

Commodity Futures Trading Commission  
CEA CASES

**NAME:** COTTON PRODUCTS CO., INC., J. P. BARNETT, SR., A. F. SPENCER, J. P. DOHERTY, L. T. POULET, AND J. P. BARNETT, JR.

**DOCKET NUMBER:** 53

**DATE:** JANUARY 20, 1950

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re Cotton Products Co., Inc., J. P. Barnett, Sr., A. F. Spencer, J. P. Doherty, L. T. Poulet, and J. P. Barnett, Jr.

CE-A Docket No. 63

Complaint and Notice of Hearing under the Commodity Exchange Act

The Secretary of Agriculture has reason to believe that the respondents, Cotton products Co., Inc., J. P. Barnett, Sr., A. F. Spencer, J. P. Doherty, L. T. Poulet, and J. P. Barnett, Jr. have violated the provisions of the Commodity Exchange Act (7 U.S.C., Chapter 1) and the rules and regulations made pursuant to its re-quirements. In accordance with the provisions of section 6(b) of the Commodity Exchange Act (7 U.S.C. 9), this complaint is issued alleging as follows;

1.

Respondent, Cotton Products Co., Inc., is a corporation organized under the laws of the State of Louisiana and has its principal place of business at 909 Railroad Avenue, Opelousas, Louisiana. The individual respondents are officers of respondent Cotton Products Co., Inc., as follows; J. P. Barnett, Sr. is president and general manager; A. P. Spencer is vice president; J. P. Doherty is vice president; L. T. Poulet is secretary and treasurer; and J. P. Barnett, Jr. is assistant secretary and treasurer.

2.

Respondent Cotton Products Co., Inc., does business some times in its own name and some times in the name of one or more of the following firms; Opelousas Oil Mill, Opelousas Cotton Oil Mill. Opelousas Moss Company, and Opelousas Oil Refinery.

3.

At all times material to this complaint, respondents J. P. Barnett, Sr., A. F. Spencer, J. P. Doherty, L. T. Poulet, and J. P. Barnett, Jr., as officers of the corporate respondent, exercised management and control over the business of the said corporate respondent, and the transactions hereinafter described were carried out under the direction and supervision and by means of the acts of the said individual respondents in their capacity as such officers. At all times material to this complaint, the said individual respondents were aware of the provisions of section 4i of the Commodity Exchange Act and of the rules and regulations of the Secretary of Agriculture promulgated thereunder.

4.

At all times material to this complaint, the New York Produce Exchange was a duly designated contract market under the Commodity Exchange Act.

5.

At the opening of business on December 2, 1949, as the result of transactions in March 1950 and May 1950 cottonseed oil futures contracts theretofore executed on the New York Produce Exchange for the account of the corporate respondent, its net short open contract position on the New York Produce Exchange in each of such futures was in excess of 900,000 pounds and remained in excess of 900,000 pounds through December 13, 1949. By reason of such position, the said respondent was in reporting status under section 4i of the Commodity Exchange Act and sections 10.10, 10.11, 10.12 and 10.21 of the rules and regulations thereunder, and was required to submit daily reports to the Commodity Exchange Authority, while in such status, with respect to transactions and changes in open contracts in all cottonseed oil futures. On December 2, December 3, December 6, December 12, and December 13, 1949, on each of which dates the corporate respondent was in reporting status as above described, purchases and sales of March 1950, and sales of May 1950 and July 1950 cottonseed oil futures contracts were executed on the New York Produce Exchange for the corporate respondent's account. The said respondent was aware of the above described provisions of the act and regulations, but wilfully failed to submit reports with respect to such transactions until January 4, 1950, in violation of section 4i of the Commodity Exchange Act and sections 10.10, 10.11, 10.12 and 10.21 of the rules and regulations thereunder.

6.

On the following dates and in the amounts indicated, purchases and sales of cottonseed oil for future delivery were executed on the New York Produce Exchange for the corporate respondent's account:

Date	Quantity Bought	Quantity Sold
Dec. 14, 1949		60,000 lbs. July
Dec. 20, 1949	180,000 lbs. March	
Dec. 28, 1949	60,000 lbs. May	
Dec. 29, 1949		120,000 lbs. May
Jan. 5, 1950	300,000 lbs. March	
Jan. 5, 1950	60,000 lbs. September	

At the opening of business on each of the above dates, as the result of transactions in cottonseed oil for future delivery theretofore executed on the New York Produce Exchange for the account of the corporate respondent, its net short open contract position on the New York produce Exchange in one or more cottonseed oil futures was equal to or in excess of 900,000 lbs. By reason of such position, the said respondent was in reporting status under section 4i of the Commodity Exchange Act and sections 10.10, 10.11, 10.12 and 10.21 of the rules and regulations thereunder, and was required to submit daily reports to the Commodity Exchange Authority with respect to the above transactions and the resulting changes in open contracts. The said respondent was aware of the aforesaid provisions of the act and regulations but has wilfully failed to submit the required reports, in violation

of section 4i of the Commodity Exchange Act and sections 10.10, 10.11, 10.12 and 10.21 of the rules and regulations thereunder.

Therefore, the said respondents, Cotton Products Co., Inc., J. P. Barnett, Sr., A. F. Spencer, J. p. Doherty, L. T. Poulet, and J. P. Barnett, Jr., are hereby notified to be and appear at a hearing to be held at 10 o'clock a.m., central standard time, on the 9th day of March 1950, in Room 306, New Orleans Cotton Exchange Building, New Orleans, Louisiana, 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 directing that all contract markets refuse all trading privileges to the respondents for such period of time as may be determined by the Secretary of Agriculture.

The respondents will have 20 days after the receipt of this notice of hearing to file in triplicate with the Hearing Clerk, United States Department of Agriculture, Washington 2b, D. C., an answer fully and completely stating the nature of the defense and admitting or denying specifically and in detail each material and relevant allegation of the 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 by delivery of a true copy thereof by an employee of the Department of Agriculture, or by registered mail, at least 20 days prior to the date set for hearing.

Done at Washington, D. C. this 20 day of January, 1950

/s/ A. J. Loveland

Acting Secretary of Agriculture

**LOAD-DATE:** June 11, 2008

