National Grain and Feed Association
Arbitration Decision
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December 9, 2024

CASE NUMBER 3059

PLAINTIFF: BUNGE NORTH AMERICA, INC.
CHESTERFIELD, MO

DEFENDANT: JEFF ARMSTRONG
LURAY, MO

STATEMENT OF THE CASE

The plaintiff, Bunge North America, Inc. (Bunge), and the defendant, Jeff Armstrong (Armstrong), entered into two contracts numbered 2001947201 and 1000991658 for corn. Bunge claims that Armstrong owes $46,650.00 in damages due to nonperformance of contract 1000991658. Armstrong disputes this claim.

Under the terms of contract 2001947201, on May 21, 2020, Armstrong sold 20,000 bushels of corn to Bunge at $3.352/bu., which included a $0.1325/bu. option premium, for a delivery period of May 21 through June 15, 2020. The contract also included a Financial Risk Management Addendum (FRM), which provided terms for payment of the premium. On May 27, 2020, Armstrong signed the confirmation for this contract.

During the period of May 27 through June 24, 2020, Armstrong delivered 20,000 bushels of corn to Bunge. On or about June 24, 2020, Bunge issued settlement and payment for the original contracted bushes at the price of $3.352/bu.

From June 24, 2020, through December 1, 2021, there was no correspondence from either party regarding the FRM or its status.

On or about November 26, 2021, CH22 was above $4.00 per bushel, which pursuant to the FRM triggered the sale of “total quantity” that Bunge wrote as 20,000 bushels at $4.0125 per bushel. On December 1, 2021, Bunge informed Armstrong of this 20,000-bushel obligation. Armstrong denied knowledge of the obligation.

On December 10, 2021, a representative of Bunge sent to Armstrong the original contract (2001947201) and the new contract (1000991658). Armstrong did not sign the new contract, as he disputed it.

On January 27, 2022, Armstrong informed Bunge that he would not deliver the 20,000 bushels against the new contract during a phone call to Bunge. Bunge then informed Armstrong it would cancel the contract at market close on January 28, 2022. On January 28, 2022, Bunge cancelled the contract at $6.30 CH22 on the close. This resulted in a value difference claimed by Bunge of $46,950.00.

On April 21, May 26 and July 27, 2022, Bunge sent invoices to Armstrong that he did not pay.

The defendant claims contract number 100099658 should not exist as the defendant denies the obligation exists.

THE DECISION:

The arbitrators find that the original contract (2001947201) was signed and assumed to be understood by both parties. The original contracted amount was delivered and settled.

Regarding claims that the contract contained ambiguous terminology, the arbitrators conclude that a potential obligation was created for a future date under the "Special Terms" segment of the contract, which included the following terms:

> SPECIAL TERMS:
> The following charges apply to the contract price. Short Option Prem: 0.13200
> FRM ADDENDUM
> ON 2021-11-26, at market settlement
> # If the Future Reference Price settles equal to or above 400, the contract will price the total quantity at 400
> # If the Future Reference Price settles below 400 the option will expire with no futures assignment.
> Futures Reference Price – Price as defined in above terms = CZ21
> Expiration Date – 2021-11-26
> The Premium paid for this Price Structure is -13.2 cents per bushel

The arbitrators acknowledged the description of the FRM Addendum was less than optimal; however, that does not negate the requirement set forth in the FRM and signed by both parties. Pursuant to NGFA Grain Trade Rule 3(A):

> …Upon receipt of said confirmation, the parties shall carefully check all specifications therein and, upon finding any differences, shall immediately notify the other party to the contract by rapid written communication, or by telephone confirmed by subsequent written communication.

Contract number 2001947201 was signed and assumed understood by both parties. Contract number 100099658 was created due to an obligation agreed upon in the original contract 2001947201. NGFA Grain Trade Rule 3(A) applied in this case upon receipt of contract number 100099658 by Armstrong. Instead of notifying Bunge of any differences or dispute pursuant to the rules, Armstrong chose not to respond.

Because Bunge followed NGFA Grain Trade Rules 3(A) and 28(A)(3), and Armstrong failed to dispute or question agreeance or understanding of the terms including the FRM Addendum, the arbitrators unanimously conclude Bunge should be awarded $46,950.00, without interest, in damages.

THE AWARD

The arbitrators awarded $46,950.00 in damages to Bunge North America, Inc., from Jeff Armstrong.

Decided: April 17, 2024

SUBMITTED WITH THE UNANIMOUS CONSENT OF THE ARBITRATORS, WHOSE NAMES APPEAR BELOW:

Chad Rosebrook, *Chair*
Vice President of Grain
Legacy Farmers Cooperative
Findlay, OH

Dan Mostad
General Manager
Berthold Farmers Elevator
Berthold, ND

Jeremy Sculthorpe
Risk Manager
ADM Ag Services & Oilseeds
Chicago, IL