

Commodity Futures Trading Commission
CEA CASES

NAME: DECATUR COTTON OIL CO.

DOCKET NUMBER: 123

DATE: JANUARY 18, 1965

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Decatur Cotton Oil Co., Respondent

CEA Docket No. 123

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

There is reason to believe that the respondent, Decatur Cotton Oil Co., has violated the provisions of the Commodity Exchange Act (7 U.S.C. 1 et seq.), and the rules and regulations made pursuant thereto (17 CFR, Part 1), and in accordance with the provisions of section 6(b) of 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, Decatur Cotton Oil Co., is now, and was at all times material to this complaint, a corporation with an office and place of business at Decatur, Alabama.

II

The New York Produce Exchange, is now, and was at all times material to this complaint, a duly designated contract market under the Commodity Exchange Act.

III

On each business day during the period September 15 through September 30, 1964, the net short open contract position of the respondent corporation in the October 1964 cottonseed oil future

on the New York Produce Exchange was within the range of 1,500,000 pounds to 3,420,000 pounds. By reason of the fact that such quantities were equal to or in excess of 1,500,000 pounds, the said corporation was in reporting status and was required to report to the Commodity Exchange Authority with respect to all transactions entered into and all open contract positions held or controlled by it, in all cottonseed oil futures on all contract markets during said period and with respect to all transactions by reason of which the said corporation's position was reduced below reporting levels, as provided in section 4i of the Commodity Exchange Act (7 U.S.C. 6i) and sections 15.01, 15.02, 15.03, 18.00, 18.01 and 18.03 of the regulations thereunder (17 CFR 15.01, 15.02, 15.03, 18.00, 18.01, 18.03).

IV

On September 15, 17, 18, 22, 28 and 29, 1964, while the respondent corporation was in reporting status as described in paragraph III above, and on October 1, 1964, when its position was reduced below reporting levels, transactions in the October 1964 cottonseed oil future on the New York Produce

Exchange were made in its behalf, but the said respondent failed and refused to report to the Commodity Exchange Authority with respect to such transactions, as required under the aforesaid provisions of the Commodity Exchange Act and regulations.

V

On March 24, 1961, the Administrator of the Commodity Exchange Authority addressed a letter to the respondent corporation directing attention to its failure to file reports required to show reportable transactions and positions in cottonseed oil futures, and warning that failure in the future to submit required reports could result in the institution of formal proceedings against it under the Commodity Exchange Act. On October 5, 1964, the Director of the Trading Division of the Commodity Exchange Authority notified the respondent corporation by mail of the reporting requirements with respect to cottonseed oil futures under the Commodity Exchange Act and regulations, and requested submission of reports which were then due from the respondent corporation, as described in paragraphs III and IV above. Notwithstanding such letter, no reports were filed. In the circumstances, the respondent was aware of its obligations under the Commodity Exchange Act and regulations with respect to the submission of required reports, and the failure to submit such reports constituted a knowing and willful violation of section 4i of the Commodity Exchange Act and sections 15.01, 15.02, 15.03, 18.00, 18.01 and 18.03 of the regulations thereunder.

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the said respondent. 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 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 waiver of hearing. The respondent is 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 10:00 a.m., local time, on February 10, 1965, in Decatur, Alabama, at a place therein 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 order should not be made directing that all contract markets refuse all trading privileges to the respondent for such period of time as may be determined.

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

Done at Washington, D. C.

January 18 1965

[SEE SIGNATURE IN ORIGINAL]

George L. Mehren

Assistant Secretary

LOAD-DATE: June 12, 2008

