

Commodity Futures Trading Commission
CEA CASES

NAME: M. RICHER SONS, ISADORE RICHTER AND FRED RICHTER

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UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re M. Richter Sons, Isadore Richter and Fred Richter, Respondents
CE-A Docket No. 51

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

The Secretary of Agriculture has reason to believe that the respondents, M. Richter Sons, Isadore Richter and Fred Richter, have violated the provisions of the Commodity Exchange Act (7 U.S.C., Chapter 1) and the rules and regulations made pursuant to its requirements. In accordance with the provisions of section 6(b) of the Commodity Exchange Act (7 U.S.C. 9), this complaint is issued alleging as follows:

1.

M. Richter Sons is a partnership composed of Isadore Richter and Fred Richter, with its principal place of business located at 1114-1116 West Fulton Market, Chicago, Illinois. The said partnership was at all times material to this complaint and is now registered as a futures commission merchant under the Commodity Exchange Act. Isadore Richter was at all times material to this complaint a member of the Chicago Mercantile Exchange, a duly designated contract market under the Commodity Exchange Act, and the said partnership had membership

trading privileges on the Chicago Mercantile Exchange at all such times and has such privileges at the present time.

2.

On June 3, June 6, June 8 and June 10, 1949, pursuant to orders given by one Albert Feldstein, a customer of the respondent partnership, the respondents purchased October 1949 egg futures on the Chicago Mercantile Exchange, in the aggregate amount of 72 carlots. On June 9 and June 10, 1949, pursuant to orders given by the said Albert Feldstein, the respondents sold October 1949 egg futures on the Chicago Mercantile Exchange, in the aggregate amount of 72 carlots. The aforesaid purchases and sales were for the account and risk of the said Albert Feldstein, but were entered and shown on the books and records of the respondent partnership as having been made for the account of M. Richter Sons, with nothing to indicate that the said Albert Feldstein had any interest in the said purchases or sales. By reason of such acts the respondents failed to evidence the aforesaid transactions by a record in writing showing the true parties thereto, as required by section 4 of the Commodity Exchange Act and section 1.37 of the rules and regulations thereunder, and failed to keep books and records pertaining to such transactions in the form and manner required by the Secretary of Agriculture, in violation of section 4g of the Commodity Exchange Act.

3.

The respondent partnership received no money, securities or property from the said Albert Feldstein to margin, guarantee or secure the

purchases and sales described in paragraph 2 above, but deposited its own funds with the clearing house of the Chicago Mercantile Exchange for that purposes and used its own funds to settle the said transactions. Profits accruing to the said Albert Feldstein as a result of the said transactions were caused by the respondents to be shown on the books of the clearing house of the Chicago Mercantile Exchange as funds belonging to M. Richter Sons. By reason of such act, the respondents failed to treat and deal with funds accruing to the said Albert Feldstein as the result of his trades as funds belonging to the said Albert Feldstein, and commingled such funds with their own funds, in violation of section 4d(2) of the Commodity Exchange Act.

4.

On June 6, 1949, as the result of the purchase of 14 carlots of October 1949 egg futures on the Chicago Mercantile Exchange by the respondent partnership, which purchase was in truth and in fact for the account and risk of the said Albert Feldstein, the net long position in October 1949 egg futures on the Chicago Mercantile Exchange carried by the respondents for the said Albert Feldstein reached a quantity in excess of 25 carlots and remained in excess of 25 carlots until June 10, 1949. On June 10, 1949, as the result of the sale of 42 carlots of October 1949 egg futures on the Chicago Mercantile Exchange by the respondent partnership, which sales were in truth and in fact for the account and risk of the said Albert Feldstein,

the net long position in October 1949 egg futures on the Chicago Mercantile Exchange carried by the respondent partnership in its own name but actually for the account of the said Albert Feldstein was entirely liquidated. On June 8, June 9 and June 10, 1949, on each of which dates the long position in October 1949 egg futures carried by the respondent for the account of the said Albert Feldstein was in excess of 25 carlots as above described, additional purchases and sales of October 1949 egg futures were executed on the Chicago Mercantile Exchange by the respondent partnership for the account of the said Albert Feldstein. On June 6, June 8, June 9 and June 10, 1949, the aforesaid purchases and sales and the open contracts resulting therefrom were reported to the Commodity Exchange Authority by the respondents as having been made for the account of M. Richter Sons whereas, in truth and in fact, the said purchases and sales were made for the account of the said Albert Feldstein. By reason of such acts the respondents falsely reported to the Commodity Exchange Authority transactions and open contracts for their own account and failed to report transactions and open contracts of a customer as required by section 4i of the Commodity Exchange Act and sections 5.04, 5.05, 5.06 and 5.07 of the rules and regulations thereunder.

5.

The transactions in commodity futures described in paragraphs 2, 3 and 4 were capable of being used for hedging transactions in

interstate commerce in eggs or the products or by products thereof or for determining the price basis of transactions in interstate commerce in eggs, or for delivering eggs sold, shipped or received in interstate commerce.

Therefore the said respondents, M. Richter Sons, Isadore Richter and Fred Richter, are hereby notified to be and appear at a hearing to be held at 10 o'clock a.m., central daylight saving time, on the 18th day of August, 1949, 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 revoking or suspending the registration of the said M. Richter Sons as a futures commission merchant, and directing that all contract markets refuse all trading privileges to the respondents until further notice by the Secretary of Agriculture.

The respondents will have twenty days after the receipt of this notice of hearing in which to file with the Hearing Clerk, United States Department of Agriculture, in triplicate, an answer 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 respondents by delivery of a true copy thereof to each of them by an employee of the Department of Agriculture, or by registered mail, at least twenty days prior to the date set for hearing.

Done at Washington, D. C., this 21 day of July, 1949.

/s/ Charles F. Brannan

Secretary of Agriculture

LOAD-DATE: June 11, 2008

