

Commodity Futures Trading Commission
CEA CASES

NAME: LOUIS DREYFUS CORPORATION

CITATION: 33 Agric. Dec. 1199

DOCKET NUMBER: 215

DATE: SEPTEMBER 5, 1974

DOCUMENT TYPE: DECISION AND ORDER

(No. 16,015)

In re LOUIS DREYFUS CORPORATION. CEA Docket No. 215. Decided September 5, 1974.

Reports -- inaccurate -- understating cash positions in wheat -- wilful violations of Act -- Sanction

The stipulation of respondent Louis Dreyfus Corporation filed herein has been accepted in connection with its wilful violation of the Act in submitting inaccurate or false reports of its cash positions in wheat as found herein. Respondent is ordered to cease and desist from such violations, and respondent is denied trading privileges on all contract markets for a period of 15 days.

Richard W. Davis, Jr., for complainant.

Merton Sarnoff, New York, N. Y., for respondent.

Decision by Dorothea A. Baker, Administrative Law Judge.

DECISION AND ORDER

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. Chapter I), instituted by a Complaint and Notice of Hearing issued on August 8, 1973 by the Assistant Secretary of Agriculture. The respondent is charged with violating section 4i of the Commodity Exchange Act (7 U.S.C. 6i) and sections 15.01(d), 19.00, and 19.01 of the regulations of the Secretary of Agriculture (17 CFR 15.01(d), 19.00, 19.01).

No hearing has been held in this proceeding. The respondent has filed a stipulation under section 0.4(b) of the Rules of Practice (17 CFR 0.4(b)), in which he (1) admits the facts hereinafter set forth in paragraph 1 of the Findings of Fact, (2) admits, for the purposes of this proceeding and for such purposes only, the remaining facts set forth in the Findings of Fact and (3) in order to dispose of this matter without further protracted proceedings and expense, waives hearing on the charges in the complaint and consents to the entry, without further proceedings, of the order contained herein.

Respondent denies that it has willfully committed any of the violations alleged in the complaint and states that any understatements in its 204 Reports referred to in the complaint were inadvertent and that information concerning certain sales of wheat omitted from the 204 Reports was not reported pursuant to a 20 year practice founded on good faith belief that it would have been erroneous and improper to report such information.

FINDINGS OF FACT

1. Respondent was, at all times material herein, a business firm with its principal place of business at One State Street Plaza, New York, New York; was

engaged in buying and selling wheat; held an open contract position in wheat futures in excess of 200,000 bushels and therefore was required to submit reports to the Commodity Exchange Authority showing the details of its cash positions in wheat.

2. During the period July 7, 1972 to October 20, 1972, respondent submitted to the Commodity Exchange Authority 16 reports on Report Form 204 CEA in which respondent's fixed price cash positions in wheat were understated by amounts ranging from more than 900,000 bushels to more than 25,000,000 bushels.

3. Respondent was notified by the Commodity Exchange Authority on October 30, 1972, by letter, that the 204 Report for August 25, 1972 appeared to be inaccurate and, subsequently, on November 15, 1972, respondent submitted 16 amended 204 Reports correcting the 16 reports submitted during the period July 7, 1972 to October 20, 1972.

4. Exhibit A hereto is a table showing a comparison of the information relating to wheat shown on respondent's original and corrected 204 Reports submitted for the period July 7, 1972 to October 20, 1972.

CONCLUSIONS

1. By reason of the facts set forth in the Findings of Fact, it is concluded that the respondent has violated section 4i of the Commodity Exchange Act (7 U.S.C. 6i) and sections 15.01(d), 19.00, and 19.01 of the regulations thereunder (17 CFR 15.01(d), 19.00, 19.01).

2. The complainant states that it has carefully considered the stipulation and the terms of the proposed order and believes that the entry of such order without further proceedings would constitute a satisfactory disposition of this case. The complainant, therefore, recommends that the stipulation be accepted and the proposed order be issued, terminating this proceeding. It is concluded that the complainant's recommendation should be adopted.

ORDER

1. Respondent Louis Dreyfus Corporation shall cease and desist from willfully submitting any false or misleading information in reports required under the Commodity Exchange Act.

2. Respondent Louis Dreyfus Corporation is prohibited from trading on or subject to the rules of any contract market for a period of fifteen (15) days, except for transactions which are bonafide

hedging transactions, and except for transactions entered into or positions held by L. D. Commodity Corp., a Delaware corporation, on behalf of or for the account or benefit of it or its customers exclusive of Louis Dreyfus Corporation or of persons (other than L. D. Commodity Corp.) directly or indirectly controlled by Louis Dreyfus Corporation, such prohibition to apply to all such trading done and positions held directly by Louis Dreyfus Corporation, either for its own account or as the agent or representative of any other person or firm, and also to all such trading done and positions held indirectly through persons or firms owned or controlled by the said respondent, or otherwise. However, such prohibition shall not become effective unless, within one year from the date of issuance of this order, the respondent should, after complaint and hearing in accordance with established procedure, be found to have violated the Commodity Exchange Act or regulations thereunder by reason of acts other than those constituting the basis for the charges brought in this proceeding, in which event a supplemental order in this proceeding may be issued, without further notice, making effective forthwith the aforesaid prohibition, which shall be in addition to any sanction which may be imposed as a result of such subsequent violation.

3. Pursuant to the amended Rules of Practice governing proceedings under the Commodity Exchange Act, this decision and order becomes final * without further

procedure thirty-five (35) days after service hereof, unless appealed to the Secretary by a party to the proceeding within thirty (30) days after service, as provided in sections 0.16 and 0.18 of the amended Rules of Practice published in the Federal Register of August 20, 1973 (38 F.R. 22381).

4. A copy of this decision and order shall be served upon each of the parties and upon each contract market.

* The Decision and Order became final September 5, 1974. -- Ed.

EXHIBIT A

(In bushels 000)

Date as of	Per original 204 reports		Per corrected 204 report submitted November 15, 1972		Difference (amount of error)	
	Long (2)	Short (3)	Long (4)	Short (5)	Long (6)	Short (7)
1972						
July	7 3,738	1,855	5,646	5,197	1,908	3,342
	14 6,249	29,784	8,717	32,595	2,468	2,811
	21 6,500	29,980	7,429	33,595	929	-3,615
	28 11,526	33,270	13,969	36,444	2,443	3,174
Aug.	4 24,946	88,136	26,712	92,312	1,766	4,176
	11 35,302	89,706	39,745	93,238	4,443	3,532
	18 37,438	91,521	42,475	95,716	5,03 [ILLEGIBLE TEXT]	4,195
	25 41,113	92,746	48,750	112,216	7,637	-19,470
Sept.	1 46,090	97,165	66,842	120,326	-20,752	-23,161
	8 47,073	96,778	67,730	119,556	-20,657	-22,778
	15 57,618	97,817	83,440	122,246	-25,822	-24,429
	22 60,097	106,959	84,355	126,380	-24,258	-19,421
	29 66,807	105,630	92,072	126,156	-25,265	-20,526
Oct.	6 69,226	109,726	94,249	130,846	-25,023	-21,120
	13 70,392	107,494	96,237	125,205	-25,845	-17,711
	20 72,225	103,634	95,708	126,296	-23,483	-22,662

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