

Commodity Futures Trading Commission
CEA CASES

NAME: WILLIAM J. MALLERS

DOCKET NUMBER: 86

DATE: SEPTEMBER 2, 1958

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: William J. Mallers, Respondent

CEA Docket No. 86

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

There is reason to believe that the respondent, William J. Mallers, has violated the provisions of the Commodity Exchange Act (7 U.S.C., 1952 ed., Chapter 1), and the rules and regulations issued thereunder (17 CFR, Part 1). In accordance with the provisions of section 6(b) of the Commodity Exchange Act (7 U.S.C., 1952 ed., § 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent William J. Mallers, an individual whose address is 124 Keeney Street, Evanston, Illinois, is now and was at all times material to this complaint a member of the Board of Trade of the City of Chicago and a registered floor broker under the Commodity Exchange Act.

II

The Board of Trade of the City of Chicago, hereinafter called the Chicago Board of Trade, is now and was at all times material to this complaint a duly designated contract market under the Commodity Exchange Act.

III

In the transactions listed below, the respondent, acting as floor broker on orders received from Bache and Company, a registered futures commission merchant, sold certain quantities of old July 1957 wheat futures on the Chicago Board of Trade to one Herald E. Gibbs, also a registered floor broker, and in each instance purchased identical quantities of the same future at the same price from the said Herald E. Gibbs. The said trades were consummated by means of negotiation between the respondent and the said Herald E. Gibbs. The respondent made each of the said sales for the account of his principal, the said Bache and Company, in accordance with the orders which he had received from Bache and Company, and made each of the said purchases for his personal account, the said Herald E. Gibbs taking the opposite side of each of such trades for the personal

account of the said Herald E. Gibbs. The dates, commodities sold and purchased, and the prices were as follows:

Date	Bought (Bushels)	Sold (Bushels)	Account	Price	Opposite Broker	Opposite Account
1957						
April 22		15,000	Bache	\$ 2.11	Gibbs	Gibbs
April 22	15,000		Mallers	2.11	Gibbs	Gibbs

Date	Bought (Bushels)	Sold (Bushels)	Account	Price	Opposite Broker	Opposite Account
1957						
April 24		5,000	Bache	2.10 1/2	Gibbs	Gibbs
April 24	5,000		Mallers	2.10 1/2	Gibbs	Gibbs
April 24		30,000	Bache	2.10	Gibbs	Gibbs
April 24	30,000		Mallers	2.10	Gibbs	Gibbs
April 26		10,000	Bache	2.10 3/4	Gibbs	Gibbs
April 26	10,000		Mallers	2.10 3/4	Gibbs	Gibbs

The above trades were capable of being used for hedging transactions in interstate commerce in wheat or the products or by-products thereof, or for determining the price basis of transactions in interstate commerce in wheat, or for delivering wheat sold, shipped, or received in interstate commerce.

By reason of such transactions the respondent wilfully and knowingly, and without the prior consent of his principal, the said Bache and Company, became the buyer with respect to selling orders of the said principal, in violation of section 4b(D) of the Commodity Exchange Act (7 U.S.C., 1952 ed., § 6b(D)); and failed to execute futures trades openly and competitively by open outcry in the trading pit of the Chicago Board of Trade, in wilful violation of section 1.38 of the rules and regulations under the Commodity Exchange Act (17 CFR 1.38).

IV

On or about April 23, 1957, the respondent, having in hand orders from his principals, registered futures commission merchants, to purchase quantities of old July 1957 wheat futures on behalf of such principals, and other orders from such principals to sell quantities of old July 1957 wheat futures on their behalf, executed such orders on the Chicago Board of Trade by selling quantities of the said future for the account of a principal to an opposite broker and, in each instance, purchasing from the same opposite broker the same quantity of the same future for the account of the same or a different principal. The said trades were consummated by means of negotiation between the respondent and the respective opposite brokers. The principals for whom the respondent acted, the quantities sold and purchased, the prices, and the opposite brokers and opposite accounts were as follows:

Bought (Bushels)	Sold (Bushels)	Principal	Price	Opposite Broker	Opposite Account
5,000		Bache	\$ 2.10	H.E. Gibbs	H.E. Gibbs
	5,000	Bache	2.09 7/8	H.E. Gibbs	H.E. Gibbs
	5,000	Bache	2.11 3/4	H.E. Gibbs	H.E. Gibbs
5,000		Bache	2.11 3/4	H.E. Gibbs	H.E. Gibbs
	5,000	Bache	2.11 3/4	A.P. McGreevy	A. P. McGreevy
5,000		Reynolds	2.11 3/4	A.P. McGreevy	A.P. McGreevy

The aforesaid trades were capable of being used for hedging transactions in interstate commerce in wheat or the products or byproducts thereof, or for determining the price basis of transactions in interstate commerce in wheat, or for delivering wheat sold, shipped, or received in interstate commerce.

By reason of such transactions, the respondent filled orders by offset in wilful violation of section 4b(D) of the Commodity Exchange Act (7 U.S.C., 1952 ed., § 6b(D)); entered into cross trades, in wilful violation of section 4c(A) of the Commodity Exchange Act (7 U.S.C., 1952 ed., § 6c(A)); and failed to execute futures trades openly and competitively by open outcry in the trading pit of the Chicago Board of Trade, in wilful violation of section 1.38 of the rules and regulations under the Commodity Exchange Act (17 CFR 1.38).

Therefore, the said respondent, William J. Mallers, is hereby notified to appear and be at a hearing to be held at 10:00 a.m., local time, on the 21st day of October, 1958, in Room 1200, Board of Trade Building, 141 West Jackson Boulevard, Chicago, Illinois, before a referee designated to conduct such

hearing, and then and there show cause, if any there be, why an order should not be made suspending or revoking the registration of respondent

William J. Mallers as a floor broker and directing that all contract markets refuse all trading privileges to the said respondent for such period of time as may be determined. 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 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 the respondent at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C., this

2nd day of September, 1958.

/s/ True D. Morse

True D. Morse

Acting Secretary

LOAD-DATE: June 12, 2008

