

Commodity Futures Trading Commission
CEA CASES

NAME: SECRETARY OF AGRICULTURE V. W. G. EDWARDS

DOCKET NUMBER: 18

DATE: MARCH 22, 1940

DOCUMENT TYPE: COMPLAINT

UNITED STATES OF AMERICA

BEFORE THE SECRETARY OF AGRICULTURE

CEA DOCKET NO. 18

Secretary of Agriculture, Complaint, v. W. G. Edwards, Respondent.

Complaint and Notice of Hearing Under the Commodity Exchange Act.

There being reason to believe that the respondent hereinafter named has violated the Commodity Exchange Act (7 U.S.C., 1934 ed., and Supp. IV, [ILLEGIBLE TEXT] 1-17a), and the rules and regulations promulgated pursuant thereto, this complaint is issued alleging the following:

1.

W. G. Edwards is and individual formerly trading and doing business under the firm name and style of W. G. Edwards & Co. at Billings, Montana, and Rapid City, South Dakota and was registered with the Secretary of Agriculture as a futures commission merchant for the calendar years 1938 and 1939.

2.

From January 1938 to June 24, 1939, the respondent, acting by and through the means of W. G. Edwards & Co., a sole proprietorship owned by the respondent, engaged as a futures commission merchant in soliciting orders for the purchase and sales of commodities for future delivery involving contracts of sales of such commodities for future delivery on or subject to the rules of the Board of Trade of the City of Chicago and the Minneapolis Chamber of Commerce, contract markets designated by the Secretary of Agriculture pursuant to the provisions of the Commodity Exchange Act, and while so engaged failed to keep proper records of commodity futures transactions as required by Section 4(g) of the Commodity Exchange Act, and sections 32, 33 and 34 of the rules and regulations promulgated pursuant thereto.

3.

The respondent was between August 9, 1938 and June 25, 1939, a correspondent of Farrel Brothers and Moore, McLean & McDermott, member firms of a contract market, and the respondent was a member of the Chicago Mercantile Exchange, a contract market, and during this period, in connection with orders to make and the making of futures contracts for the commodities named in the Commodity Exchange Act on contract markets, which contracts may be used for hedging or determining the price basis of transaction in interstate commerce in the commodities involved, attempted to and did cheat and

defraud persons for whom such contracts were made, wilfully made and caused to be made misleading and false reports and statements concerning such contracts to such persons, and wilfully attempted to and did deceive such persons in regard to such contracts and acts of agency performed with respect to such contracts by reporting to such persons the execution of such contracts by or through a member

of the Board of Trade of the City of Chicago and the Minneapolis Chamber of Commerce, when in fact such contracts were act to executed, and falsely reporting the prices at which orders were executed, all in violation of the Commodity Exchange Act and the rules and regulations promulgated pursuant thereto.

4.

The respondent, while a member of a contract market and a correspondent of member firms of a contract market, in connection with orders to make and the making of futures contracts for commodities named in the Commodity Exchange Act on contract markets, which contracts may be used for hedging or determining the price basis of transactions in interstate commerce in commodities involved, on August 9, 1938 and various dates thereafter, including August 18, 19, and 25, 1938, September 15, 1938, December 1, 1938, May 31, 1938, June 21, 22, and 24, 1939, bucketed such orders by confirming the execution thereof to various customers, including Cecil Waters, Harold B[ILLEGIBLE TEXT], Althea Te[ILLEGIBLE TEXT], Dr. M M Sherman and

Frederic A. Witcher, when, in fact, the orders were not executed on a contract market but were held by the respondent for his own account, all in violation of Section 4(b), subsection D of the Commodity Exchange Act.

5.

The respondent, between August 8, 1938 and June 24, 1939, conducted an office or place of business at Billings, Montana, and Rapid City, South Dakota, for the purpose of soliciting or accepting orders for the purchase or sale of commodities for future delivery, and conducting dealings in commodities for future delivery that could he used for hedging or determining the price basis for such transaction in interstate commerce, and executed or consummated such orders, contracts or dealings otherwise than by or through a member of a contract market, in violation of Section 4(b), subsection I of the Commodity Exchange Act.

6.

The respondent, during the times hereinbefore mentioned, delivered for transmission through the mails or in interstate commerce by other means of communication, confirmations of the execution of and reports of the price of contracts of sale of commodities for future delivery on or subject to the rules of the Board of Trade of the City of Chicago and the Minneapolis Chamber of Commerce,

when such contracts were not made by or through a member of a board of trade which had been designated by the Secretary of Agriculture as a contract market, all in violation of Section 4 of the Commodity Exchange Act.

7.

The respondent, during the period from January 1938 to June 24, 1939, by and through the means of W. G. Edwards & Co., engaged as a futures commission merchant, and while so engaged received funds from customers to margin their trades in commodity futures contracts and funds accruing to their account, as a result of trades in commodity futures contracts, on contract markets, and failed to segregate the funds as received, and, in fact, commingled such funds with respondent's own funds and the funds of security customers.

THEREFORE, the respondent is hereby notified to be and appear before a referee to be appointed by the Secretary of Agriculture at a hearing to be held at 10:00 a.m. on April 5, 1940, in Room 1831, South Building, Department of Agriculture, Washington, D. C., or at such other times and places as may be determined by the referee, and then and there show cause, if any there be, why

an order shall not be made revoking the registration of the respondent as a futures commission merchant, and directing that all contract markets, until further notice of the Secretary of

Agriculture, refuse all trading privileges to the respondent.

IT IS ORDERED that this complaint and notice of hearing be served on the named respondent, by delivery of a true copy hereof to him by an employee of the Department of Agriculture or by registered mail, at least three days prior to the date herein set for hearing.

Done at Washington, D. C., this 22nd day of March 1940. Witness my hand and the seal of the Department of Agriculture.

[SEE SIGNATURE IN ORIGINAL]

Assistant Secretary of Agriculture.

LOAD-DATE: June 16, 2008

