

Commodity Futures Trading Commission  
CEA CASES

**NAME:** HARRY SCHLECTER, ALSO KNOWN AS HARRY KAY AND AARON D. SCHLECTER

**DOCKET NUMBER:** 194

**DATE:** AUGUST 3, 1972

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Harry Schlecter, also known as Harry Kay and Aaron D. Schlecter,  
Respondent

CEA Docket No. 194

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondent, Harry Schlecter, has violated the Commodity Exchange Act (7 U.S.C. Chap. 1), hereinafter referred to as the Act, and the regulations made pursuant thereto. In accordance with the provisions of section 6(b) and (c) of the Act (7 U.S.C. 9(b), 13b), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

The respondent, Harry Schlecter, an individual, whose address is 200 N. E. 135th Street, Apt. 306, North Miami, Florida 33161, was at all times material herein, subject to an order of the Secretary of Agriculture issued October 4, 1966 which reads as follows:

"Effective November 1, 1966, all contract markets shall refuse all trading privileges to respondent Harry Kay for a period of five years, such refusal to apply to all trading done and positions held by said respondent directly or indirectly, whether for his own account or for the accounts of other persons." (25 Agric. Dec. 1208, 1212 (25 A.D. 1208, 1212))

Said order was imposed for a violation of the Act involving cheating and fraud. (25 Agric. Dec. 1208, 1211 (25 A.D. 1208, 1211))

II

Bear, Stearns and Co., hereinafter referred to as Bear, Stearns, and Arnold D. Kamen and Co., hereinafter referred to as Kamen, were at all times material herein registered futures commission merchants under the Act.

III

The futures transactions hereinafter referred to involved commodities regulated by the Act and were made on or subject to the rules of contract markets which were duly designated as such under the Act. Such commodities and the contract markets on which they were traded are listed below:

Regulated Commodity	Contract Market
Corn, soybeans, soybean oil, wheat	Chicago Board of Trade
Eggs, hogs, Idaho potatoes, live cattle and pork bellies	Chicago Mercantile Exchange
Frozen concentrated orange juice	Citrus Associates of the New York Cotton Exchange, Inc.

Regulated Commodity	Contract Market
Cotton	New York Cotton Exchange
Maine potatoes	New York Mercantile Exchange

## IV

During the period from on or about August 18, 1970, to on or about November 17, 1970, the respondent gave orders to Bear, Stearns calling for the execution of the futures trades listed below for

an account carried by Bear, Stearns in the name of Otus Anstalt and caused Bear, Stearns to accept such orders, with the result that the following futures trades were made for such account:

Contracts			Market
Bought	Sold	Commodity	
4		Wheat	Chicago Board of Trade
6		Corn	Chicago Board of Trade
14	30	Soybeans	Chicago Board of Trade
	21	Maine potatoes	New York Mercantile Exchange
	3	Idaho potatoes	Chicago Mercantile Exchange
	9	Orange juice	Citrus Associates of the N. Y. Cotton Exchange
10	10	Soybean oil	Chicago Board of Trade

## V

a. In or about December 1970, the respondent induced Kamen to employ the respondent to solicit and accept orders from customers for the purchase and sale of commodities for future delivery and to act as manager of Kamen's branch office in Miami Beach, Florida, and the respondent was so employed during the period from on or about January 12, 1971, to on or about June 15, 1971.

b. During the period from on or about October 12, 1970, to on or about March 17, 1971, the respondent gave orders to Kamen calling for the execution of the futures trades listed below for accounts carried by Kamen in the name of Otus Anstalt and caused Kamen to accept such orders, with the result that the following futures trades were made for such accounts:

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Contracts			Market
Bought	Sold	Commodity	
30	30	Marine potatoes	New York Mercantile Exchange
210	210	Eggs	Chicago Mercantile Exchange
38	36	Soybeans	Chicago Board of Trade
29	29	Pork bellies	Chicago Mercantile Exchange
52	52	Wheat	Chicago Board of Trade
64	64	Corn	Chicago Board of Trade
5	5	Hogs	Chicago Mercantile Exchange

c. During the period from on or about January 6, 1971, to on or about May 13, 1971, the respondent gave orders to Kamen calling for the execution of the futures trades listed below for an account carried by Kamen for the respondent and caused Kamen to accept such orders, with the result that the following futures trades were made for such account:

Contracts			Market
Bought	Sold	Commodity	
11	11	Soybean oil	Chicago Board of Trade
4	4	Orange juice	Citrus Associates of the N. Y. Cotton Exchange
4	4	Eggs	Chicago Mercantile Exchange
5	5	Live cattle	Chicago Mercantile Exchange
6	6	Hogs	Chicago Mercantile Exchange

Contracts			Market
Bought	Sold	Commodity	
8	8	Cotton	New York Cotton Exchange

## VI

a. By reason of the facts alleged herein, (1) the respondent willfully caused Bear, Stearns and Kamen to accept orders from him for the purchase and sale of commodities for future delivery on or subject to the rules of contract markets during a period when he was denied trading privileges by order of the Secretary of Agriculture,

in violation of section 8a(3) of the Act (7 U.S.C. 12a(3)); and (2) the respondent willfully caused Kamen to employ him in a capacity which involved the solicitation, acceptance and execution of orders for futures trading in regulated commodities, in violation of section 1.49 of the regulations under the Act (17 CFR 1.49).

b. By reason of the provisions of section 13(a) of the Act (7 U.S.C. 13c(a)), the respondent may be held responsible for such violations as a principal.

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the respondent and this proceeding shall be governed by sections 0.1, 0.2, 0.4(b), 0.5 through 0.22, and 0.28 of the rules of practice under the Commodity Exchange Act (17 CFR 0.1, 0.2, 0.4(b), 0.5 through 0.22, 0.28). The respondent 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 four 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 purposes 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 filing of an answer in which all of the material allegations of fact contained in the complaint are admitted

likewise shall constitute a waiver of hearing unless a hearing is requested. The respondent is hereby notified that unless hearing is waived, a hearing will be held at a date, time and place to be specified later, before a referee designated to conduct such hearing. At such hearing, the respondent will have the right to appear and show cause, if any there be, why an appropriate order should not be issued in accordance with the Commodity Exchange Act, (1) prohibiting the respondent from trading on or subject to the rules of any contract market, and directing that all contract markets refuse all trading privileges to the respondent for such period of time as may be determined, and (2) directing that the respondent shall cease and desist from violating the Commodity Exchange Act and regulations in the manner alleged herein.

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.

August 3, 1972

[SEE SIGNATURE IN ORIGINAL]

Richard E. Lyng

Assistant Secretary

**LOAD-DATE:** June 16, 2008

