

Commodity Futures Trading Commission
CEA CASES

NAME: JEAN GOLDWURM, JULA GOLDWURM, IRA HAUPT AND COMPANY, IRVING WEIS, AND IRVING WEIS AND COMPANY

DOCKET NUMBER: 38

DATE: MAY 7, 1946

DOCUMENT TYPE: COMPLAINT

UNITED STATES OF AMERICA

BEFORE THE SECRETARY OF AGRICULTURE

In re Jean Goldwurm, Jula Goldwurm, Ira Haupt and Company. Irving Weis, and Irving Weis and Company Respondents

CE-A Docket No. 38

Complaint and Notice of Hearing Under Section 6(b) of the Commodity Exchange Act

There being reason to believe that the respondents have violated the Commodity Exchange Act (7 U.S.C. Secs. 1-17a), and the rules and regulations promulgated pursuant thereto, this complaint is issued alleging the following:

1.

Jean Goldwurm and Jula Goldwurm are individuals residing at Hotel Alden, 225 Central Park, West, New York, New York.

2.

Ira Haupt and Company is a partnership doing business at 111 Broadway, New York, New York, and was at the times hereinafter mentioned and is now registered as a futures commission merchant under the provisions of the Commodity Exchange Act.

3.

Irving Weis and Company is a partnership doing business at 60 Beaver Street, New York, New York, and was at the times hereinafter mentioned and is now registered as a futures commission merchant under the provisions of the Commodity Exchange Act.

4.

Irving Weis is an individual and a member of the partnership of Irving Weis and Company doing business at 60 Beaver Street, New York, New York, and was at the times hereinafter mentioned and is now registered as a floor broker under the provisions of the Commodity Exchange Act.

5.

Irving Weis, on numerous occasions during the period covered by this complaint, acted as floor broker in the execution of cotton futures transactions for Ira Haupt and Company, which transactions were for the accounts of Jean and Jula Goldwurm, customers of Ira Haupt and Company. The brokerage fees received by Irving Weis for the execution of these transactions accrued to the benefit of the partnership of Irving Weis and Company.

6.

The New York Cotton Exchange is a duly designated contract market under the provisions of the Commodity Exchange Act.

7.

The respondents, during the times and by means of the actions set forth herein, entered into and confirmed the execution of transactions in cotton futures contracts which were of the character of "wash sales" and fictitious sales.

8.

(a) On July 19, 1944, Jean and Jula Goldwurm caused the execution of a purchase of 1,200 bales of March cotton futures on the New York Cotton Exchange at 21.24 cents per pound against a simultaneous sale of 1,200 bales of March cotton futures on the New York Cotton Exchange at 21.23 cents per pound. These transactions were made for and entered in, the Jean and Jula Goldwurm joint account on the records of Ira Haupt and Company.

(b) In the execution of the purchase and sale described in 8(a) above Irving Weis acted as floor broker in the purchase at 21.24 cents and the sale at 21.23 cents, while Eugene R. Burnett acted as floor broker and principal on the opposite sides of each of the transactions, resulting in a sale of 1,200 bales at 21.24 and a purchase of 1,200 bales at 21.23 being entered in the "Burnett clearance account" on the records of Irving Weis and Company.

9.

(a) On July 19, 1944, Jean and Jula Goldwurm caused the execution of a purchase of 1,200 bales of December cotton futures on the New York Cotton Exchange at 21.35 cents per pound against the simultaneous sale of 1,200 bales of December cotton futures on the New York Cotton Exchange at 21.34 cents per pound. These transactions were made for, and entered in the Jean and Jula Goldwurm Joint account on the records of Ira Haupt and Company.

(b) In the execution of the purchase and sale described in 9(a) above Irving Weis acted as floor broker in the purchase at 21.35 cents and the sale at 21.34 cents, while Robert W. Sigel acted as floor broker and principal on the opposite sides of each of the transactions resulting in a sale at 21.35 and a purchase at 21.34 being entered in the "Sigel clearance account" on the records of Irving Weis and Company.

10.

(a) On November 16, 1944, Jean and Jula Goldwurm caused the execution of a purchase of 1,000 bales of December cotton futures on the New York Cotton Exchange at 21.74 cents per pound against a simultaneous sale of 1,000 bales of December cotton futures on the New York Cotton Exchange at 21.74 cents per pound. These transactions were made for and entered in, the Jean and Jula Goldwurm Joint account on the records of Ira Haupt and Company.

(b) In the execution of the purchase and sale described in 10(a) above Irving Weis acted as floor broker on both sides of the transaction, the purchase for the Goldwurm account being the opposite end of the sale for the same account.

11.

(a) On October 10, 1945, Jean and Jula Goldwurm caused the execution of the purchase of 1,600 bales of October cotton futures on the New York Cotton Exchange at 23.14 cents per pound against a

simultaneous sale of 1,600 bales of October cotton futures on the New York Cotton Exchange at 23.13 cents per pound. These transactions were made for, and entered in, the accounts of Jean and Jula Goldwurm on the records of Ira Haupt and Company.

(b) In the execution of the purchase and sale described in 11(a) above Irving Weis acted as floor broker in the purchase at 23.14 cents and the sale at 23.15,

while Perry Moore acted as floor broker for the account of his firm, Robert Moore and Company, in the purchase of 1,000 bales at 25.15 cents, and the sale of 1,000 bales at 23.14 cents with Robert W. Sigel acting as floor broker and principal in the purchase of the remaining 600 bales at 23.13 cents and the sale of 600 bales at 23.14 cents.

12.

All of the transactions in paragraphs 8, 9, 10, and 11 above were of the character of "wash sales" and fictitious sales.

13.

Jean and Jula Goldwurm caused the simultaneous purchases and sales described in paragraphs 8, 9, 10, and 11 above to be applied against certain other purchases and sales in their accounts in a manner which resulted in profits appearing to be realized from transactions which had been in existence for more than six months, when as a matter of fact such profits were actually realized from transactions which had been in existence for less than six months. For

example, the purchase of 1,200 bales of December cotton futures contracts at 21.35 cents per pound on July 19, 1944, was applied against a sale of 1,200 bales of December cotton futures contracts at 20.69 cents per pound on June 15, 1944, while 1,000 bales of the sale at 21.34 made on July 19, 1944, were applied against a purchase of 1,000 bales at 21.74 on November 16, 1944, and the remaining 200 bales of the July 19, 1944, sale were applied against a purchase of 200 bales at 21.58 on November 21, 1944. The sale of 1,000 bales of December contracts at 21.74 on November 16, 1944, was applied against a purchase of 1,000 bales at 19.59 on May 1, 1944. By this means of applying the purchases and sales described in paragraphs 9 and 10 above the Goldwurm account was caused to show a loss of \$ 4,520 as occurring on July 19, 1944, from a transaction originating on June 15, 1944; a loss of \$ 2,300 on November 16 from a transaction originating on July 19, 1944 a loss of \$ 300 on November 21, 1944, from a transaction originating on July 19, 1944; and a "long-term" profit of \$ 10,450 on November 16, 1944, from a transaction originating on May 1, 1944. With the elimination of the "wash sales" occurring on July 19, 1944, and November 16, 1944, and the application of the remaining transactions in the order of their execution the Goldwurm account would show a profit of \$ 5,200 on June 15, 1944, from a transaction originating on May 1, 1944, and a loss of \$ 950 on November 21, 1944, from a transaction originating on June 15, 1944. The net profit, as shown

when the "wash transactions" are considered, amounts to \$ 3,530, while the elimination of the "wash transactions" results in a net profit of \$ 4,250. The difference of \$ 720 consists of \$ 660 commission paid on the "wash trades" and \$ 60 loss due to the one point difference on the transaction of 1,200 bales of July 19, 1944.

Therefore, each of the said respondents is hereby notified to be and appear at a hearing to be held at 10:00 o'clock a.m. Eastern Standard Time on the 10th day of June, 1946 in Room 602, 60 Beaver Street, New York, New York, before a referee to be designated by the Secretary of Agriculture p to conduct such hearing, and then and there show cause, if any there be, why an order should not be made directing that, until further notice of the Secretary of Agriculture, all contract markets refuse all trading privileges to each of such respondents, and further, suspending or revoking any registration of the respondents as futures commission merchants or floor brokers as the case may be.

The respondents will have 20 days after the receipt of this notice of hearing in which to file with the Secretary of Agriculture an answer in triplicate, fully and completely stating the nature of the defense and admitting or denying specifically in detail each material and relevant allegation of this complaint.

Any allegations that are not answered will be deemed admitted for the purpose of this proceeding.

It is ordered that this complaint and notice of hearing be served on each of the named respondents by delivery of a true copy hereof to each of them by an employee of the Department of Agriculture or by registered mail at least 20 days prior to the date herein set for hearing.

Done at Washington D. C., this 7th day of May, 1946

/s/ CLINTON P. ANDERSON

Secretary of Agriculture

LOAD-DATE: June 11, 2008

