Commodity Futures Trading Commission CEA CASES

NAME: CONTINENTAL GRAIN COMPANY

DOCKET NUMBER: 214

DATE: JUNE 27, 1973

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Continental Grain Company, Respondent

CEA Docket No. 214

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondent has violated the Commodity Exchange Act (7 U.S.C. Chapter 1), and the regulations made pursuant thereto, and this complaint and notice of hearing is issued alleging the following:

Т

The respondent, Continental Grain Company, a Delaware corporation, with its principal office and place of business at 2 Broadway, New York, New York, is now, and was at all times material herein, a registered futures commission merchant under the Commodity Exchange Act.

ΙI

The Chicago Board of Trade is now, and was at all times material herein, a duly designated contract market under the Commodity Exchange Act.

III

During the period from July 24, 1972 through November 3, 1972, the respondent corporation was a trader who held or controlled a

reportable position in wheat, corn, oats, soybeans, soybean oil, and soybean meal futures. Respondent was therefore required to file the appropriate series 03 report with the Commodity Exchange Authority showing all transactions executed and all open contract positions held for its account in all such futures on all boards of trades (exchanges) pursuant to section 4i of the Commodity Exchange Act (7 U.S.C. 6i) and sections 15.01, 15.02, 18.00 and 18.03 of the regulations thereunder (17 CFR 15.01, 15.02, 18.00, 18.03).

While the respondent corporation was in said reporting position, transactions in wheat, corn, oats, soybeans, soybean oil, and soybean meal futures were executed on the Chicago Board of Trade for the account of respondent, but respondent submitted incomplete and inaccurate series 03 reports with respect to such transactions as shown in the attached Appendix A.

IV

During the period from June 2, 1972 through September 29, 1972, the respondent corporation was engaged in merchandising, processing, or dealing in wheat, corn,oats, soybeans and the products or byproducts thereof and held or controlled a reportable position in wheat, corn, oats and soybean futures. Respondent was therefore required to file the appropriate series 04 report with the Commodity Exchange Authority showing inter alia the

makeup of its fixed-price cash grain position including the stocks of such commodities and their products or byproducts owned, the quantity of fixed-price purchase commitments open in such commodities and their products and byproducts, and the quantity of fixed-price sales commitments open in such commodities and their products or byproducts, pursuant to section 4i of the Commodity Exchange Act (7 U.S.C. 6i) and sections 15.01, 15.02, 19.00, 19.01, 19.10 of the regulations thereunder (17 CFR 15.01, 15.02, 19.00, 19.01, 19.10).

While the respondent corporation was in said reporting status, respondent submitted incomplete and inaccurate series 04 reports with respect to its fixed-price cash position as shown in the attached Appendix B.

V

By reason of the facts alleged in this complaint, the respondent, Continental Grain Company, willfully violated sections 4g, 4i and 6(b) of the Commodity Exchange Act (7 U.S.C. 6g, 6i, 9) and sections 1.35, 15.01, 15.02, 18.00, 19.01, 19.10 of the regulations thereunder (17 CFR 1.35, 15.01, 15.02, 18.00, 18.03, 19.00, 19.01, 19.10).

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 $0.1,\ 0.2,\ 0.14(b),\ 0.5$ 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 three 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. 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 in New York, New York, at a place therein and date 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) suspending or revoking the registration of the respondent as futures commission merchant, (2) 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 (3) directing that the respondent shall cease and desist from violating the Act and regulations in the manner alleged herein.

Done at Washington, D.C.

JUN 27 1973

CLAYTON YEUTTER

Assistant Secretary

APPENDTX A

Number of Required Reports Filed

Range of Errors on Incorrect Reports

Commodity	Total Reports	Correct Reports		Overstating Position 1,635,000 bush	
Wheat	74	1 1	73	to 15,000 bush	to els 10,000 bushels
				7,540,000 bush	els 955,000 bushels to
Corn	74	1 0	74		
				50,000 bush to	els 35,000 bushels to
Oats	73	3 46	27	5,000 bush	els 5,000 bushels
				to	els 1,970,000 bushels to
Soybeans	74	1 0	74	10,000 bush	els 5,000 bushels
				1,964 tank c to	to
Soybean Oil	74	1 0	74	12 tank c	ars 8 tank cars
				84,600 t to	ons 24,500 tons to
Soybean Meal	. 74	1 0	74	100 t	ons 500 tons
See original document-page 6 Number of Required Range of					
Re	eports Fi	led	correct Ov	Errors on I	ncorrect Reports
Commodity Re					Understating Position els 177,551,000 bushel
Wheat	18	0	18	to 34,000 bush	to els 21,000 bushel
					els 168,928,000 bushel
Corn	18	0	18	to 19,000 bush	to els 6,000 bushel
				909,000 bush	
Oats	18	6	12	to 1,000 bush	to els 2,000 bushels
			9 ,	272,000 bushels to	n1 11,219,000 bushels to

n1 Including bushel equivalents.

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