

Commodity Futures Trading Commission  
CEA CASES

**NAME:** JOSEPH A. FRIEDMAN AND JOSEPH A. FRIEDMAN CO.

**DOCKET NUMBER:** 115

**DATE:** DECEMBER 17, 1963

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE

In re Joseph A. Friedman and Joseph A. Friedman Co., Respondents  
CEA Docket No. 115

Complaint and Notice of Hearing Under Section 6(b) of the Commodity Exchange Act

There is reason to believe that the respondents, Joseph A. Friedman and Joseph A. Friedman Co., have violated the Commodity Exchange Act (7 U.S.C. § 1 et seq.), hereinafter referred to as the Act, and the rules and regulations made pursuant thereto (17 CFR, Part 1), hereinafter referred to as the regulations, and in accordance with the provisions of section 6(b) of the Act (7 U.S.C. § 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Joseph A. Friedman, an individual, whose business address is 6 Harrison Street, New York, New York, is now and was at all times material to this complaint a member of the New York Mercantile Exchange and a registered floor broker under the Act.

II

Respondent Joseph A. Friedman Co., a partnership composed of respondent Joseph A. Friedman and his wife, whose business address is 6 Harrison Street, New York, New York, is now and was at all times material to this complaint a clearing member of the New York Mercantile Exchange and a registered futures commission merchant under the Act.

III

The New York Mercantile Exchange was at all times material to this complaint and is now a duly designated contract market under the Act.

IV

The transactions referred to in this complaint relate to the purchase and sale of May 1963 potato futures contracts on the New York Mercantile Exchange. Such contracts could have been used for hedging transactions in interstate commerce in potatoes or the products or byproducts thereof, or for determining the price basis of transactions in interstate commerce in potatoes, or for delivering potatoes sold, shipped, or received in interstate commerce.

V

Respondents, in filling orders received from Shearson, Hammill & Co. and from D. R. Comenzo & Co., Inc., registered futures commission merchants under the Act, made the following trades in May 1963 potato futures on the New York Mercantile Exchange:

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Date 1963	Quantity (carlots)		Price (Dollars per cwt.)	Clearing Member	Floor Broker	Opposite Side of the Trade	
	Bought	Sold				Floor Broker	Clearing Member and Account
January 18	1		2.56	Shearson, Hammill & Co.	Joseph A. Friedman	D. Laiken	Joseph A. Friedman Co.
18	1		2.58	"	H. Fisher	Joseph A. Friedman	"
23		2	2.71	"	R. Leeds	"	"
24	4		2.87	"	R. Leeds	"	"
25	2		2.81	"	Joseph A. Friedman	Max Friedman	"
25	1		2.81	"	"	"	"
25	2		2.79	"	R. Leeds	Joseph A. Friedman	"
25		5	2.80	"	Max Friedman	"	"
28	5		2.83	"	Joseph A. Friedman	Max Friedman	"
29		1	2.78	"	I. Freund- lich	Joseph A. Friedman	"
31	3		2.92	D. R. Comenzo & Co., Inc.	Joseph A. Friedman	Max Friedman	"
February 8	2		2.88	Shearson, Hammill & Co.	Joseph A. Friedman	"	"
15		1	2.89	D. R. Comenzo & Co., Inc.	"	"	"
18	1		2.97	Shearson, Hammill & Co.	N. Faye	Joseph A. Friedman	"
20	1		2.89	D.R. Comenzo & Co., Inc.	Joseph A. Friedman	D. Laiken	"
21		1	2.94	Shearson, Hammill & Co.	D. Laiken	Joseph A. Friedman	"
25	1		2.83	"	Joseph A. Friedman	H. Fisher	"
27		1	2.75	"	D. Weinberger	Joseph A. Friedman	"
27		1	2.76	"	"	"	"

In the transactions set forth above respondents willfully and knowingly and without the prior consent of their principals filled orders received from such principals by taking the opposite side thereof for respondents' own account in violation of section 4(b)(D) of the Act (7 U.S.C. 6b(D)).

#### VI

On January 25, 1963, respondents received for execution three orders to purchase at the market a total of 14 carlots of May 1963 potato futures on behalf of customers of Shearson, Hammill & Co. Thereafter, on January 25, 1963, respondents purchased 10 carlots of such futures at \$ 2.80 per hundred pounds,

and took these purchases into their own account, notwithstanding that at such time respondents had in their possession for execution the said market orders of Shearson, Hammill & Co. Later, on the same day, respondents purchased 14 carlots of May 1963 potato futures at \$ 2.82 per hundred pounds, and allocated these purchases to fill the said market orders of Shearson, Hammill & Co. By reason thereof, respondents, in connection with orders to make, and the making of contracts for future delivery on behalf of persons, attempted to cheat and defraud, and in fact did cheat and defraud such persons in violation of section 4b(A) of the Act (7 U.S.C. 6b(A)).

## VII

On January 25, 1963, respondents received for execution an order to sell two carlots of May 1963 potato futures for the account of Shearson,

Hammill & Co. Respondents noncompetitively filled such order with two carlots of May 1963 potato futures which respondents had previously purchased for their own account. By reason thereof, respondents failed to execute futures trades openly and competitively by open outcry on the trading floor of the New York Mercantile Exchange in willful violation of section 1.38 of the regulations (17 CFR 1.38).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the said respondents. The respondents will have twenty (20) days after the receipt of this complaint in which to file with the Hearing Clerk, United States Department of Agriculture, Washington, D.C. 20250, an answer with an original and five copies, fully and completely stating the nature of the defense and admitting or denying, specifically and in detail, each allegation of this complaint. Allegations not answered will be deemed admitted for the purpose of this proceeding. Failure to file an answer will constitute an admission of all the allegations of this complaint and a waiver of hearing. The respondents are hereby notified that unless hearing is waived, either expressly or by failure to file an answer, or by filing an answer in which all of the material allegations of fact contained in the complaint are admitted and a hearing is not requested, a hearing will be held at 10:00 a.m., local time, on the 19th day of February 1964, in New York, New York, at a place therein to be specified later, before a referee designated to conduct such hearing. At

such hearing the respondents will have the right to appear and show cause, if any there be, why an order should not be made suspending or revoking the registration of respondent Joseph A. Friedman as floor broker, suspending or revoking the registration of Joseph A. Friedman Co. as futures commission merchant, and directing that all contract markets refuse all trading privileges to each respondent for such period of time as may be determined.

It is ordered that this complaint and notice of hearing be served on the respondents at least twenty (20) days prior to the date set for hearing.

Done at Washington, D.C.

December 17, 1963

George L. Mehren

Assistant Secretary

**LOAD-DATE:** June 12, 2008

