

Commodity Futures Trading Commission  
CEA CASES

**NAME:** SECRETARY OF AGRICULTURE V. HENRY C. GATLIN

**CITATION:** 1 Agric. Dec. 423

**DOCKET NUMBER:** 32

**DATE:** JUNE 25, 1942

**DOCUMENT TYPE:** DECISION AND ORDER

(A. D. 146)

BEFORE THE SECRETARY OF AGRICULTURE

SECRETARY OF AGRICULTURE, Complainant v. HENRY C. GATLIN, Respondent. CE-A  
Docket No. 32. Proceedings, Findings of Fact, Conclusions, and Order.

**PROCEEDINGS**

On May 5, 1942, a complaint was issued by Thomas J. Flavin, Assistant to the Secretary of Agriculture, pursuant to the Commodity Exchange Act, as amended (7 U. S. C. 1940 ed. 1 et seq.), against Henry C. Gatlin, Chicago, Illinois, the respondent.

The complaint alleged that Henry C. Gatlin, during the year 1941, was a member of the Chicago Mercantile Exchange, a contract market designated as such by the Secretary of Agriculture under the Commodity Exchange Act. While engaged in business as a floor

broker and registered as such with the Secretary of Agriculture, the respondent, in executing orders for the purchase or sale of potatoes, eggs, and butter for future delivery on and subject to the rules of the Chicago Mercantile Exchange for and on behalf of various clearing members, without the prior consent of the customer for whom he was executing these orders, became the purchaser for his own account with respect to selling orders and the seller for his own account with respect to buying orders.

A hearing was set for May 28, 1942, in Chicago. Prior to the date set for hearing, Henry C. Gatlin, the respondent, executed a document entitled "Admission of Facts, Waiver of Hearing and Consent to Order" in which he acknowledged receipt of a copy of the complaint in this proceeding, admitted the allegations contained therein, waived a hearing on the complaint, and consented to the entry, without further notice to him, of an order by the Secretary of Agriculture, based upon the facts alleged in the complaint and admitted by the respondent, together with the facts stated in a statement signed by the respondent on April 23, 1942.

**FINDINGS OF FACT**

1. Henry C. Gatlin is an individual who, during the year 1941, was engaged in business as a floor broker at Chicago, Illinois, and is at present so engaged and has been registered with the Secretary of Agriculture as a floor broker under the provisions of the Commodity Exchange Act since September 4, 1941.

2. During the year 1941, the respondent was a member of the Chicago Mercantile Exchange, a contract market designated as such by the Secretary of Agriculture under the Commodity Exchange Act.

3. The respondent, during the calendar year 1941, while engaged as a floor broker in executing orders for the purchase or sale of potatoes, eggs, and

butter for future delivery on and subject to the rules of the Chicago Mercantile Exchange for and on behalf of various clearing members, did, without the prior consent of the customer for whom he was executing these orders, become the purchaser for his own account with respect to selling orders and the seller for his own account with respect to buying orders.

4. The contracts for future delivery of potatoes, eggs, and butter, referred to in paragraph 3, could be used for hedging transactions in these commodities in interstate commerce.

#### **CONCLUSIONS**

Based upon the foregoing facts, it is concluded that the respondent did wilfully and knowingly and without the prior consent of his customers become the buyer in respect to selling orders of such customers and the seller in respect to the buying orders of such customers relative

to contracts for the future delivery of commodities made on and subject to the rules of a contract market, all in violation of section 4b (D) of the Commodity Exchange Act. These violations by the respondent in and of themselves would warrant the denial of trading privileges on contract markets and suspension of his registration as a floor broker under the Commodity Exchange Act. However, in view of the lack of evidence of a fraudulent intent and mitigating circumstances set forth in the statement of April 25, 1942, including the manner of conducting trading on the exchange and the general practice existing prior to January 1942, it is concluded that the respondent's registration as a floor broker under the provisions of the Commodity Exchange Act should be suspended for a period of thirty days.

#### **ORDER**

**IT IS ORDERED** that the registration of Henry C. Gatlin as a floor broker be, and the same hereby is, suspended for a period of thirty days.

**IT IS FURTHER ORDERED** that a copy hereof be sent by registered mail to the respondent and to each contract market and that this order shall become effective on the 10th day of July 1942.

Done at Washington, D. C., this 25th day of June 1942. Witness my hand and the seal of the Department of Agriculture.

[SEAL]

(S) THOMAS J. FLAVIN

*Assistant to the Secretary of Agriculture*

Acting pursuant to authority delegated by the Secretary of Agriculture under the Act of April 4, 1940 (54 Stat. 81; 7 F. R. 2656).

**LOAD-DATE:** March 12, 2008

