

Commodity Futures Trading Commission
CEA CASES

NAME: SECRETARY OF AGRICULTURE V. WALTER T. RICE

DOCKET NUMBER: 28

DATE: MAY 31, 1941

DOCUMENT TYPE: COMPLAINT

UNITED STATES OF AMERICA

BEFORE THE SECRETARY OF AGRICULTURE

CE-A Docket No. 28

Secretary of Agriculture, Complainant, v. Walter T. Rice, Respondent.

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

There being reason to believe that the respondent has violated the Commodity Exchange Act (7 U. S. C. and Supp. V, §§ 1-17a), and the rules and regulations promulgated pursuant thereto, this complaint is issued alleging the following:

1.

Walter T. Rice, the respondent, during the period from October 1, 1939, to January 31, 1940, on various dates, including on or about October 31, November 10, and December 15, 1939, and January 16, 25, and 25, 1940, offered to enter into, and entered into, transactions at Chicago, Illinois, involving grains, which were, or could be, used for hedging any transaction in interstate commerce in such commodities, or the products or by-products

thereof, or determining the price basis of any such transactions in interstate commerce, in such commodities, or for delivering such commodities sold, shipped, or received, in interstate commerce, for the fulfillment thereof, which transactions were of the character of and commonly known as "privileges", "bids", or "offers". Such transactions were entered into by the respondent with W. A. Anderson and Moses Eisemann, and, in a number of instances, resulted in transactions in grain futures contracts on the Board of Trade of the City of Chicago, all in violation of Section 4c(B) of the Commodity Exchange Act.

2.

During the period from October 1, 1939, to the present time, I. P. Skolly has been a member of the Board of Trade of the City of Chicago, a contract market designated by the Secretary of Agriculture under the Commodity Exchange Act, and, during this period, has been registered with the Secretary of Agriculture as a futures commission merchant.

3.

During the period between October 1, 1939, and January 31, 1940, Walter T. Rice had an account with I. P. Skolly, acting as futures commission merchant, and caused transactions in contracts

for the future delivery of grains, on the Board of Trade of the City of Chicago, to be executed by or through I. P. Skolly. for the account of Walter T. Rice, this account being carried on the books of I. P. Skolly under the designation, "Account No. 100".

4.

Walter T. Rice, during March and April 1940, engaged in a conspiracy with Ed Sproules, an employee of I. P. Skolly, I. P. Skolly and others, to conceal the identity of the parties to the contracts for the future delivery of grain, which were made upon or subject to the rules of the Board of Trade of the City of Chicago, as alleged in paragraph 3, and to cause I. P. Skolly to give false information to an authorized representative of the Commodity Exchange Administration with respect to the transactions made by I. P. Skolly for the account of Walter T. Rice, and carried on the books of I. P. Skolly under the designation, "Account No. 100", all in violation of Sections 4 and 4b(B) of the Commodity Exchange Act, and Section 1.35 of the Rules and Regulations promulgated by the Secretary of Agriculture under said act.

THEREFORE, the respondent is hereby notified, unless a hearing is waived, to be and appear before a referee appointed by the Secretary of Agriculture at a hearing to be held at 10 a.m.

on June 17, 1941, in the offices of the Commodity Exchange Administration, Board of Trade Building, Chicago, Illinois, or at such other times and places as may be determined by the referee, and then and there show cause, if any there be, why an order should not be made directing that all contract markets, until further notice of the Secretary of Agriculture, refuse all trading privileges to the respondent.

IT IS ORDERED that the respondent shall, within fifteen days after receipt of this complaint, file an answer with the hearing clerk, Office of the Solicitor, Department of Agriculture, Washington, D. C., as follows:

(a) If the respondent desires to contest the proceeding, the answer shall contain a statement of the facts which constitute the ground of defense and shall admit, deny, or explain each of the facts alleged in the complaint, unless the respondent is without knowledge as to any alleged fact, in which case the answer shall so state.

(b) If the respondent desires to waive hearing on the charges set forth in the complaint and not to contest the proceeding, the answer may consist of a statement that the respondent admits all the material allegations

of the complaint to be true, and such answer shall be deemed to waive a hearing thereon and to authorize the Secretary of Agriculture, without hearing and without further evidence or other intervening procedure, to issue an order directing that all contract markets refuse all trading privileges to the respondent for such time as may be fixed by the order.

(c) If the respondent desires to waive hearing on the charges set forth in the complaint, but desires to contest the proceeding on the ground that the facts alleged do not constitute a violation of the Commodity Exchange Act, or do not warrant disciplinary action by the Secretary of Agriculture, the answer may consist of a statement that the respondent admits all the material allegations of the complaint to be true and that he waives hearing, but desires to be given an opportunity to submit argument in support of his contention. In such case, the respondent shall be served with a tentative order containing findings of fact, conclusion, and order, to which he shall be given an opportunity to file exceptions and briefs in support thereof, and, upon request, to make oral argument.

Failure of the respondent to file an answer within the time above provided, and failure to appear at the time and place fixed for hearing, shall be deemed to authorize, without further hearing, notice to the respondent or other formal procedure, the admission and consideration, as part of the record, of reports of

employees of the Department of Agriculture and other documents upon which the complaint is based, and the issuance of an order based on such record.

IT IS FURTHER ORDERED that this complaint and notice of hearing be served on the named respondent by delivery of a true and correct copy hereof to the respondent, by an employee of the Department of Agriculture or by registered mail.

Done at Washington, D. C., this 31st day of May, 1941. Witness my hand and the seal of the Department of Agriculture.

/s/ Grover B. Hill

Assistant Secretary of Agriculture.

(SEAL)

LOAD-DATE: June 11, 2008

