

Commodity Futures Trading Commission
CEA CASES

NAME: DECATUR COTTON OIL CO.

CITATION: 24 Agric. Dec. 245

DOCKET NUMBER: 123

DATE: MARCH 12, 1965

DOCUMENT TYPE: DECISION AND ORDER

(No. 9672)

In re DECATUR COTTON OIL CO. CEA Docket No. 123. Decided March 12, 1965.

Failure to file reports -- Denial of trading privileges -- Consent

Respondent's failure to file required reports was in willful violation of the act, for which violation all contract markets are ordered to refuse all trading privileges to respondent for a period of 30 days.

Mr. Earl L. Saunders for Commodity Exchange Authority. Respondent *pro se*.

Decision by Thomas J. Flavin, Judicial Officer

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. 1 *et seq.*), instituted by a complaint and notice of hearing issued under section 6 (b) of the act (7 U.S.C. 9) on January 18, 1965, by the Assistant Secretary of Agriculture. The respondent, a corporation, is charged with failing to submit required reports concerning transactions in cottonseed oil futures, in violation of section 4i of the Commodity Exchange Act (7 U.S.C. 6i) and the applicable regulations thereunder.

No hearing has been held. On March 5, 1965, the respondent submitted a stipulation under section 0.4(b) of the rules of

practice (17 CFR 0.4(b)), in which it admits the facts hereinafter set forth, waives hearing, and consents to the entry of the order contained herein.

FINDINGS OF FACT

1. The respondent, Decatur Cotton Oil Co., is now, and was at all times material herein, a corporation with an office and place of business at Decatur, Alabama.

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

3. 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 cotton-seed 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).

4. On September 15, 17, 18, 22, 28 and 29, 1964, while the respondent corporation was in reporting status as described in paragraph 3 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.

5. 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 paragraph 3 and 4 above. Notwithstanding such letter, no reports were filed.

CONCLUSIONS

Section 4i of the Commodity Exchange Act (7 U.S.C. 6i) requires every person who trades in futures to submit reports with respect to such trading "whenever such person shall directly or indirectly have or obtain a long or short position in any commodity or in any future of such commodity, equal to or in excess of such amount as shall be fixed from time to time by the Secretary of Agriculture." The quantity fixed by the Secretary for reporting purposes under the above provision is 1,500,000 pounds in any one cottonseed oil future (17 CFR 15.03). The facts set forth in the Findings of Fact demonstrate that in numerous instances the respondent failed and refused to file required reports with respect to its trading and positions in cottonseed oil futures, in violation of section 4i of the act, 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). These infractions occurred after similar infractions had been called to the respondent's attention. The respondent ignored a request for submission of reports which were then due from it, as described in Findings of Fact 3 and 4. It must be concluded, therefore, that the violations were knowing and wilful, as alleged in the complaint.

The complainant states that the administrative officials of the Commodity Exchange Authority have carefully considered the proposed stipulation and order, and that they believe the proposed sanction is adequate and that the prompt entry, without further proceedings, of the order to which respondent has consented will constitute a satisfactory disposition of this case, serve the public interest, and effectuate the purposes of the Commodity Exchange Act. The complainant recommends, therefore,

that the stipulation and waiver submitted by respondent be accepted and that the proposed order be issued. It is so concluded.

ORDER

Effective on the thirtieth day after the date of entry of this order, all contract markets shall refuse all trading privileges to the respondent, Decatur

Cotton Oil Co., for a period of thirty (30) days, such refusal to apply to all trading done and positions held by it directly or indirectly.

A copy of this Decision and Order shall be served on the respondent and on each contract market.

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