

Commodity Futures Trading Commission
CEA CASES

NAME: WILLARD E. PLATT, GEORGE F. FREY, JR., OLIVER M. HIBBERD, PATRICK M. SHEA, HENRY C. GATLIN, F & G COMMODITIES, AND RALPH N. PETERS & CO.

CITATION: 24 Agric. Dec. 105

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(No. 9611)

In re WILLARD E. PLATT, GEORGE F. FREY, JR., OLIVER M. HIBBERD, PATRICK M. SHEA, HENRY C. GATLIN, F & G COMMODITIES, AND RALPH N. PETERS & CO. CEA Docket No. 112. Decided February 10, 1965.

Records requirements -- Suspension or registration and denial of trading privileges in abeyance -- Consent -- Ralph N. Peters & Co.

The registration of Ralph N. Peters & Co. as a futures commission merchant is suspended for a period of 10 days and its trading privileges on the contract markets are denied for a like period for failing to keep full and complete records as required by the act, such sanctions to be held in abeyance.

Mr. Earl L. Saunders for Commodity Exchange Authority. *Winston, Strawn, Smith & Patterson*, of Chicago, Ill., for respondent Ralph N. Peters & Co.

Decision by Thomas J. Flavin, Judicial Officer

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. 1 *et seq.*), instituted by a complaint and notice of hearing issued under section 6 (b) of the act (7 U.S.C. 9) by the Assistant Secretary of Agriculture.

Respondent Ralph N. Peters & Co. is one of seven respondents in this proceeding. The complaint charges that the said respondent failed to keep full and complete records of futures transactions in wilful violation of section 4g of the Commodity Exchange Act

(7 U.S.C. 6g) and section 1.35 of the regulations issued thereunder (17 CFR 1.35).

No hearing has been held with respect to any of the respondents. On January 25, 1965, respondent Ralph N. Peters & Co. submitted for filing in the record, under section 0.4(b) of the Rules of Practice (17 CFR 0.4(b)), a stipulation in which it admits the facts hereinafter set forth, waives hearing on the charges in the complaint, and consents to the entry of the order contained herein.

FINDINGS OF FACT

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

2. Respondent Ralph N. Peters & Co., a partnership with offices at Room 2065, 208 South LaSalle Street, Chicago, Illinois, is now and was at all times material herein a clearing member of the Chicago Board of Trade and a registered futures commission merchant under the Commodity Exchange Act.

3. Respondent Willard E. Platt was at all times material herein a partner in respondent Ralph N. Peters & Co.

4. The transactions referred to herein relate to contracts for the purchase or sale of May 1963 soybean meal futures on the Chicago Board of Trade. Such contracts could have been used for (a) hedging transactions in interstate commerce in soybean meal or the products or by-products thereof, or (b) determining the price basis of transactions in interstate commerce in soybean meal, or (c) delivering soybean meal sold, shipped, or received in interstate commerce for the fulfillment of such futures contracts.

5. On December 19, 1962, respondent Platt acting as floor broker for respondent Ralph N. Peters & Co. sold 10 contracts (1,000 tons) of May 1963 soybean meal futures at \$ 65.10 per ton to David B. Wrisley. Respondent Platt, acting with knowledge that Weinberg, Shanley & Wrisley was the opposite clearing member on the said sale to David B. Wrisley, intentionally altered

the trading card which he turned in to respondent Ralph N. Peters & Co. relating to the said sale so as to indicate that respondent Platt had sold the 10 contracts of May 1963 soybean meal futures to respondent F & G Commodities as the opposite clearing member.

6. On December 19, 1962, respondent Platt acting as floor broker for respondent Ralph N. Peters & Co. purchased 23 contracts (2,300 tons) of May 1963 soybean meal futures from the firm of Lawrence J. Ryan & Company as opposite clearing member. Respondent Platt prepared and turned in a trading card to respondent Ralph N. Peters & Co. relating to the said transaction which purported to show the purchase of the 23 contracts of May 1963 soybean meal futures to have been from F & G Commodities as opposite clearing member when he knew that such purchase was from the said Lawrence J. Ryan & Company as opposite clearing member.

7. All records prepared and maintained by respondent Ralph N. Peters & Co. relating to the transactions set forth in paragraphs 5 and 6 above were based upon the trading cards turned in to respondent Ralph N. Peters & Co. by its partner, respondent Platt, and did not show the names of the true opposite clearing members.

CONCLUSIONS

Section 4g of the Commodity Exchange Act authorizes the Secretary of Agriculture to prescribe the form and manner in which a registered futures commission merchant shall keep books and records, and authorizes the Secretary to revoke or suspend a futures commission merchant's registration for failure or refusal to comply. Section 1.35 of the regulations set forth certain information which each clearing member of a contract market must include in his records. Among the items of information which must be shown by the records of a clearing member is the identity of the clearing member on the opposite side of each transaction. The facts described in Findings of Fact 5 through 7 hereof demonstrate that the books and records of respondent Ralph N. Peters & Co., a registered futures commission merchant and a clearing member of the Chicago Board of Trade, did not contain the names of the true opposite clearing members in the

transactions in question, and that the omission of this information was knowingly caused by respondent Willard E. Platt, a partner in respondent Ralph N. Peters & Co. It is concluded, therefore, that respondent Ralph N. Peters & Co. violated section 4g of the act and section 1.35 of the regulations as charged in the complaint.

The complainant states that the administrative officials of the Commodity Exchange Authority have carefully considered the proposed stipulation and the

terms of the order to which respondent Ralph N. Peters & Co. proposes to consent. It is the opinion of the administrative officials that in the circumstances the proposed sanction would be adequate, and that the prompt entry of such an order would constitute a satisfactory disposition of this case against the said respondent, serve the public interest, and effectuate the purposes of the Commodity Exchange Act. The complainant recommends, therefore, that the stipulation and waiver be accepted and that the proposed order be issued. It is so concluded.

ORDER

The registration of respondent Ralph N. Peters & Co. as a futures commission merchant under the Commodity Exchange Act is hereby suspended for a period of ten days, and all contract markets are hereby directed to refuse all trading privileges to the said Ralph N. Peters & Co. for the said period of ten days, *provided, however*, that the aforesaid suspension of registration and refusal of trading privileges shall not become effective unless, after complaint and hearing in accordance with established procedure, respondent Ralph N. Peters & Co. should be found to have violated the Commodity Exchange Act within one year from the date of entry of this order, in which event the Secretary of Agriculture may, without further notice to respondent Ralph N. Peters & Co., issue a supplemental order making effective forthwith the aforesaid suspension of registration and refusal of trading privileges.

A copy of this Decision and Order shall be served on each of the respondents and on each contract market.

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