Commodity Futures Trading Commission
CEA CASES

NAME: WILLIAM R. THOMPSON, JR.

CITATION: 27 Agric. Dec. 335

DOCKET NUMBER: 148

DATE: MARCH 6, 1968

DOCUMENT TYPE: DECISION AND ORDER

(No. 11,683)

In re WILLIAM R. THOMPSON, JR. CEA Docket No. 148. Decided March 6, 1968.

Deceiving customers -- Losses -- Denial of trading privileges -- Stipulation

Respondent, an employee of a brokerage firm, consented to the issuance of an order directing all contract markets to deny all trading privileges to him for two years for his activities in deceiving, cheating and defrauding certain of the firm's customers. Specifically, respondent initiated trades that were not authorized and not reported to customers, allocated unprofitable trades to accounts having surplus margins, allocated profitable trades to accounts having deficits as a result of respondent's trading, and used funds received from one customer to margin the account of another.

Earl L. Saunders for Commodity Exchange Authority.

Thomas D. Smith, of Doyle, Lewis & Warner, Toledo, Ohio, for respondent.

Decision by Thomas J. Flavin, Judicial Officer

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. 1 *et seq.),* instituted by a complaint and notice of hearing issued under section 6(b) of the act (7 U.S.C. 9). The respondent, an individual who at the time of the matters involved herein was an agent or employee of a futures commission merchant, is charged with violating section 4b of the Commodity Exchange Act (7 U.S.C. 6b). No hearing has been held with respect to this proceeding. On February 28, 1968, the respondent submitted a stipulation under section 0.4(b) of the rules of practice (17 CFR 0.4(b)), in which he admits the facts hereinafter set forth, waives hearing, and consents to the entry of the order contained herein.

FINDINGS OF FACT

1. The respondent, William R. Thompson, Jr., an individual whose address is 1640 Carmelle Court, Toledo, Ohio, was at all times material herein an agent or employee of a firm (hereinafter referred to as the respondent's employer) which was at all times material herein a futures commission merchant registered under the Commodity Exchange Act and entitled to membership privileges on the Chicago Board of Trade, a duly designated contract market under the Commodity Exchange Act.

2. At all times material herein, the respondent was authorized to solicit or accept commodity futures orders for and in the name of the respondent's employer, and was engaged in causing the execution of orders on the Chicago Board of Trade on behalf of customers of the respondent's employer.

3. Beginning on or about March 22, 1967, and continuing until on or about June 14, 1967, the respondent caused trades in wheat and corn futures to be executed on the Chicago Board of Trade and allocated such trades among the accounts of six customers of the respondent's employer as follows: (1) The "day trades" that resulted in profits were allocated among three accounts in which deficits had accrued as the result of trading by, or on the advice of, the respondent; and (2) The "day trades" that resulted in losses and the trades that would have resulted in losses if they had been closed on the day on which they were made, were allocated among three accounts in which there were surplus margins. The allocation of the unprofitable trades to the accounts having surplus margins resulted in such accounts sustaining losses in excess of $ 60,000. The three customers in whose accounts the unprofitable trades were placed had not authorized such trades and had no knowledge of them. In an effort to prevent such customers from finding out that the unprofitable trades had been placed in their accounts, the respondent withheld from the customers the confirmations, statements of purchase and sale, and monthly statements that had been prepared and would have been sent to them in the normal course of business.

4. On or about March 6, 1967, the respondent received $ 1,000 from a customer of the respondent's employer to margin, guarantee or secure transactions for the account of such customer in commodity futures subject to the provisions of the Commodity Exchange Act. However, the respondent used such funds to margin, guarantee or secure commodity futures transactions for the account of another customer of the respondent's employer and subsequently caused to be delivered to the customer who advanced the funds monthly statements purporting to show that the funds had been credited to his account.

5. The futures transactions referred to herein were capable of being used for hedging transactions in interstate commerce, or determining the price basis of transactions in interstate commerce, or for delivering commodities sold, shipped or received in interstate commerce.

CONCLUSIONS

By reason of the facts set forth in the Findings of Fact, it is concluded that the respondent willfully violated section 4b of the Commodity Exchange Act (7 U.S.C. 6b), as charged in the complaint.

The complainant states that the administrative officials of the Commodity Exchange Authority have carefully considered the proposed stipulation and order, and that they believe that the proposed sanction is adequate and that the prompt entry, without further proceedings, of the order to which the respondent has consented will constitute a satisfactory disposition of this case, serve the public interest, and effectuate the purposes of the Commodity Exchange Act. The complainant, therefore, recommends that the stipulation and waiver submitted by the respondent be accepted and that the proposed order be issued. It is so concluded.

ORDER

Effective on the thirtieth day after the date of issuance of this order, all contract markets shall refuse all trading privileges to the respondent, William R. Thompson, Jr., for a period of two years, such refusal to apply to all trading done and positions held by him, directly or indirectly.

A copy of this Decision and Order shall be served upon each of the parties and upon each contract market.

LOAD-DATE: June 8, 2008