



# National Grain and Feed Association Arbitration Decision

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December 28, 2000

## Arbitration Case Number 1820

**Plaintiff: The Andersons, Inc., Maumee, Ohio**

**Defendant: Troy Crotser, Fulton, Mich.**

### Statement of the Case

This dispute involved a complaint filed by The Andersons, Inc. (Andersons), the plaintiff, against Troy Crotser (Crotser), the defendant, in connection with Crotser's cancellation of two contracts for the delivery of corn.

As a result of the cancellation, Andersons sought to collect the market difference and fees in the amount of \$13,416.20 and contract cancellation charges in the amount of \$596.04, plus interest. Andersons also sought compensation for its collection expenses and attorneys' fees. Crotser argued that the contracts were invalid because he only had entered into the contracts under duress.

Beginning in the fall of 1994, Andersons and Crotser entered into cash grain contracts for delivery of corn in the 1995 crop year. On June 21, 1996, Crotser informed Andersons

of his inability to deliver the remaining 11,534.65 bushels due under one of those contracts and agreed to cancel that contract. As a result of the cancellation, it was determined that Crotser owed Andersons \$15,424.74 after various adjustments were made by Andersons in Crotser's favor.

At the time of the contract cancellation, Crotser entered into another contract to deliver 5,000 bushels of corn to Andersons in the fall of 1996, the proceeds of which were to apply to the amount owed Andersons. Again, Crotser failed to deliver against the contract. Having made repeated attempts to determine Crotser's intentions, Andersons cancelled the contract under the procedures prescribed in the NGFA Grain Trade Rules. Since the cancellation price was less than the contract price, it resulted in a \$1,412.50 reduction, after cancellation fees, of the amount owed to Andersons by Crotser.

### The Decision

The arbitrators found that this matter was subject to NGFA arbitration, as the contracts expressly stated that they were to be governed by NGFA rules. Moreover, the contracts were mailed to Crotser in a timely fashion. The panel also concluded that Crotser did not enter into the contracts as a result of any duress.

The arbitrators further determined that Andersons canceled the contracts in accordance with NGFA Grain Trade Rule 28 (Old Rule 10). Grain Trade Rule 28(A) provides that if the seller cannot complete a contract within the contract specifications, the buyer may either: 1) agree with the Seller upon an extension of the contract; or 2) buy-in for the account of the Seller, using due diligence, the defaulted portion of the contract; or 3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

Here, upon Crotser's cancellation of the contracts, Andersons was well within its rights to demand payment from Crotser for the defaulted portion of the contracts based on the difference between the contract price and the value of the contract on the close of the market the following business day. The arbitrators found that Andersons used fair market values in the contract cancellations. In addition, the contract cancellation fees that Andersons charged were customary and reasonable. The panel noted that, to Andersons' credit, the fees charged were significantly less than the 10-cent-per-bushel minimum set forth in the contract. Hence, Andersons' calculations of amounts it was owed were correct. Finally, the arbitrators found that the contracts allowed the recovery of interest and reimbursement of costs associated with collection, including attorneys' fees and court costs.

## The Award

Therefore, it is ordered that:

- ▶ Crotser pay Andersons the net amount of contract cancellations and fees of \$14,012.24, plus daily interest at an annualized rate of 12 percent from June 21, 1996 until paid; and
- ▶ Crotser pay all of Anderson's documented costs of collection, including attorneys' fees and court costs.

Submitted with the unanimous approval and consent of the arbitrators, whose names are listed below:

**Kevin W. Kaufman**, *Chairman*  
General Manager  
Kaufman Grain Co.  
West Lafayette, Ind.

**Phil Hoffman**  
Secretary  
Hoffman and Reed Inc.  
Trenton, Mo.

**Carroll Spangler**  
Merchandising Manager  
Farmers Cooperative Elevator Co.  
Iowa Falls, Iowa