

# Arbitration Policies and Procedures

Adopted February 28, 1992

Amended November 1997

---

- 1. Arbitration Pool.** A pool of Arbitration Committee members will be selected each year and approved by the Board. CGFA will solicit volunteers each year when solicitations for committee/study group service are made and by utilizing the same form.
  - 2. Appointment of Arbitration Committee.** The CGFA Board will select and approve 20 individuals to serve on the Arbitration Pool. The individuals will be familiar with trading practices and trade rules. When an arbitration is requested the CGFA Executive Committee will appoint three individuals from the pool to serve on that particular committee. If an Executive Committee member has a conflict of interest with regard to a specific case he/she shall disqualify himself/herself from the Arbitration Committee Appointment process.
  - 3. Trade Rules.** Notwithstanding Section 2, Article IX of the CGFA Bylaws, the Arbitration Committee in reviewing a case and rendering a decision will utilize whatever trade rules were agreed to by the parties at the time of the trade. If two contracts exist on a single trade and different trade rules were specified by each party, or if no trade rules were specified, then the Arbitration Committee shall utilize the National Grain and Feed Association trade rules to settle the dispute. Exceptions to the National Grain and Feed Association trade rules have been accepted by the CGFA and are included as "Attachment A" of these Arbitration Rules. Over time, CGFA made need to adopt "spot" rules to deal with issues involving by-products, but only if a specific need arises and not during the resolution of any specific case.
  - 4. Statute of Limitations.** Arbitration must be initiated within 12 months of last day of the shipping period of the contract. If two contracts exist and the dates are different, the statute of limitations will apply to the later shipping date. CGFA will only arbitrate cases in which written contract confirmations have been issued.
  - 5. Eligibility.** As a general rule arbitration services will be available to all members of CGFA. Arbitration will be conducted for transactions involving nonmembers when one of the parties involved is a CGFA member. If no CGFA member is involved, CGFA may still provide the service but additional fees will be charged to cover costs over and above the fees outlined below.
  - 6. Fees.** Each party involved in a dispute to be arbitrated will pay to CGFA \$200 for the service in advance. The fee for filing an appeal (as outlined below) will be \$400 to be paid by the Appellant.
  - 7. Appeals.** If a party to a transaction does not agree with the decision of the Arbitration Committee, they may request a review by the Arbitration Appeals Committee who may reaffirm, overturn, or modify the settlement proscribed by the Arbitration Committee. The Arbitration Appeals Committee shall consist of three members, appointed from the Arbitration Appeals Committee Pool by the CGFA Executive Committee.
- Members of the Arbitration Appeals Committee Pool shall serve for a period of three years after appointment. Arbitration Appeals Committee members are disqualified from serving on any Arbitration Committee.
- 8. Procedure for Initiating Cases.**
    - (a) To initiate a case, a complaint must be submitted in writing to the Executive Vice President. This complaint should state specifically the nature of the dispute; including the defendant's name and address, applicable contract numbers, date of incident giving rise to the dispute, and the amount of damages claimed.
    - (b) The Executive Vice President will then prepare and submit to the disputants a contract for arbitration, to be signed by a responsible officer of each firm which is party to the dispute. Within 1 days this contract shall

provide that the disputants will agree to abide by the award of the CGFA Arbitration Committee or of the Arbitration Appeals Committee, if the original verdict is appealed by one or more of them; and to release the Association and the members of said committee(s) from all responsibility for any errors in judgment that may occur in any respect whatsoever, and from any damage or loss resulting from their acts. In addition to the contract, the Executive Vice President will make the information in (a) above available to all parties subject to the arbitration by sending a copy of the complaint to them.

(c) Upon signing said arbitration agreement, each disputant must pay the arbitration service fees outlined above. Regardless of whether the dispute is settled prior to the Arbitration or not, fees will not be refunded.

(d) Cross-complaints may be filed by parties who have been filed against and the information in the cross-complaint will be provided to the Arbitration Committee and to all interested parties to a case. The cross-complaint will have the same force and effect as the original complaint. The cross-complaint shall be filed at the time the answer to the original complaint is due. The Arbitration Committee shall hear the cross-complaint and original complaint as one case.

9. With regard to any particular case, all provisions of the Trade Rules agreed to by the parties or selected by the CGFA Arbitration Committee shall apply, unless one of the above procedures or policies is in conflict with one or more of those provisions and then the provisions included herein will supersede those of the agreed to or selected trade rules.

CALIFORNIA GRAIN & FEED ASSOCIATION  
Arbitration Procedures & Policies "Attachment A"

**NGFA rules will be used as follows:**

**A rewrite of the concept embodied in Rule 235** When any commodity moving in interstate or intrastate commerce is seized or quarantined by a state, federal or county agricultural official it will not be applicable on contract except at the buyer's option.

**Rule 345** Unless otherwise specified at the time of the sale all contracts sold on a delivered basis shall be guaranteed to arrive cool and sweet at the first billed destination.

**Portions of Rule 375 on Bankruptcy** If a buyer becomes bankrupt or fails to perform as per the provisions of the contract or contract confirmation and commodities are in transit on open account, seller shall have the option to stop the goods and tender them for cash against documents. If a buyer becomes bankrupt, seller shall have the option to demand that the buyer open irrevocable bankers letter of credit or post suitable bond within forty-eight hours after the buyer receives notice to do so from seller. If the buyer fails to do so, seller shall have the option of canceling the contract or declaring the buyer in default thereof.

If the select becomes bankrupt, seller is in default is he does not make shipment pursuant to the contract of these rules.