

Commodity Futures Trading Commission
CEA CASES

NAME: ALEXANDER K. RUXTON

DOCKET NUMBER: 85

DATE: JULY 11, 1958

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UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Alexander K. Ruxton, Respondent

CEA Docket No. 85

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

There is reason to believe that the respondent, Alexander K. Ruxton, has violated the provisions of the Commodity Exchange Act (7 U.S.C. 1952 ed., Chapter 1), and the rules and regulations of the Secretary of Agriculture made pursuant thereto (17 CFR, Part 1). In accordance with the provisions of section 6(b) of the Commodity Exchange Act (7 U.S.C. 1952 ed., § 9), this complaint and notice of hearing is issued alleging as follows:

I

Respondent Alexander K. Ruxton, an individual whose address is Room 1480, Board of Trade Building, 141 West Jackson Boulevard, Chicago 4, Illinois, is now and was at all times material to this complaint a member of the Board of Trade of the City of Chicago and a registered floor broker under the Commodity Exchange Act.

II

The Board of Trade of the City of Chicago, hereinafter called the Chicago Board of Trade, is now and was at all times material to this

complaint a duly designated contract market under the Commodity Exchange Act.

III

The respondent, while acting as floor broker on orders received from Merrill Lynch, Pierce, Fenner & Beane and from Gerstenberg & Co., registered futures commission merchants under the Commodity Exchange Act, made the following trades in wheat futures on the Chicago Board of Trade:>100> >101>

Trades Made by Alexander K.

Item No.	Date	Future	Quantity		Price (Cents per bu.)	Clearing Member
			Bought	Sold		
Ruxton for Merrill Lynch and Gerstenberg						
1	April 22	New July		5	211 1/2	Merrill Lynch
2	22	" "		5	211 5/8	"
3	22	" "	5		212	"
4	24	" "		10	210 3/8	Gerstenberg
5	25	Old "	5		212	Merrill Lynch

Trades Made by Alexander K. Ruxton for Merrill Lynch and Gerstenberg					
Item No.	Date	Future	Quantity (Thousands of bushels)	Price (Cents per bu.)	Clearing Member
Item No.	Date	Future	Bought	Sold	Trade
			Executing Broker	Clearing Member	Account
1	April 22	New July	Alexander K. Ruxton	Riffel	Alexander K. Ruxton
2	22	" "	"	"	"
3	22	" "	"	"	"
4	24	" "	"	"	"
5	25	Old "	"	"	"

In the transactions set forth above the respondent willfully and knowingly and without the prior consent of his principals became the buyer in respect to selling orders of such principals and became the seller in respect to buying orders of such principals in violation of section 4b(D) of the Commodity Exchange Act (7 U.S.C. 1952 ed. § 6b(D)).

IV

The respondent, while acting as floor broker on orders received from Merrill Lynch, Pierce, Fenner & Beane, and while acting for his own account through A.J. Riffel & Co. and Uhlmann Grain Co., made the following trades in wheat futures on the Chicago Board of Trade:>100> >101>

Trades Made by Alexander K. Ruxton for Merrill Lynch and Gerstenberg for His Own Account at Riffel and at Uhlmann					
Item No.	Date	Future	Quantity (Thousands of bushels)	Price (Cents per bu.)	Clearing Member
Item No.	Date	Future	Bought	Sold	Trade
			Executing Broker	Clearing Member	Account
1	April 23	Old July	10	210 3/8	Merrill Lynch
1a	23	" "	10	210 3/8	Riffel
2	23	" "	10	210 3/8	Merrill Lynch
2a	23	" "	10	210 3/8	Riffel
3	23	" "	5	210 1/2	Merrill Lynch
3a	23	" "	5	210 1/2	Uhlmann
4	24	" "	10	209 1/8	Merrill Lynch
4a	24	" "	10	209 1/8	Uhlmann
5	25	" "	5	210 7/8	Merrill Lynch
5a	25	" "	5	210 7/8	Uhlmann
6	25	" "	10	211 3/8	Merrill Lynch
6a	25	" "	10	211 3/8	Uhlmann
Item No.	Date	Future	Executing Broker	Clearing Member	Account
1	April 23	Old July	Sherwood J. Jackson	Hagerty	Sherwood J. Jackson
1a	23	" "	"	"	"

Item No.	Date	Future	Trades Made by Alexander K. Ruxton for Merrill Lynch and for His Own Account at Riffel and at Uhlmann		
			Quantity (Thousands of bushels)	Price (Cents per bu.)	Clearing Member
2	April 23	" "	Bought	Sold	Donald W. Morrison
2a	23	" "	"	"	"
3	23	" "	Hugh W. McGarrity	Thomas P. McQuire	Hugh W. McGarrity
3a	23	" "	"	"	"
4	24	" "	Sherwood J. Jackson	Hagerty	Sherwood J. Jackson
4a	24	" "	"	"	"
5	25	" "	"	"	"
5a	25	" "	"	"	"
6	25	" "	William J. Mailers	Lawrence J. Ryan & Co.	William J. Mailers
6a	25	" "	"	"	"

In the transactions set forth above the respondent by means of intermediate cross-trades in violation of section 4c(A) of the Commodity Exchange Act (7 U.S.C. 1952 ed § 6c(A)) willfully and knowingly and without the prior

consent of his principal became the buyer in respect to selling orders of such principal and became the seller in respect to buying orders of such principal in violation of section 4b(D) of the Commodity Exchange Act (7 U.S.C. 1952 ed. § 6b(D)).

V

The respondent, while acting as floor broker on orders received from Merrill Lynch, Pierce, Fenner & Beane, made the following trades in wheat futures on the Chicago Board of Trade:

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The transactions set forth above were of the character of and are commonly known to the trade as "cross-trades" and were executed by the respondent by means of "accommodation trades" with other brokers, all in violation of section 4c(A) of the Commodity Exchange Act (7 U.S.C. 1952 ed § 6c(A)).

VI

On April 26, 1957, the respondent, while acting as floor broker on orders received from Merrill Lynch, Pierce, Fenner & Beane and from Paine, Webber, Jackson & Curtis, a registered futures commission merchant under the Commodity Exchange Act, made the following trade in the Old July wheat future on the Chicago Board of Trade:

Quantity (Thousands of bushels)	Price (Cents per bu.)	Bought		Sold	
		Clearing Member	Executing Broker	Executing Broker	Clearing Member
30	210 7/8	Merrill Lynch	Alexander K. Ruxton	Alexander K. Ruxton	Paine, Webber

In the transaction set forth above the respondent filled an order by offset against the order of another person in violation of section 4b(D) of the Commodity Exchange Act (7 U.S.C. 1952 ed. § 6b(D)).

VII

The transactions in wheat futures described in paragraph III through paragraph VI were capable of being used for hedging transactions in interstate commerce in wheat or the products or by-products thereof, or determining the price basis of transactions in interstate commerce in wheat, or delivering wheat sold, shipped or received in interstate commerce.

VIII

By reason of the acts and transactions described in said paragraphs III through VI, the respondent failed to execute futures trades openly and competitively by open outcry in the trading pit of the Chicago Board of Trade, in willful violation of section 1.38 of the rules and regulations under the Commodity Exchange Act (17 CFR 1.38).

Therefore, the said respondent, Alexander K. Ruxton, is hereby notified to appear and be at a hearing to be held at 10:00 a.m., local time, on the 19th day of August, 1958, in Room 1200, Board of Trade Building, 141 West Jackson Boulevard, Chicago, Illinois, before a referee designated to conduct such hearing, and then and there show cause, if any there be, why an order should not be made suspending or revoking the registration of respondent Alexander K. Ruxton as a floor broker and directing that all contract markets refuse all trading privileges to the said respondent for such period of time as may be determined. The respondent will have twenty (20) days after the receipt of this notice of hearing in which to file with the Hearing Clerk, United States Department of Agriculture, Washington 25, D. C., 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 material and relevant allegation of this complaint. Allegations that are not answered will be deemed admitted for the purpose of this proceeding.

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

Done at Washington, D. C., this

11th day of July, 1958.

/s/ Don Paarlberg

Don Paarlberg

Assistant Secretary

LOAD-DATE: June 12, 2008

