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GULF RICE ARKANSAS, LLC

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JOHN S. POOLE
PRESIDENT, CEO

OFFICE OF THE SECRETARIAT

COMMENT

December 3, 1999

John Bird
3 Lafayette Centre 21st Street
Washington, DC 20581

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Dear Mr. Bird:

I strongly disagree with the proposed changes under consideration concerning stain kernels for the Chicago Board of Trade rough rice contract. While I agree that the bottom line U.S. number two standard should be tightened, the current proposal of ten (10) stain places too much burden on the warehouses regular for delivery. Some points to consider:

- 1) Stain is inherent in our industry and there is commercial business that allow it.
- 2) Under commercial practice, rice purchased with stain is accepted and discounted if necessary. Under Chicago Board of Trade contracts there is total rejection (at the expense of the warehouseman).
- 3) Warehouses do not create stain, but merely deal with it as a reality in business, with latitude to work other alternatives which are not available under current proposed guidelines.
- 4) Stain intensity and interpretation is in the eyes of the beholder (human factor) and the result of a strict standard will create, at some point, some chaotic situations that could result in reduced willingness to participate and therefore reduce deliverable supplies.
- 5) If stain is in fact a problem commercially it is not rejected unless mutually agreed to, but adjusted price wise and marketed. Under the Board of Trade contract, the warehouseman is at the mercy of the long in all respects.
- 6) The majority of rice in Arkansas is farm dried and stain is a risk provision of this procedure, particularly in the spring months and forward. Some years are worse than others regarding stain, but at some point this could have an adverse effect on deliverable supplies.

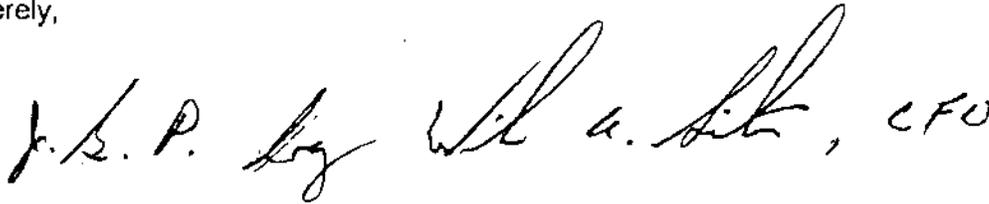
● Page 2

December 3, 1999

In conclusion it appears to me this is a classic case of the tail wagging the dog. The rice committee in Chicago always followed commercial practice and commercially we don't treat our grower supply this harshly. It would not be tolerated and yet we feel we should impose it on warehouses regular for delivery with no recourse. Past practice has been to charge a premium to the long for non stain delivery, if available, and this more closely follows commercial practice.

As stated earlier, the current contract is outdated and the quality provision should be tightened. Straight U.S. number two quality is not the majority grade sold today. But, to solve one problem and to create another to the opposite extreme means we have solved nothing. To allow ten (10) stain instead of bottom line U.S. number two cannot be defined as compromise when physically and contractually it may become impossible to accomplish performance.

Sincerely,

A handwritten signature in black ink, appearing to read "J. S. Poole" followed by a stylized flourish and "CEO".

John S. Poole
President and CEO