

Commodity Futures Trading Commission  
CEA CASES

**NAME:** HOWARD RANDOLPH, RANDOLPH FOODS, INC., JAMES P. HOBAN, HOBAN AND COMPANY, ROBERT M. ZADRA, AND CARL A. BERGSTROM

**CITATION:** 21 Agric. Dec. 219

**DOCKET NUMBER:** 100

**DATE:** MARCH 20, 1962

**DOCUMENT TYPE:** DECISION AND ORDER

(No. 7647)

*In re* HOWARD RANDOLPH, RANDOLPH FOODS, INC., JAMES P. HOBAN, HOBAN AND COMPANY, ROBERT M. ZADRA, AND CARL A. BERGSTROM. CEA Docket No. 100. Decided March 20, 1962.

**Manipulation of Price of Eggs -- Denial of Trading Privileges -- Consent Order**

The respondents attempted to manipulate and did in fact manipulate the

price of eggs in interstate commerce. All contract markets are ordered to refuse all trading privileges to respondents for specified periods.

*Mr. Donald A. Campbell*, for Commodity Exchange Authority. *Mr. Leon Quat*, of New York, New York, for respondent Robert M. Zadra. *Mr. Thomas J. Lynch*, of Washington, D. C., for remaining respondents.

*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 § 6(b) of the Act (7 U.S.C. § 9) on July 3, 1961, by the Assistant Secretary of Agriculture. The complaint was amended on October 10, 1961.

The complaint, as amended, charges that on January 13, 1961, the respondent Howard Randolph transmitted to the respondent Carl A. Bergstrom an order to raise the price of Fancy Heavyweight Mixed eggs on the spot call of the New York Mercantile Exchange on that day, and that the order was relayed to the respondent Robert M. Zadra, who caused a floor broker on the Exchange to bid for and purchase Fancy Heavyweight Mixed eggs on the spot call of the Exchange on January 13, 1961, at prices which resulted in an increase of 3/4 to one cent over the previous day's New York spot quotation for such eggs. The complaint further charges that on January 16, 1961, the respondents Howard Randolph and James P. Hoban transmitted to the respondent Carl A. Bergstrom orders to raise the price of Fancy Heavyweight Mixed eggs on the spot call of the Exchange on that day, and that the orders were relayed to the respondent Robert M. Zadra, who bid for and purchased Fancy Heavyweight eggs on the spot call of the Exchange on January 16, 1961, at prices which resulted in New York spot quotations for such eggs which were 1 1/2 to two cents over the previous day's New York spot quotations for such eggs. It is alleged that, by reason of such facts, the respondents attempted to manipulate and did in fact manipulate the price of eggs in interstate commerce, in wilful violation of § 9 of the Commodity Exchange Act (7 U.S.C. § 13).

No hearing has been held with respect to this proceeding. On March 19, 1962, the respondents filed a stipulation under § 0.4 (b) of the rules of practice (17 CFR § 0.4(b)) in which they admit

the facts hereinafter set forth, waive hearing on the charges, and consent to the entry of the order contained herein.

#### **FINDINGS OF FACT**

1. The respondent Howard Randolph, an individual whose business address is Guthrie Center, Iowa, is now and was at all times material herein the president of respondent Randolph Foods, Inc., an Iowa corporation located at the same address, engaged in the egg merchandising and brokerage business. At all such times, respondent Howard Randolph managed and controlled the operations of the said corporation, and its business dealings and transactions were carried out under his direction and supervision.

2. The respondent Hoban and Company, 1599 East Warren Avenue, Detroit, Michigan, is now and was at all times material herein a corporation engaged in the wholesale butter and egg business. At all such times, respondent James P. Hoban was the president of Hoban and Company and managed and controlled its operations, and the business dealings and transactions of the said firm were carried out under his direction and supervision.

3. The respondent Robert M. Zadra, an individual whose business address is 178 Duane Street, New York 13, New York, is now and was at all times material herein a member of the New York Mercantile Exchange, engaged in the egg merchandising and brokerage business individually, and he is the chief executive officer and stockholder of New York Egg Auction, Inc., a corporation organized under the laws of the State of New York, which corporation is engaged in the egg merchandising and brokerage business.

4. The respondent Carl A. Bergstrom, an individual whose address is 1562 Lemoine Avenue, Fort Lee, New Jersey, is now and was at all times material herein engaged in the egg merchandising and brokerage business.

5. The New York Mercantile Exchange, hereinafter called the Exchange, is a duly designated contract market under the Commodity Exchange Act. Trading in cash eggs is conducted on the "spot call" of the Exchange on each business day, and the prices established in such trading enter into and are a part of the New York spot quotations for eggs. Such quotations are published in trade papers and disseminated throughout the

United States, and are used for determining the price or price base of eggs sold and delivered in interstate commerce.

6. Prior to January 13, 1961, respondent Randolph Foods, Inc., had sold approximately 4,400 cases of eggs at prices based upon the New York spot quotations for Fancy Heavyweight Mixed eggs on the day of delivery to the purchaser. Respondent Howard Randolph scheduled such eggs for delivery on Friday, January 13, 1961. On January 13, 1961, respondent Howard Randolph initiated and transmitted to respondent Carl A. Bergstrom an order to raise the price of the said grade of eggs on the Exchange spot call on that day by 1/2 to one cent per dozen. The said order was relayed by respondent Carl A. Bergstrom to respondent Robert M. Zadra and the said respondent Zadra, acting pursuant thereto, caused a floor broker on the Exchange to bid for and purchase Fancy Heavyweight Mixed eggs on the spot call of the Exchange on January 13, 1961, at prices which resulted in a New York spot quotation of 37 1/2 cents per dozen for such eggs on that day. Such quotation represented an increase of 3/4 to one cent over the previous day's New York spot quotation for such eggs. The subsequent resale of the eggs so purchased resulted in a loss which was paid by respondent Randolph Foods, Inc.

7. (a) Prior to January 16, 1961, respondent Randolph Foods, Inc., had sold approximately 4,300 cases of eggs at prices based upon the New York spot quotation for Fancy Heavyweight Mixed eggs on the day of delivery to the purchaser. Respondent Howard Randolph scheduled such eggs for delivery on Monday, January 16, 1961. On January 16, 1961, respondent Howard Randolph initiated and transmitted to respondent Carl A. Bergstrom an order to raise the price of the said grade of eggs on the Exchange spot call on that day by 1/2 to 1 1/2 cents per dozen.

(b) As of January 16, 1961, respondent Hoban and Company had sold or contracted to sell substantial quantities of eggs for later delivery at prices based upon the New York spot quotation for Fancy Heavyweight Mixed eggs on the first business day of the week of delivery. On Monday, January 16, 1961, respondent James P. Hoban initiated and transmitted to respondent Carl A. Bergstrom an order to raise the price of the said grade of eggs on the Exchange spot call on that day to 38 or 39 cents per dozen.

(c) The orders of respondents Howard Randolph and James P. Hoban, described above, were relayed by respondent Carl A. Bergstrom to respondent Robert M. Zadra and the said respondent,

acting pursuant to such orders, bid for and purchased Fancy Heavyweight eggs on the spot call of the Exchange on January 16, 1961, at prices which resulted in New York spot quotations of 39 to 39 1/2 cents per dozen for such eggs on that day. Such quotations represented increases of 1 1/2 to two cents over the previous day's New York spot quotation for such eggs. The subsequent resale of the eggs so purchased resulted in a loss which was paid by respondents Randolph Foods, Inc., and Hoban and Company.

(d) During the week of January 16, 1961, respondent Hoban and Company shipped approximately 8,000 cases of eggs in fulfillment of the sales or contracts to sell described in subparagraph (b), above, and the prices paid by the purchasers of such eggs to respondent Hoban and Company were fixed as set forth in the said subparagraph.

#### **CONCLUSIONS**

It is a violation of § 9 of the Act (7 U.S.C. § 13) for any person to "manipulate or attempt to manipulate the price of any commodity in interstate commerce" (7 U.S.C. § 13). The word "commodity" includes, *inter alia*, "eggs" (7 U.S.C. § 2). The Secretary is authorized by § 6(b) of the Act to issue an order directing that all contract markets refuse all trading privileges thereon for such period as may be specified in the order to any person who has violated any of the provisions of the Act or who "has manipulated or is attempting to manipulate the market price of any commodity, in interstate commerce \* \* \*" (7 U.S.C. § 9). The facts described in Findings of Fact five through seven demonstrate that the respondents attempted to manipulate and did in fact manipulate the price of eggs in interstate commerce.

The complainant states that the administrative officials of the Commodity Exchange Authority have carefully considered the proposed stipulation and order, and that they believe that the proposed sanction is adequate and that the prompt entry, without further proceedings, of the order to which the respondents have consented will constitute a satisfactory disposition of this case as against the said respondents, serve the public interest, and effectuate the purposes of the Act. The complainant, therefore, recommends that the stipulation and waiver submitted by the respondents be accepted and that the proposed order be issued. It is so concluded.

#### **ORDER**

Effective on April 23, 1962, all contract markets shall refuse all trading privileges to Howard Randolph and Randolph Foods, Inc., for a period of 90 days; and to James P. Hoban and Hoban and Company, for a period of 60 days; and to

Robert M. Zadra and Carl A. Bergstrom, for a period of 30 days; such refusals to apply to all trading done and positions held by them directly or indirectly.

A copy of this Decision and Order shall be served upon each of the parties and upon each contract market.

**LOAD-DATE:** June 8, 2008

