

Commodity Futures Trading Commission
CEA CASES

NAME: ARTHUR N. ECONOMOU, AND ARTHUR N. ECONOMOU & CO., INC.

DOCKET NUMBER: 167

DATE: FEBRUARY 18, 1970

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Arthur N. Economou, and Arthur N. Economou & Co., Inc., Respondents

CEA Docket No. 167

Complaint and Notice of Hearing Under The Commodity Exchange Act

There is reason to believe that the respondents have violated the Commodity Exchange Act (7 U.S.C. 1964 ed., Chapter 1, as amended, Supp. IV, 1969) and the regulations made pursuant thereto. Therefore, this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Arthur N. Economou is an individual whose business address is 256 Fifth Avenue, New York, New York 10001.

II

Respondent Arthur N. Economou and Co., Inc., a Delaware corporation with its office and place of business at 256 Fifth Avenue, New York, New York 10001, is registered as a futures commission merchant under the Commodity Exchange Act and was so registered at all times during 1969. At all such times, respondent Arthur N. Economou was in complete control of the respondent corporation and initiated and

carried out the acts, dealings and transactions of the corporation. At all such times, the corporate respondent, acting in the capacity of futures commission merchant under the Commodity Exchange Act, engaged in trading in commodities for future delivery for the accounts of customers and holding for such customers sums of money, representing deposits of margin by and trading profits accruing to such customers.

III

During the period from on or about March 31, 1969 through on or about June 30, 1969, the respondent corporation while engaged in business as futures commission merchant under the Commodity Exchange Act, failed to meet the minimum financial requirements prescribed by section 1.17 of the regulations (34 F.R. 599) issued by the Secretary of Agriculture under the Commodity Exchange Act. Respondents submitted financial reports on Form 1-FR to Commodity Exchange Authority as of March 31 and June 30, 1969, respectively, which included among the "current assets" the following:

Report as of March 31, 1969

(a) "Due from Arthur N. Economou . . . \$ 2,000.00 (Secured by pledge of GTO Pontiac automobile valued at \$ 2,500)"

(b) "Due from The American Association of Commodity Traders . . . \$ 9,626.81 (Secured by inventory of Association publications value appraised conservatively at \$ 15,000)"

(c) "OTHER CURRENT ASSETS . . . 'acquisition cost', in the Economou Precious Metals Futures Trading Syndicate . . . \$ 6,016.80"

Report as of June 30, 1969

(a) "Due from American Board of Trade \$ 846.00"

(b) "Due from Arthur N. Economou (Secured by pledge of GTO Pontiac automobile valued at \$ 2,500) \$ 2,000.00"

(c) "Due from The American Association of Commodity Traders (Secured by inventory of Association publications, value appraised conservatively at \$ 15,000.00) \$ 7,080.81"

(d) "Contract acquisitions:

Economou Precious Metals Futures Trading Syndicate \$ 9,304.97

Economou Grains Futures Trading Syndicate \$ 23.00"

In truth and in fact, none of the items specified above qualified as current assets within the meaning of that term as used in section 1.17 of the regulations (34 F.R. 599) issued under the Commodity Exchange Act. When such items are deducted from the respondents' "current assets", they lacked approximately \$ 6,000.00 as of March 31, 1969, and \$ 700.00 as of June 30, 1969, of having enough funds to meet the minimum financial requirements prescribed by the above-cited section of the regulations.

IV

By reason of the facts alleged in this complaint, the respondents willfully violated section 4f of the Commodity Exchange Act (7 U.S.C. 6f, Supp. IV, 1969) and section 1.17 of the regulations issued thereunder (34 F.R. 599).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the respondents and this proceeding shall be governed by sections 0.1, 0.2, 0.4(b), 0.5 through 0.22, and 0.28

of the rules of practice under the Commodity Exchange Act (17 CFR 0.1, 0.2, 0.4(b), 0.5 through 0.22, 0.28). The respondents 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 four copies, fully and completely stating the nature of the defense and admitting or denying, specifically and in detail, each allegation of this complaint. Allegations not answered will be deemed admitted for the purposes of this proceeding. Failure to file an answer will constitute an admission of all the allegations of this complaint and a waiver of hearing. The filing of an answer in which all of the material allegations of fact contained in the complaint are admitted likewise shall constitute a waiver of hearing unless a hearing is requested. The respondents are hereby notified that unless hearing is waived, a hearing will be held at 10:00 a.m., local time, on March 31, 1970, in New York, New York, at a place therein to be specified later, before a referee designated to conduct such hearing. At such hearing, the respondents will have the right to appear and show cause, if any there be, why an appropriate order should not be issued in accordance with the Commodity Exchange Act, (1) prohibiting the respondents from trading on or subject to the rules of any contract market, and directing that all contract markets refuse all trading privileges to the respondents for such period of time as may be determined, (2) directing that the respondents shall cease and desist from

violating the Commodity Exchange Act and regulations in the manner alleged herein, and (3) suspending or revoking the registration of respondent Arthur N. Economou & Co., Inc., as futures commission merchant.

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.

FEBRUARY 18, 1970

[SEE SIGNATURE IN ORIGINAL]

Richard E. Lyng

Assistant Secretary

LOAD-DATE: June 16, 2008

