the cancellation price was \$2.31 per bushel on the above contracts. But Cargill asserted that only three of the contracts were canceled at \$2.31 per bushel, while contract nos. 16380 and 16516 were canceled at contract price, \$2.60 1/2 and \$2.63 1/2, respectively. Cargill further stated that Weldon Co-op verbally agreed to these contract prices and should honor the verbal contracts.

Based upon the evidence presented, the arbitration panel was unable to determine which verbal agreement to enforce. Therefore, the panel believed, a reasoned settlement should be based upon applicable trade rules and trade practices.

### The Decision

Weldon Cooperative Grain Co., the seller, did apply Grain Trade Rule 10 by advising Cargill Inc., the buyer, that it would be unable to complete the contracts within the agreed limit. Thereupon, the buyer elected to apply Grain Trade Rule 10(c) and canceled the defaulted portion of the contracts at fair market value.

It appeared both parties agreed upon a fair market value on approximately 75 percent of the bushels in default. Therefore, it seemed consistent with trade practice that the remaining bushels in dispute be canceled at the same price.

Based upon this reasoning, the arbitrators ruled unanimously in favor of the plaintiff, Weldon Cooperative Grain Co. Submitted with the consent and approval of the arbitration panel, whose names are listed below.

Dan B. Miller  
Kokomo Grain Co. Inc.  
Kokomo, Ind.

Mark Palmquist  
Harvest States Cooperative Inc.  
St. Paul, Minn.

Marvin Nygaard  
Farmers Co-op Co.  
Hubbard, Iowa