

Commodity Futures Trading Commission
CEA CASES

NAME: PHILIP M. SMITH, WILLIAM HODGSON, AND WILLIAM SCHMITZ

DOCKET NUMBER: STIPULATION 110

DATE: NOVEMBER 24, 1970

DOCUMENT TYPE: STIPULATION OF COMPLIANCE

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Philip M. Smith William Hodgson William Schmitz

Stipulation of Compliance Under the Commodity Exchange Act No. 110

The Secretary of Agriculture has reason to believe that Philip M. Smith, William Hodgson and William Schmitz violated the provisions of the Commodity Exchange Act (7 U.S. C., Chapter 1) and the regulations of the Secretary of Agriculture promulgated thereunder (17 CFR, Chapter 1).

No complaint with respect to such violations has been issued and the said Philip M. Smith, William Hodgson and William Schmitz are desirous of disposing of the matter by entering into a stipulation of compliance as authorized by Section 0.4(a) of the Rules of Practice under the Commodity Exchange Act (17 CFR, Part O). Therefore, the said Philip M. Smith, William Hodgson, and William Schmitz for the purposes of this stipulation of compliance and administrative proceedings under the Commodity Exchange Act and for such purposes only, stipulate the following facts are true:

(1) Philip M. Smith, William Hodgson and William Schmitz, individuals whose address is 2 Coenties Slip, New York, New York 10004, were at all times material hereto employees of Evans & Co., Inc., a registered futures commission merchant under the Commodity Exchange Act with Membership privileges on the New York Mercantile Exchange, a duly designated contract market under the Act. At

all such times, the operations of the firm's commodity future department were under the direction and control of the said Philip M. Smith, William Hodgson and William Schmitz.

(2) At all times material hereto the said Philip M. Smith, William Hodgson and William Schmitz had a financial interest in an account carried by Evans & Co., Inc. entitled "Evans & Co., Inc. Error A/C".

(3) During March, April and May 1969, transactions in Maine May potato futures carried in the account entitled "Evans & Co., Inc. Error A/C" and the financial results thereof were commingled with transactions and equities belonging to commodity customers, although as the said Philip M. Smith, William Hodgson and William Schmitz well knew, some of these transactions were speculative transactions.

(4) On May 9, 1969, after the expiration of trading in the Maine May potato future on the New York Mercantile Exchange, the said Philip M. Smith, William Hodgson and William Schmitz allocated to certain accounts carried by Evans & Co., Inc. transactions in the Maine May potato future which had not been executed pursuant to orders received for such accounts.

(5) On May 9, 1969, the said Philip M. Smith, William Hodgson and William Schmitz failed to keep full, complete and systematic records pertaining to orders received from customers of Evans & Co., Inc. calling for the execution of

transactions in Maine May 1969. potato futures on the New York Mercantile Exchange.

The Commodity Exchange Authority has advised the said Philip M. Smith, William Hodgson and William Schmitz that their actions as described in paragraph (3) above were in violation of section 4d of the Act and sections 1.20, 1.22 and 1.23 of the regulations thereunder; that their actions described in paragraph (4) above were in violation of section 1.38 of the regulations under the Act; and that their actions as described in paragraph (5) above were in violation of section 4g of the Act and section 1.35 of the regulations thereunder.

The said Philip M. Smith, William Hodgson and William Schmitz agree to desist from such acts in the future. They further understand and agree that this stipulation is admissible as evidence of such acts and practices in any future proceeding based upon acts or practices in addition to those referred to herein which may be brought by the Secretary of Agriculture against any of them under

the provision of the said Act. Philip M. Smith, William Hodgson and William Schmitz also understand that it is the practice of the Commodity Exchange Authority to issue press releases on stipulations of compliance and to make then a matter of public record.

Done at [ILLEGIBLE TEXT] this 24 day of [ILLEGIBLE TEXT] 1970.

Witnessed by:

[SEE SIGNATURE IN ORIGINAL]

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