

Commodity Futures Trading Commission  
CEA CASES

**NAME:** AGRICOL CORPORATION, INC., AND GEORGE L. LEITZE

**DOCKET NUMBER:** 77

**DATE:** JUNE 19, 1957

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Agricol Corporation, Inc., and George L. Leitze, Respondents

CEA Docket No. 77

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

There is reason to believe that the respondents, Agricol Corporation, Inc., and George L. Leitze, have violated the provisions of the Commodity Exchange Act (7 U.S.C. 1952 ed., Chapter 1), and the rules and regulations of the Secretary of Agriculture made pursuant thereto (17 CFR, Part 1), 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 alleging as follows:

I

Respondent Agricol Corporation, Inc., a corporation with its principal office and place of business at the Bourse, Philadelphia, Pennsylvania, was at all times material herein and is now a member of the Board of Trade of the City of Chicago and a registered futures commission merchant under the Commodity Exchange Act,

engaged in the business of trading in commodities for future delivery for the accounts of customers.

II

Respondent George L. Leitze, whose business address is Agricol Corporation, Inc., the Bourse, Philadelphia, Pennsylvania, was at all times material herein a member of the Board of Trade of the City of Chicago, the Vice-president of the respondent corporation, and the manager of its business, and the said George L. Leitze, acting in such capacity, directed and supervised the acts and transactions hereinafter described.

III

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

IV

At the time of the transactions hereinafter described, Marcel N. Jonckheer, Antwerp, Belgium, was the European representative of the respondent corporation, and the said Marcel N. Jonckheer, hereinafter called the agent, acting on behalf of the respondent corporation,

accepted orders from customers to buy or sell commodity futures, forwarded such orders to the respondent corporation for execution on behalf of such customers, received reports of the execution of such orders from the respondent corporation, and confirmed the executions to such customers.

## V

On or about September 21, 1955, the respondent corporation reported to the agent that it had that day sold 5,000 bushels of January 1956 soybean futures on the Chicago Board of Trade at \$ 2.30-3/4 per bushel for his account, and subsequently transmitted a statement to the agent showing such sale and applying the same against a purchase made for his account whereas, in truth and in fact, no such sale had been made.

## VI

On or about May 1, 1956, the respondent corporation reported to Ross T. Smyth and Company, Ltd., a customer, that it had that day sold 10,000 bushels of September 1956 corn futures on the Chicago Board of Trade at \$ 1.57-1/2 per bushel for its account, and subsequently transmitted a statement to the said customer showing such sale and applying the same against a purchase made for its account whereas, in truth and in fact, no such sale had been made.

## VII

On or about October 11, 1955, the respondent corporation reported to its agent that it had that day bought, pursuant to his instructions, 5,000 bushels of November 1955 soybean futures on the Chicago Board of Trade at \$ 2.38-3/4 per bushel. The agent thereupon reported to Union Import, S.A., a customer, that the said purchase had been made for its account at \$ 2.39 per bushel, and the respondent corporation, on or about October 24, 1955, transmitted a statement to the said customer showing that such purchase had been made for its account at \$ 2.39 per bushel and had been applied and closed out against a sale made on October 7, 1955, at \$ 2.44-1/4 per bushel. In truth and in fact, no such sale had been made and the aforesaid purchase had not been made at the price of \$ 2.39 per bushel, as reported to the said customer, but at \$ 2.38-3/4 per bushel.

## VIII

On or about May 15, 1956, the respondent corporation reported to its agent that it had that day bought, pursuant to his instructions, 10,000 bushels of September 1956 corn futures on the Chicago Board of Trade at \$ 1.53-1/2 per bushel. The agent thereupon reported to A. & V. Claessens, a customer, that the said purchase had been made for its account, and the respondent corporation subsequently transmitted a statement to the said customer showing

that such purchase had been made for its account at the said price and had been closed out on that basis. In truth and in fact, the said purchase had not been made at the price of \$ 1.53-1/2 per bushel, as reported to the said customer, but at \$ 1.53 per bushel.

## IX

On or about February 6, 1956, the respondent corporation reported to its agent that it had that day, pursuant to his instructions, sold 10,000 bushels of December 1956 corn futures on the Chicago Board of Trade at the price of \$ 1.35-1/2 per bushel. The agent thereupon reported to A. & V. Claessens, the aforesaid customer, that the said sale had been made for its account, and the respondent corporation subsequently transmitted a statement to the said customer showing that such sale had been made for its account at the said price and had been closed out on that basis. In truth and in fact, the said sale had not been made at the price of \$ 1.35-1/2 per bushel, as reported to the said customer, but at \$ 1.35-3/4 per bushel.

## X

On or about July 16, 1956, the respondent corporation reported to its agent that it had that day sold, pursuant to his instructions, 10,000 bushels of March 1957 wheat futures on the Chicago Board of Trade at \$ 2.22-1/2 per bushel. The agent thereupon reported to

S. A. Sogralim, a customer, that the said sale had been made for his account at \$ 2.21-1/2 per bushel, and the respondent corporation subsequently transmitted a statement to the said customer showing that such sale had been made for his account at the price of \$ 2.21-1/2 per bushel and had been closed out on that basis. In truth and in fact, the said sale had not been made at the price of \$ 2.21-1/2 per bushel as reported to the said customer, but at \$ 2.23-1/2 per bushel.

## XI

On or about May 31, August 25, September 28, November 10 and November 30, 1955, and January 24, February 1, February 20, April 17, April 26, May 2, May 31, June 5, June 11, June 22, July 20 and July 24, 1956, the respondent corporation purchased approximately 100,000 bushels and sold approximately 55,000 bushels of commodities for future delivery on the Chicago Board of Trade for the accounts of various customers. The respondent corporation thereupon reported or caused such purchases to be reported to the purchasing customers at prices above the actual prices of execution, and reported or caused such sales to be reported to the selling customers at prices below the actual prices of execution, and transmitted statements of purchase and sale and closed the transactions out on the basis of such reported prices, rather than the actual prices.

## XII

The futures transactions described in paragraphs V through XI were capable of being used for hedging transactions in interstate commerce in such commodities or the products or byproducts thereof, or for determining the price basis of transactions in interstate commerce in such commodities, or for delivering such commodities sold, shipped, or received in interstate commerce. By reason of the acts and transactions described in said paragraphs V through XI, the respondent corporation cheated and defrauded its customers, wilfully made false reports to such customers with respect to the trades and contracts of such customers, wilfully entered false records with respect to such trades and contracts, wilfully deceived such customers with respect to such trades and contracts, and bucketed orders received from such customers, all in violation of section 4b of the Commodity Exchange Act (7 U.S.C. 1952 ed., § 6b).

## XIII

During the period between May 31, 1955, and January 31, 1957, the respondent corporation deposited in its general bank account, funds received from customers to margin and secure the trades of such customers and funds accruing to such customers as a result of such trades. During the same period, the respondent corporation did

not make a daily computation nor maintain a permanent record of the amount of customers' money required to be held in segregated account, nor prepare nor maintain a monthly point balance which brought to the official closing price all open trades in each customer's account, nor prepare nor maintain a semi-annual statement showing the net profit or loss on open trades and the credit or debit balance for each customer. By reason thereof, the respondent corporation failed to treat and deal with customers' funds as belonging to such customers, failed to segregate and to account separately for such funds, commingled such funds with funds belonging to the respondent corporation, and failed to make required computations and maintain required records with respect to customers' funds, in

wilful violation of section 4d(2) of the Commodity Exchange Act (7 U.S.C. 1952 ed. § 6(d)(2)) and sections 1.20, 1.21, 1.32 and 1.34 of the rules and regulations (17 CFR 1.20, 1.21, 1.32, 1.34).

Therefore, the said respondents Agricol Corporation, Inc., and George L. Leitze, are hereby notified to be and appear at a hearing to be held at 10:00 a.m., Eastern Daylight Saving Time, on the 23rd day of July, 1957, at the United States Department of Agriculture, Washington, D. C., in Room 149-W, Administration Building, 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 suspending or revoking the registration of respondent Agricol Corporation, Inc., as a futures commission merchant, and directing that all contract markets refuse all trading privileges to each of respondents for such period of time as may be determined.

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 five 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 at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C., this

19th day of June, 1957.

/s/ Earl L. Butz

Acting Secretary of Agriculture

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

