

Commodity Futures Trading Commission
CEA CASES

NAME: UNITED COMMODITY TRADERS OF IOWA, INC., D/B/A JADA CORPORATION, AND JAMES B. PEPPER

DOCKET NUMBER: 157

DATE: NOVEMBER 15, 1968

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re: United Commodity Traders of Iowa, Inc., also d/b/a Jada Corporation, and James B. Pepper, Respondents

CEA Docket No. 157

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondents named above have violated the Commodity Exchange Act, as amended (7 U.S.C. 1 et seq.; Public Law 90-258), and the regulations made pursuant thereto (17 CFR, Part 1), and, therefore, this complaint and notice of hearing is issued alleging the following:

I

Respondent United Commodity Traders of Iowa, Inc., also d/b/a Jada Corporation, is an Iowa corporation with offices at 201 Badgerow Building, Sioux City, Iowa. The said respondent is now, and was at all times material herein, a registered futures commission merchant under the Commodity Exchange Act, and so engaged in business.

II

Respondent James B. Pepper, an individual whose business address is the same as that of the respondent corporation, is now, and was at all times material herein, a vice president of the respondent corporation and was responsible for the corporate acts and transactions hereinafter described.

III

a. At the times hereinafter stated, the respondent corporation, in the regular course of its business as futures commission merchant, carried accounts of customers who traded in commodity futures on contract markets subject to the provisions of the Commodity Exchange Act and the regulations thereunder. Such accounts, the trading therein, and the handling and disposition of funds in connection therewith, were subject to the provisions of the said act and regulations. At all such times, the respondent corporation had to its credit with banks or other depositories sums of money in varying amounts, held in segregated accounts and identified as customers' funds, representing deposits of margin by and trading profits accruing to such customers.

b. During the period between July 1, 1968, and August 8, 1968, both inclusive, the respondent corporation was continuously under-segregated in amounts ranging from \$ 1,423.85 on July 1, 1968, to \$ 2,759.85 on August 5, 1968, that is, throughout the period specified above, the total amount of customers' funds held in segregation as above described, was from \$ 1,423.85 to \$ 2,759.85 less than the amount necessary to pay all credits and equities due to such customers.

c. Under the regulations issued pursuant to the Commodity Exchange Act the respondent corporation was obligated during the period specified above to prepare and maintain a daily computation and record setting forth the amount of money, securities and property of its customers required to be held, and held, in segregated accounts in accordance with the requirements of section 4d(2) of the Commodity Exchange Act (7 U.S.C. 6d(2)). On the daily computation and record that was prepared and kept

by the respondent corporation to meet the requirements of the regulations during the period specified above, the respondent corporation showed that it had excess funds in segregation, whereas, in truth and in fact, the said corporation was under-segregated as stated above.

IV

Prior to the acts and omissions described in paragraph III above, examination of the records of the respondent corporation by the Commodity Exchange Authority as of May 31, 1968, revealed that the firm was in an under-segregated condition on various dates in May 1968. On July 9, 1968, the Director of the Authority's Accounting and Licensing Division wrote a letter to respondent James B. Pepper in his capacity as vice president of the respondent corporation, calling attention to the under-segregated condition of the firm revealed by the Authority's examination of its records as of May 31, 1968, informing him of the requirements of the Commodity Exchange Act relating to the treatment and handling of customers' funds, and affording the firm an opportunity to bring itself into compliance.

V

By reason of the facts alleged in this complaint, the respondents violated sections 4d(2) and 4g of the Commodity Exchange Act (7 U.S.C. 6d(2), 6g), and sections 1.20, 1.21, 1.22, 1.23, 1.32 and 1.35 of the regulations thereunder (17 CFR 1.20, 1.21, 1.22, 1.23, 1.32, 1.35).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the respondents 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 respondents 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 respondents are hereby notified that unless hearing is waived, a hearing will be held at 10:00 a.m., local time, on December 18, 1968, in Sioux City, Iowa, at a place therein to be specified later, before a referee designated to conduct such hearing. At such hearing, the respondents will have the right to appear and show cause, if any there be, why an order should not be made directing that the respondents shall cease and desist from violating the Commodity Exchange Act and the regulations thereunder in the manner described herein.

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

Done at Washington, D. C.

November 15, [ILLEGIBLE TEXT]

[SEE SIGNATURE IN ORIGINAL]

Ted J. Davis

Assistant Secretary

LOAD-DATE: June 16, 2008

