

Commodity Futures Trading Commission
CEA CASES

NAME: WILLIAM LUDWIG

DOCKET NUMBER: 94

DATE: AUGUST 30, 1960

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re: William Ludwig, Respondent

CEA Docket No. 94

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

There is reason to believe that respondent, William Ludwig, has violated the Commodity Exchange Act (7 U.S.C. 1958 ed., Chapter 1) and the rules and regulations made pursuant thereto, and in accordance with the provisions of section 6(b) of said act (7 U.S.C. 1958 ed., § 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent William Ludwig, an individual whose address is 180 Duane Street, New York, New York, is now and was at all times material to this complaint a member of the Chicago Mercantile Exchange.

II

The Chicago Mercantile Exchange is now and was at all times material to this complaint a duly designated contract market under the Commodity Exchange Act.

III

At various periods during 1955 and 1956, the respondent traded in egg futures on the Chicago Mercantile Exchange through For DeLuxe Foods, Inc., in accounts carried in the names of William Ludwig, Edson Eldredge, and Charles Colangelo. All transactions in such accounts during such periods belonged to or were controlled by the respondent.

IV

On each day from June 29 to July 11, 1955, the respondent held or controlled a net long position in egg futures on the Chicago Mercantile Exchange in one or more of the above named accounts, which position ranged from 33 to 43 carlots in a single future. By reason of the fact that such quantities were equal to or in excess of 25 carlots, the respondent was in reporting status and was required to report to the Commodity Exchange Authority with respect to all transactions executed and all open contract positions held or controlled by him, in all egg futures on all boards of trade (exchanges) during the said period and with respect to all transactions by reason of which the respondent's position was reduced below reporting levels, as provided in section 4i of the Commodity Exchange Act (7 U.S.C. 1958 ed., § 6i) and sections 5.10, 5.11, 5.12, and 5.21 of the regulations thereunder (17 CFR, 5.10, 5.11, 5.12, 5.21).

V

On June 29 and June 30, 1955, while the respondent was in reporting status as described in paragraph IV, and on July 11, 1955, when the respondent's position was reduced below 25 carlots, transactions in egg futures on the Chicago Mercantile Exchange were executed on his behalf in two of the above named accounts, but the respondent failed to report to the Commodity Exchange Authority with respect to such transactions, in wilful violation of the aforesaid provisions of the Commodity Exchange Act and the regulations thereunder.

VI

At various times from August 2 through December 19, 1955, the respondent held or controlled a net long position in egg futures on the Chicago Mercantile Exchange in the amount of 25 or more carlots in a single future. By reason thereof, the said respondent was in reporting status and was required to submit reports to the Commodity Exchange Authority as described in paragraph IV. On 20 days within such period, on each of which days the respondent was in reporting status, transactions in egg futures on the Chicago Mercantile Exchange were executed on behalf of the respondent in one or more of the above named accounts, but the respondent failed to submit reports to the Commodity Exchange Authority on 7 of such days and submitted false reports with respect to the remaining 13 days, in wilful violation of the aforesaid provisions of the Commodity Exchange Act and the regulations thereunder.

VII

On December 8 and December 9, 1955, the respondent held or controlled total speculative net long positions of 74 and 98 carlots, respectively, in the December 1955 egg future on the Chicago Mercantile Exchange in the above named accounts. By reason thereof, the respondent traded in such future in an amount which resulted in positions in excess of the maximum permissible quantity of 50 carlots, in wilful violation of section 4a of the Commodity Exchange Act (7 U.S.C. 1958 ed., § 4a) and the order of the Commodity Exchange Commission establishing limits on position and trading in eggs for future delivery (17 CFR, 150.5).

VIII

From December 20, 1955, through January 24, 1956, the respondent held or controlled speculative net long positions which ranged between 51 and 98 carlots in the January 1956 egg future on the Chicago Mercantile Exchange in the above named accounts. By reason thereof, the respondent traded in such future in an amount which resulted in positions in excess of the maximum permissible quantity of 50 carlots, in wilful violation of section 4a of the Commodity Exchange Act (7 U.S.C. 1958 ed., § 6a) and the order of the Commodity Exchange Commission establishing limits on positions and trading in eggs for future delivery (17 CFR, 150.5).

IX

On each day from December 20, 1955, through January 24, 1956, the respondent held or controlled a net long position in egg futures on the Chicago Mercantile Exchange in the above named accounts, of 25 or more carlots in a single future, by reason of which the respondent was in reporting status and was required to submit reports to the Commodity Exchange Authority, as described in paragraph IV. On 17 days within such period, on each of which days the respondent was in reporting status, transactions in egg futures on the Chicago Mercantile Exchange were executed on his behalf in one or more of the said accounts, but the respondent failed to submit reports to the Commodity Exchange Authority on four of such days and submitted false reports to the Commodity Exchange Authority with respect to the remaining 13 days, in wilful violation of the aforesaid provisions of the Commodity Exchange Act and the regulations thereunder.

X

On March 22, 1955, a complaint was issued in CEA Docket No. 66, charging that the respondent exceeded the speculative limits on daily trading and positions in eggs for future delivery on the Chicago Mercantile Exchange during various periods in 1954 and 1955, and that the respondent filed false reports covering his trading and positions. On April 21, 1955, in response to such charges, the respondent submitted a stipulation

in which he consented to an order directing all contract markets to refuse all trading privileges to him for a period of thirty days effective July 1, 1955, and such an order was issued by the Judicial Officer on May 11, 1955, applying to all trading done and positions held by the said William Ludwig directly or indirectly. The respondent, therefore, was aware of his obligations under the act and the regulations with respect to speculative limits and reporting requirements, and he carried or controlled accounts under various names on the books of Fox DeLuxe Foods, Inc., as described above, and caused the execution of transactions in such accounts, in order to conceal deliberate and willful violations of the act and circumvent the denial of trading privileges imposed by the aforesaid order of the Judicial Officer.

Wherefore, it is hereby ordered that this complaint and notice of hearing be served upon the said respondent. The respondent will have twenty (20) days after the receipt of this notice of hearing in which to file with the Hearing Clerk, United States Department of Agriculture, Washington 25, D. C., an answer with an original and five copies, fully and completely stating the nature of the defense and admitting or denying, specifically and in detail, each material and relevant allegation of this complaint. Allegations not answered will be deemed admitted for

the purpose of this proceeding. Failure to file an answer will constitute an admission of all the material allegations of this complaint and a waiver of hearing. The respondent is hereby notified that unless hearing is waived, either expressly or by failure to file an answer and request a hearing, a hearing will be held at 10:00 a.m., local time, on the 25th day of October, 1960, 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 respondent will have the right to appear and show cause, if any there be, why an order should not be made directing that all contract markets refuse all trading privileges to the respondent for such period of time as may be determined.

It is ordered that this complaint and notice of hearing be served on the respondent at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C.,

August 30, 1960.

/s/ Clarence L. Miller

Clarence L. Miller

Assistant Secretary

LOAD-DATE: June 12, 2008

