

Commodity Futures Trading Commission  
CEA CASES

**NAME:** HOWARD RANDOLPH, RANDOLPH FOODS, INC., JAMES P. HOBAN, HOBAN AND COMPANY AND ROBERT M. ZADRA

**DOCKET NUMBER:** 100

**DATE:** JULY 3, 1961

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Howard Randolph, Randolph Foods, Inc., James P. Hoban, Hoban and Company, and Robert M. Zadra, Respondents

CEA Docket No. 100

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

There is reason to believe that the respondents, Howard Randolph, Randolph Foods, Inc., James P. Hoban, Hoban and Company, and Robert M. Zadra, have violated the Commodity Exchange Act (7 U.S.C. 1958 ed., Chapter 1), and the regulations made pursuant thereto, and in accordance with the provisions of section 6(b) of the said act (7 U.S.C. § 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Howard Randolph, an individual whose business address is Guthrie Center, Iowa, is now and was at all times material herein the president of respondent Randolph

Foods, Inc., an Iowa corporation located at the same address, engaged in the egg merchandising and brokerage business. At all such times, respondent Howard Randolph managed and controlled the operations of the said corporation, and its business dealings and transactions were carried out under his direction and supervision.

II

Respondent James P. Hoban, an individual, is now and was at all times material herein engaged in the wholesale butter and egg business under the name and title of Hoban and Company, located at 1599 East Warren Avenue, Detroit, Michigan. At all such times, respondent James P. Hoban was the president of Hoban and Company and managed and controlled its operations, and the business dealings and transactions of the said firm were carried out under his direction and supervision.

III

Respondent Robert M. Zadra, an individual whose business address is 178 Duane Street, New York 13, New York, is now and was at all times material herein a member of

the New York Mercantile Exchange, engaged in the egg merchandising and brokerage business under the name and title of New York Egg Auction, Inc.

## IV

The New York Mercantile Exchange, hereinafter called the Exchange, is a duly designated contract market under the Commodity Exchange Act. Trading in cash eggs is conducted on the "spot call" of the Exchange on each business day, and the prices established in such trading enter into and are a part of the New York spot quotations for eggs. Such quotations are published in trade papers and disseminated throughout the United States, and are used for determining the price or price base of eggs sold and delivered in interstate commerce.

## V

Prior to January 13, 1961, respondent Randolph Foods, Inc., had sold approximately 4,400 cases of eggs at prices based upon the New York spot quotations for Fancy Heavyweight Mixed eggs on the day of delivery to the purchaser. Respondent Howard Randolph scheduled such eggs for delivery

on Friday, January 13, 1961. On January 13, 1961, respondent Howard Randolph initiated and transmitted an order to raise the price of the said grade of eggs on the Exchange spot call on that day by 1/2 to one cent per dozen. The said order was relayed to respondent Robert M. Zadra and the said respondent, acting pursuant thereto, caused a floor broker on the Exchange to bid for and purchase Fancy Heavyweight Mixed eggs on the spot call of the Exchange on January 13, 1961, at prices which resulted in a New York spot quotation of 37-1/2 cents per dozen for such eggs on that day. Such quotation represented an increase of 3/4 to one cent over the previous day's New York spot quotation for such eggs. The subsequent resale of the eggs so purchased resulted in a loss which was paid by respondent Randolph Foods, Inc.

## VI

(a) Prior to January 16, 1961, respondent Randolph Foods, Inc., had sold approximately 4,300 cases of eggs at prices based upon the New York spot quotation for Fancy Heavyweight Mixed eggs on the day of delivery to the purchaser. Respondent Howard Randolph scheduled such eggs for

delivery on Monday, January 16, 1961. On January 16, 1961, respondent Howard Randolph initiated and transmitted an order to raise the price of the said grade of eggs on the Exchange spot call on that day by 1/2 to 1-1/2 cents per dozen.

(b) As of January 16, 1961, respondent Hoban and Company had sold or contracted to sell substantial quantities of eggs for later delivery at prices based upon the New York spot quotation for Fancy Heavyweight Mixed eggs on the first business day of the week of delivery. On Monday, January 16, 1961, respondent James P. Hoban initiated and transmitted an order to raise the price of the said grade of eggs on the Exchange spot call on that day to 38 or 39 cents per dozen.

(c) The orders of respondents Howard Randolph and James P. Hoban, described above, were relayed to respondent Robert M. Zadra and the said respondent, acting pursuant to such orders, bid for and purchased Fancy Heavyweight eggs on the spot call of the Exchange on January 16, 1961, at prices which resulted in New York spot quotations of 39 to 39-1/2 cents per dozen for such eggs on that day. Such quotations represented increases of 1-1/2 to two cents over the previous day's New York spot quotation for

such eggs. The subsequent resale of the eggs so purchased resulted in a loss which was paid by respondents Randolph Foods, Inc., and Hoban and Company.

(d) During the week of January 16, 1961, respondent Hoban and Company shipped approximately 8,000 cases of eggs in fulfillment of the sales or contracts to

sell described in subparagraph VI(b), and the prices paid by the purchasers of such eggs to respondent Hoban and Company were fixed as set forth in the said subparagraph.

VII

By reason of the acts described above, respondents Howard Randolph, Randolph Foods, Inc., James P. Hoban, Hoban and Company, and Robert M. Zadra, attempted to manipulate and did in fact manipulate the price of eggs in interstate commerce, in willful violation of section 9 of the Commodity Exchange Act (7 U.S.C. 1958 ed., § 13).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the respondents. 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 not answered will be deemed admitted for the purpose of this proceeding. Failure to file an answer will constitute an admission of all the material allegations of this complaint and a waiver of hearing. The respondents are hereby notified that unless hearing is waived, either expressly or by failure to file an answer and request a hearing, a hearing will be held at 10 a.m., local time, on the 22nd day of August, 1961, in New York, New York, 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 all contract markets refuse all trading privileges to the respondents for such period of time as may be determined.

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.

July 3, 1961

/s/ John P. Duncan, Jr.

John P. Duncan, Jr.

Assistant Secretary

**LOAD-DATE:** June 12, 2008

