

Commodity Futures Trading Commission
CEA CASES

NAME: MURLAS BROTHERS COMMODITIES, INC, MURLAS BROTHERS COMPANY, GEORGE J. MURLAS, NICHOLAS J. MURLAS, AND HENRY C. GATLIN

DOCKET NUMBER: 78

DATE: JANUARY 27, 1958

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re: Murlas Brothers Commodities, Inc., Murlas Brothers Company, George J. Murlas, Nicholas J. Murlas, and Henry C. Gatlin, Respondents

CEA Docket No. 78

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

There is reason to believe that respondents, Murlas Brothers Commodities, Inc., Murlas Brothers Company, George J. Murlas, Nicholas J. Murlas, and Henry C. Gatlin attempted to manipulate the price of a commodity for future delivery on or subject to the rules of a board of trade, in violation of the Commodity Exchange Act (7 U.S.C. 1952 ed., §§ 1 - 17a), and in accordance with the provisions of section 6(b) of the said act (7 U.S.C. 1952 ed., § 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Murlas Brothers Company, a corporation organized and existing under the laws of the State of Illinois, is engaged in the business of shipping and distributing carlots of produce. At all

times material herein it owned 100 percent of the capital stock of respondent Murlas Brothers Commodities, Inc.

Respondent Murlas Brothers Commodities, Inc., a corporation organized and existing under the laws of the State of Illinois, was at all times material herein, and is now a clearing member of the New York Mercantile Exchange, and a registered futures commission merchant under the Commodity Exchange Act.

The principal office and place of business of each of the foregoing corporations is 110 North Franklin Street, Chicago, Illinois, and trading in futures for both corporations is controlled by respondents George J. Murlas and Nicholas J. Murlas.

II

Respondent George J. Murlas, whose address is 6634 North Minnehaha Avenue, Lincolnwood, Illinois, was at all times material herein president of Murlas Brothers Commodities, Inc., secretary of Murlas Brothers Company, and a registered floor broker under the Commodity Exchange Act.

III

Respondent Nicholas J. Murlas, whose address is 6630 North Minnehaha Avenue, Lincolnwood, Illinois, was at all times material

herein president and treasurer of Murlas Brothers Company, vice president of Murlas Brothers Commodities, Inc., and a member of the New York Mercantile Exchange.

IV

Respondent Henry C. Gatlin, an individual, whose address is 1102 South Seminary Avenue, Park Ridge, Illinois, was at all times material herein the secretary-treasurer of Murlas Brothers Commodities, Inc., directed the firm's futures trading on the floor of the New York Mercantile Exchange and purchased all cash potatoes used for delivery on the said exchange during the month of May 1957 by the respondents and by customers of respondent Murlas Brothers Commodities, Inc. The said Henry C. Gatlin was at all times material herein and is now a member of the New York Mercantile Exchange and a registered floor broker under the Commodity Exchange Act.

V

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

(a) During the period from April 16 through May 1, 1957, respondents Murlas Brothers Commodities, Inc., Murlas Brothers Company, and Henry C. Gatlin held short positions in the May 1957 potato future on the New York Mercantile Exchange which, combined, ranged from 160 carlots to 200 carlots. On May 2, 1957, the said positions totaled 170 carlots, and on May 3, 1957, 148 carlots.

(b) During the period from April 16, 1957, through May 1, 1957, Vincent W. Kosuga, a customer of Murlas Brothers Commodities, Inc., held a short position in the same future on the New York Mercantile Exchange, which ranged from 104 carlots to 144 carlots. On May 2, 1957, the said Vincent W. Kosuga's short position in such future was 144 carlots, and on May 3, 1957, 141 carlots.

(c) During the period from April 16, 1957, through May 1, 1957, Roy D. Simmons, a customer of Murlas Brothers Commodities, Inc., held a short position in the same future which ranged from 35 carlots to 125 carlots. On May 2 and May 3, 1957, such position was 102 carlots and 76 carlots, respectively.

VII

On May 2 and May 3, 1957, respondents Murlas Brothers Company, Murlas Brothers Commodities, Inc., and Henry C. Gatlin delivered 10 carlots, 20 carlots, and 3 carlots of potatoes, respectively, in

satisfaction of short contracts in the May 1957 potato future on the New York Mercantile Exchange. On these same days respondent Murlas Brothers Commodities, Inc., delivered 3 carlots and 6 carlots of potatoes, respectively, for its customers, the said Vincent W. Kosuga and Roy D. Simmons, in satisfaction of short contracts in the May 1957 potato future on the New York Mercantile Exchange. The said 42 carlots of potatoes were purchased during the period from April 17 through May 1, 1957, for delivery purposes by respondent Henry C. Gatlin, acting for and on behalf of said accounts.

VIII

The respondents, acting pursuant to an agreement or understanding among themselves, and between themselves and the said customers, Vincent W. Kosuga and Roy D. Simmons, entered into the transactions and made the deliveries described in paragraph VII for the purpose and with the intent of depressing the price of the May 1957 potato future on the New York Mercantile Exchange. The acts and transactions on behalf of the corporate respondents were carried out by or under the direction and supervision of respondents George J. Murlas, Nicholas J.

Murlas, and Henry C. Gatlin, acting in their respective capacities as officers or agents of Murlas Brothers Commodities, Inc., and Murlas Brothers Company.

IX

By reason of the acts and transactions described herein, the respondents attempted to manipulate the price of a commodity for future delivery on or subject to the rules of a board of trade, in violation of sections 6(b) and 9 of the Commodity Exchange Act (7 U.S.C. 1952 ed. §§ 9, 13).

Therefore, the said respondents, Murlas Brothers Commodities, Inc., Murlas Brothers Company, George J. Murlas, Nicholas J. Murlas, and Henry C. Gatlin are hereby notified to be and appear at a hearing to be held at 10:00 a.m., Central Standard Time, on the 18th day of March, 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 directing that all contract markets refuse all trading privileges to the respondents for such period of time as may be determined, and suspending or revoking the registrations of respondents George J. Murlas and Henry C. Gatlin as floor brokers and the registration of respondent Murlas Brothers Commodities, Inc., as a futures commission merchant. The respondents 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 seven 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 respondents by delivery of a true copy thereof by an employee of the Department of Agriculture, or by registered mail, at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C, this 27 day of January, 1958.

/s/ Don Paarlberg

Don Paarlberg

Assistant Secretary

LOAD-DATE: June 12, 2008

