



National Grain and Feed Association Arbitration Decision

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June 30, 2022

CASE NUMBER 2904

PLAINTIFF: CRYSTAL VALLEY COOPERATIVE, MANKATO, MN

DEFENDANT: LACY WELLMAN, HANSKA, MN

FACTUAL AND PROCEDURAL BACKGROUND

The plaintiff, Crystal Valley Cooperative (Crystal Valley) requested the entry of a default judgment in the amount of \$21,868.61 against the defendant, Lacy Wellman (Wellman). The default judgment is granted for the reasons set forth below.

Crystal Valley submitted an arbitration complaint dated May 26, 2021, to the National Grain and Feed Association (NGFA). The complaint alleged that Wellman failed to perform on contracts LA017003101 and LA017003114 for corn.

The contracts were duly executed by both parties and stated under paragraph 4 of the contract terms:

... The Parties to this contract agree that the sole remedy related to this contract shall be through arbitration proceedings before the NGFA pursuant to the NGFA Arbitration Rules. The decision and award determined through such arbitration shall be final and binding upon the Buyer and Seller, JUDGEMENT UPON THE ARBITRATION AWARD MAY BE ENTERED AND ENFORCED IN ANY COURT HAVING JURISDICTION THEREOF.

Acting upon Crystal Valley's complaint, NGFA prepared an arbitration services contract and submitted it to Crystal Valley for execution. By Federal Express dated July 16, 2021, NGFA also sent to Wellman a letter providing notice of these proceedings with copies of Crystal Valley's complaint and attachments, as well as the NGFA Trade Rules and Arbitration Rules. Federal Express confirmed that this mailing to Wellman was delivered on July 19, 2021.

Upon receipt of the duly executed arbitration services contract from Crystal Valley, NGFA then sent it with accompanying correspondence to Wellman by Federal Express on August 3, 2021. Federal Express confirmed that this mailing to Wellman was delivered on August 9, 2021.

On August 31, 2021, NGFA sent to Wellman another letter by Federal Express. Federal Express confirmed this mailing was delivered on September 7, 2021. NGFA's letters of August 3 and 31, 2021, to Wellman specifically provided notice that Rule 2(E) of the NGFA Arbitration Rules required that the signed contract be returned within fifteen (15) days.

After still not receiving any response from Wellman or any indication that a response was forthcoming, NGFA sent yet another notice to Wellman on September 17, 2021, by Federal Express. This notice further specifically stated as follows:

NGFA Arbitration Rules 2(D) and (E) provide for the entry of a default judgment when a party fails to execute the arbitration contract and pay the service fee within fifteen (15) days. Based upon the lack of any response from you thus far, we must anticipate that you do not intend to respond. ***This is our last attempt to elicit a response from you. A default judgment may be entered against you at any time, which the Plaintiff may enforce in a court of law.*** [Emphasis in original].

Federal Express confirmed that this mailing was delivered to Wellman on September 21, 2021.

On October 1, 2021, Wellman reached out to NGFA by telephone inquiring about the arbitration process. As a courtesy, NGFA sent copies of all previous correspondence in the case on October 8, 2021. Federal Express confirmed this mailing was delivered to Wellman on October 13, 2021.

NGFA has yet to receive an executed arbitration services contract or further communication from Wellman, despite the repeated attempts by NGFA to contact Wellman.

DEFAULT JUDGMENT

NGFA established jurisdiction over this matter pursuant to the express terms of the contract and by way of Crystal Valley's status as an NGFA active member.

Crystal Valley properly and in a timely manner filed its complaint under NGFA Arbitration Rule 2(A). Pursuant to Rule 2(B), NGFA then submitted an arbitration services contract to the parties. Rule 2(D) states that, "Each party must return the completed arbitration services contract within 15 days from the date the party receives it from the NGFA Secretary." Crystal Valley properly executed and returned the arbitration services contract. Wellman refused to comply with the NGFA Arbitration Rules, and refused to participate in the NGFA arbitration process.

NGFA Arbitration Rule 2(E) provides for the following:

Where a party fails to execute the arbitration services contract or pay the arbitration services fee, the NGFA Secretary may without further submissions by the parties enter a default judgment or such other relief as the NGFA Secretary deems appropriate.

As it appears that Wellman made a conscious decision to disregard these arbitration proceedings, pursuant to Rule 2(E) of the NGFA Arbitration Rules, the NGFA Secretary finds that entry of default judgment against Wellman is proper and warranted.

NGFA Arbitration Rule 2(E) also sets forth the requirements and conditions under which, "[a]ny party against whom a default judgment has been entered may apply to vacate the default judgment within 15 days of entry of the default judgment."

THE AWARD

THEREFORE, IT IS ORDERED THAT:

1. Crystal Valley Cooperative is awarded judgment against Lacy Wellman for \$21,868.61.
2. Interest on the judgment shall accrue at the statutory rate available for judgments in the applicable jurisdiction from this date until paid in full. This award is not intended to preclude the plaintiff from pursuing an additional award for interest, legal fees or costs in a court of law.

Dated: May 12, 2022*

NATIONAL GRAIN AND FEED ASSOCIATION

By: Charles M. Delacruz
NGFA Secretary

* On May 12, 2022, NGFA entered the default judgment against the defendant. The defendant was advised regarding the procedures for applying to vacate the default judgment, but the defendant did not apply to vacate the default judgment.