

Commodity Futures Trading Commission  
CEA CASES

**NAME:** JOHN S. MORRIS, EVERETT E. KLIPP AND JOHN S. MORRIS AND CO., INC.

**DOCKET NUMBER:** 205

**DATE:** JANUARY 18, 1973

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: John S. Morris, Everett E. Klipp and John S. Morris and Co., Inc.,  
Respondents

CEA Docket No. 205

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondents have violated the Commodity Exchange Act, as amended (7 U.S.C. 1 et seq.), hereinafter referred to as the Act. This complaint and notice of hearing is issued stating the charges in that respect as follows:

I

a. John S. Morris and Co., Inc., an Illinois corporation, is now and was at all times material herein a registered futures commission merchant under the Act and a clearing member of the Chicago Board of Trade. At all times material herein, its business address was 141 West Jackson Boulevard, Chicago, Illinois 60604.

b. John S. Morris, an individual whose business address is 141 West Jackson Boulevard, Chicago, Illinois 60604, is now and was at all times material herein president of John S. Morris and Co., Inc.

c. Everett E. Klipp, an individual whose business address is 141 West Jackson Boulevard, Chicago, Illinois 60604, is now and was at all times material herein treasurer of John S. Morris and Co., Inc.

d. Charles E. Evans, Jr., an individual, was, at all times material herein, a trader in commodity futures and a customer of John S. Morris and Co., Inc.

II

The Chicago Board of Trade is now and was at all times material herein a duly designated contract market under the Act.

III

The transactions referred to herein relate to the purchase and sale of futures contracts in soybeans, wheat and corn on and subject to the rules of the Chicago Board of Trade. Such contracts could have been used for (a) hedging any transaction in interstate commerce in such commodities or the products or byproducts thereof, or (b) determining the price basis of transactions in interstate commerce in such commodities, or (c) delivering such commodities sold, shipped or received in interstate commerce for the fulfillment thereof.

IV

On or about July 27, 1971, Mr. Charles E. Evans, Jr., tendered, and the respondents accepted, a certificate representing 2,890.075 shares of Investors Mutual, Inc. stock, with the understanding or agreement that such stock would

constitute the margin up to approximately \$ 25,000 for Mr. Evans' current and anticipated futures trading.

V

On or about October 8, 1971, the respondents, acting contrary to their understanding or agreement with Mr. Evans, closed out his position in the futures market on the basis that such stock was not acceptable as margin. This action was taken without any notice to Mr. Evans before October 8, 1971, and without the authorization of Mr. Evans. The required margin for Mr. Evans' account on that day was approximately \$ 17,000.

VI

By reason of the facts alleged herein, the respondents wilfully violated the provisions of section 4b (2) (A) and (C) of the Act (7 U.S.C. 6b (2) (A) and (C)).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the respondents and this proceeding shall be governed by sections 0.1, 0.2, 0.4(b), 0.5 through 0.22 and 0.28 of the rules of practice under the Commodity Exchange Act (17 CFR 0.1, 0.2, 0.4(b), 0.5 through 0.22, 0.28). The respondents will have twenty (20) days after the receipt of this complaint in which to file with the Hearing Clerk, United States Department of Agriculture, Washington, D.C. 20250, 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 allegation of this complaint. Allegations not answered will be deemed admitted for the purposes of this proceeding. Failure to file an answer will constitute an admission of all the allegations of this complaint and a waiver of hearing. The filing of an answer in which all of the material allegations of fact contained in the complaint are admitted likewise shall constitute a waiver of hearing unless a hearing is requested. The respondents are hereby notified that unless hearing is waived, a hearing will be held in Chicago, Illinois, at a place therein and date to be specified later, before a referee designated to conduct such hearing. At such hearing, the respondents will have the right to appear and show cause, if any there be, why an appropriate order should not be issued in accordance with the Commodity Exchange Act, (1) suspending or revoking the registration of the respondent John S. Morris and Co., Inc., as a futures commission merchant, (2) prohibiting the respondents from trading on or subject to the rules of any contract market, and directing that all contract markets refuse all trading privileges to the respondents for such period of time as may be determined and (3) directing that the respondents shall cease and desist from violating the Act in the manner alleged herein.

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

Done at Washington, D.C.

January 18, 1973

[SEE SIGNATURE IN ORIGINAL]

Richard E. Lyng

Assistant Secretary

**LOAD-DATE:** June 16, 2008

