

Commodity Futures Trading Commission
CEA CASES

NAME: RICHARD D. LUPORI AND ALAN R. COYNE

CITATION: 33 Agric. Dec. 1361

DOCKET NUMBER: 221

DATE: OCTOBER 21, 1974

DOCUMENT TYPE: DECISION AND ORDER

(No. 16,065)

In re RICHARD D. LUPORI and ALAN R. COYNE. CEA Docket No. 221. Decided October 21, 1974, with respect to *Alan R. Coyne*.

Customers' orders -- crossing of -- Non-competitive trades -- making of -- Sanction

The stipulation of respondent Alan R. Coyne has been accepted, and the order herein is issued against this respondent for wilfully violating the Act and regulations in the crossing of customers' orders, the making of non-competitive trades and the failure to note trading cards in accordance with regulations. Respondent Alan R. Coyne is suspended as a registrant under the Act for a period of six (6) months and is denied trading privileges on all contract markets for a period of six (6) months as stated in the order herein.

Herbert R. Bader, for complainant.

Robert P. Howington, Jr., Chicago, Ill., for respondent.

Decision by Dorothea A. Baker, Administrative Law Judge.

DECISION AND ORDER

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act, "the Act" (7 U.S.C. §§ 1 through 17), instituted by a Complaint filed December 21, 1973, alleging as to respondent Coyne, an individual, that he is now and was at all times material herein a registered floor broker under the Act and a member of the Chicago Board of Trade, a duly designated contract market under the Act.

The Complaint also named Richard D. Lupori, an individual, as respondent. Pursuant to extensions of time respondent Lupori filed an Answer on March 12, 1974 in which certain specific admissions,

denials and allegations were made. It is understood from the representations made at the oral hearing that complainant will move for entry of Decision and Order in this matter as to respondent Lupori.

The Complaint charges, as to respondent Coyne that he made trades on or subject to the rules of a contract market otherwise than by open and competitive methods; that he traded on or subject to the rules of a contract market in a noncompetitive manner which trades resulted in a crossing of customer orders; that he failed to note on trading cards the time of execution of verbal orders for the personal account of another member of the Chicago Board of Trade; and that he took the opposite side of a customer order without the prior consent of such customer. Such acts were alleged to have been wilful and in violation of section 4c of the Act (7 U.S.C. § 6c), and sections 1.35 and 1.38 of the

regulations thereunder (17 CFR §§ 1.35 and 1.38). Respondent Coyne filed his answer on March 14, 1974.

At the time of prehearing and oral hearing on October 9, 1974 before Administrative Law Judge Dorothea A. Baker the Judge was advised that, through counsel, respondent Coyne and complainant had been engaged in discussions which would terminate the proceeding as to respondent Coyne. Such discussions and agreements were reflected in the oral hearing transcript. On October 11, 1974, through counsel, respondent Coyne filed an Admission of Facts, Waiver of Hearing and Consent to Entry of an Order. Mr. Coyne agreed to a stipulation under section 0.4(b) of the Rules of Practice (17 CFR § 0.4(b)) in which he (1) admits the facts hereunder as set forth in paragraphs 1 through 7 of the Findings of Fact, (2) waives oral hearing on the charges in the complaint and (3) consents to the entry, without further proceedings, of a Decision and Order containing the facts admitted in such stipulation as the findings of fact, conclusions of law based on such findings and the order contained herein.

FINDINGS OF FACT

1. Respondent Alan R. Coyne is now, and was at all times material herein, a member of the Board of Trade of the City of Chicago (Chicago Board of Trade) and a registered floor broker under the Commodity Exchange Act.

2. At all times material herein respondent Coyne was employed by and carried his personal trading account with Kelly Grain

Company of Chicago, Illinois, a registered futures commission merchant under the Act and a clearing member of the Chicago Board of Trade.

3. The transactions referred to herein relate to contracts for the purchase or sale of July 1972 soybean futures on the Chicago Board of Trade, a duly designated contract market under the Act. The soybean contracts resulting from the execution of the orders herein described were capable of being used for hedging transactions in interstate commerce in such commodity or the products or byproducts thereof, or determining the price basis of any such transaction in interstate commerce in such commodity, or delivering any such commodity sold, shipped or received in interstate commerce.

4. In May of 1972 respondent Lupori, in his capacity as floor broker, had received for execution orders to sell and orders to buy July 1972 soybean futures for the accounts of various customers. Respondent Coyne accommodated respondent Lupori by executing transactions, as listed below, in a noncompetitive manner with respondent Lupori, which resulted in respondent Lupori's crossing these customer's orders.

(In thousands of bushels)

Date (1)	Quantity		Price (4)
	Bought (2)	Sold (3)	
5-1-72	5		3.50
5-1-72		5	3.50
5-2-72	5		3.47-3/4
5-2-72		5	3.47-3/4
5-2-72	5		3.48-5/8
5-2-72		5	3.48-5/8
5-8-72	10		3.55-1/2
5-8-72		10	3.55-1/2
5-15-72	5		3.52-1/2
5-15-72		5	3.52-1/2
5-16-72	5		3.55-7/8
5-16-72		5	3.55-7/8
5-16-72	5		3.57
5-16-72		5	3.57
5-16-72	10		3.58-1/4

Date	Quantity		Price
	Bought	Sold	
5-16-72		10	3.58-1/4
5-16-72	5		3.60-3/4
5-16-72		5	3.60-3/4
5-16-72	30		3.61
5-16-72		30	3.61
5-17-72	10		3.59-1/2

(In thousands of bushels)

Date	Quantity		Price
	Bought	Sold	
5-17-72		10	3.59-1/2
5-17-72	10		3.60
5-17-72		10	3.60
5-17-72	5		3.60
5-17-72		5	3.60
5-17-72	10		3.62
5-17-72		10	3.62
5-17-72	5		3.62
5-17-72		5	3.62
5-18-72	15		3.58-1/2
5-18-72		15	3.58-1/2
5-18-72	15		3.59
5-18-72		15	3.59
5-18-72	5		3.59-1/2
5-18-72		5	3.59-1/2
5-19-72	5		3.60
5-19-72		5	3.60
5-22-72	5		3.55-5/8
5-22-72		5	3.55-5/8
5-22-72	10		3.58
5-22-72		10	3.58
5-24-72	10		3.50
5-24-72		10	3.50
5-24-72	5		3.52
5-24-72		5	3.52

5. In May of 1972 respondent Lupori, in his capacity as floor broker, had received for execution orders to sell and orders to buy July 1972 soybean futures for the accounts of various customers. Respondent Coyne accommodated respondent Lupori by executing the transactions, listed below, in a noncompetitive manner with respondent Lupori, which resulted in respondent Lupori taking the opposite side of customers' orders for his (Lupori's) own account, without prior consent of such customers.

(In thousands of bushels)

Date	Quantity		Price	Account for Whom Lupori Traded
	Bought (1)	Sold (3)		
5-2-72	5		3.47-5/8	Lupori error account
5-2-72		5	3.47-5/8	Continental Customer
5-8-72	5		3.54	Continental Customer
5-8-72		5	3.54	Lupori
5-9-72	5		3.52-1/8	Lupori
5-9-72		5	3.52-1/8	Continental Customer
5-17-72	5		3.59-1/4	Lupori error account

(In thousands of bushels)

Date	Quantity		Price	Account for Whom Lupori Traded
	Bought	Sold		

Date	Quantity		Price	Account for Whom
	Bought	Sold		Lupori Traded
5-17-72		5	3.59-1/4	Continental Customer
5-17-72	5		3.60	Lupori
5-17-72		5	3.60	duPont Customer
5-18-72	10		3.59	Continental Customer
5-18-72		10	3.59	Lupori
5-22-72	10		3.56-7/8	Continental Customer
5-22-72		10	3.56-7/8	Lupori
5-22-72	10		3.57-1/4	Lupori
5-22-72		10	3.57-1/4	duPont Customer
5-22-72	5		3.56-1/4	Lupori
5-22-72		5	3.56-1/4	Continental Customer

6. On May 18 and 19, 1972, respondent Lupori gave to respondent Coyne orders for the sale of July 1972 soybean futures to be made for respondent Lupori's account. Thereafter, respondent Lupori acting for customers bought from respondent Coyne July 1972 soybean futures, as listed below, with the result that respondent Lupori was able to take the opposite side of his customers' orders without the prior consent of such customers.

(In thousands of bushels)

Date	Quantity		Price	Customer
	Bought	Sold		
(1)	(2)	(3)	(4)	(5)
5-18-72	10		3.60	Continental Customer
5-18-72	5		3.60-1/2	Continental Customer
5-19-72	15		3.60-3/8	Continental Customer

7. During May of 1972, respondent Coyne failed to note on various trading cards the time of execution of verbal orders he had received from respondent Lupori for his (Lupori's) personal account.

CONCLUSIONS

By reason of the facts set forth above, Alan R. Coyne wilfully violated section 4c of the Act (7.U.S.C. § 6c), and sections 1.35 and 1.38 of the regulations thereunder (17 CFR §§ 1.35 and 1.38).

The complainant states that Administrative Officials of the Commodity Exchange Authority have carefully considered the stipulation submitted by the respondent. The Administrative Officials believe that the prompt entry of the proposed order

would constitute a satisfactory disposition of this case as to respondent Coyne, serve the public interest and effectuate the purposes of the Act. The complainant recommends, therefore, that the stipulation be accepted and the proposed order be issued.

ORDER

Effective upon the date of service of this order:

1. The registration of respondent Alan R. Coyne as floor broker under the Commodity Exchange Act is suspended for a period of six (6) months, and

2. The respondent Alan R. Coyne is prohibited from trading in commodities as defined in section 2 of the Commodity Exchange Act (7 U.S.C. § 2) on or subject to the rules of any contract market for a period of six (6) months and all contract markets shall refuse all such trading privileges to respondent Coyne during this period. Such prohibition and refusal shall apply to all such trading done and positions held directly by the respondent, Alan R. Coyne, either for his own account or as the agent or representative of any other person or firm, and also to all such trading done through, and to all positions held indirectly by persons or firms owned wholly or in substantial amount by said

respondent, or in any way subject to his discretion or control, wholly or substantially.

Effective upon the date of service of this order the respondent, Alan R. Coyne, shall cease and desist from:

1. Making trades on or subject to the rules of a contract market otherwise than by open and competitive methods;

2. Trading on or subject to the rules of a contract market in a noncompetitive manner, which trades result in the crossing of customer's order;

3. Taking the opposite side of customer orders without the prior consent of such customer; and

4. Failing to note on trading cards the time of execution of the verbal order for the personal account of any other member of the Chicago Board of Trade.

A copy of this Decision and Order shall be served on the respondent and on each contract market.

LOAD-DATE: June 9, 2008

