

Commodity Futures Trading Commission
CEA CASES

NAME: CHARLES E. RITTEN, J. PETER RITTEN, AND LOUIS N. RITTEN & CO.

DOCKET NUMBER: 118

DATE: MARCH 26, 1964

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Charles E. Ritten, J. Peter Ritten, and Louis N. Ritten & Co.,
Respondents

CEA Docket No. 118

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

There is reason to believe that the respondents named herein have violated the Commodity Exchange Act (7 U.S.C. § 1 et seq.), and the regulations made pursuant thereto (17 CFR, Part 1), and in accordance with the provisions of section 6(b) of the Act (7 U.S.C. § 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

The Minneapolis Grain Exchange, hereinafter called the exchange, is now and was at all times material herein a duly designated contract market under the Commodity Exchange Act.

II

Respondent Charles E. Ritten, an individual, whose business address is 109 Grain Exchange Building, Minneapolis, Minnesota, is now and was at all times material herein a registered floor broker under the Commodity Exchange Act, a member of the exchange, and president of respondent Louis N. Ritten & Co.

III

Respondent J. Peter Ritten, an individual, whose business address is 109 Grain Exchange Building, Minneapolis, Minnesota, is now and was at all times material herein a registered floor broker under the Commodity Exchange Act, a member of the exchange, and vice-president of respondent Louis N. Ritten & Co.

IV

Respondent Louis N. Ritten & Co., a corporation organized under the laws of the State of Minnesota with its principal office and place of business at 109 Grain Exchange Building, Minneapolis, Minnesota, is now and was at all times material herein a registered futures commission merchant under the Commodity Exchange Act, and a clearing member of the exchange.

V

The transactions referred to in this complaint relate to contracts for the purchase or sale of grain futures on the exchange. Such contracts could have been used for hedging transactions in interstate commerce in such grains or the products or byproducts thereof, or for determining the price basis of transactions in interstate commerce in such commodities, or for delivering such commodities sold, shipped, or received in interstate commerce.

VI

On the dates hereinafter listed, respondent Charles E. Ritten prepared, and turned in to respondent Louis N. Ritten & Co. and to F. H. Peavey & Company, another clearing member of the exchange, trading cards which purported to show that respondent Charles E. Ritten had executed the following transactions in the May 1963 wheat future on the exchange, when, in truth and in fact, no such transactions actually had taken place, but, rather, respondent Charles E. Ritten merely "carded" such transactions. Such "carding" resulted in respondent Louis N. Ritten & Co. taking the opposite side of its customers' orders.

Date 1962	Purported Transactions for Customers of Louis N. Ritten & Co.		Opposite Side	
	Quantity Sold (Thousands of bushels)	Price (Cents per bushel)	Clearing Member	Customer
October 23	5	235- 1/2	F.H. Peavey & Company	Louis N. Ritten & Co.
November 2	2	234- 1/8	F.H. Peavey & Company	Louis N. Ritten & Co.
November 21	10	233- 3/4	F.H. Peavey & Company	Louis N. Ritten & Co.

VII

On the dates hereinafter listed, respondent Charles E. Ritten prepared, and turned in to respondent Louis N. Ritten & Co. and to the said F. H. Peavey & Company, trading cards which purported to show that

respondent Charles E. Ritten had executed the following transactions in wheat futures on the exchange, when, in truth and in fact, no such transactions actually had taken place, but, rather, respondent Charles E. Ritten merely "carded" such transactions for the purpose of enabling respondent Louis N. Ritten & Co. to give reciprocal business to the said F. H. Peavey & Company.>100> >101>

Date 1962	Future	Quantity (Thousands of bushels)	Price (Cents per bushel)	Buying	
				Clearing Member	Customer
Oct. 29	May 1963	20	232-7/8	Louis N. Ritten & Co.	C.E.Ritten
Oct. 29	Dec. 1962	10	232-1/2	Louis N. Ritten & Co.	C.E.Ritten
Nov. 15	May 1963	10	233-7/8	F.H.Peavey & Company	Louis N. Ritten & Co.
Nov. 16	May 1963	20	234-7/8	F.H.Peavey & Company	Louis N. Ritten & Co.
Nov. 21	Dec.1962	10	234-3/4	Louis N. Ritten & Co.	C.E.Ritten

Date 1962	Future	Selling	
		Clearing Member	Customer
Oct. 29	May 1963	F.H.Peavey & Company	Louis N. Ritten & Co.

Date 1962	Future	Quantity (Thousands of bushels)	Price (Cents per bushel)	Buying	
				Clearing Member	Customer
Oct. 29	Dec. 1962	F.H.Peavey & Company	Louis N. Ritten & Co.		
Nov. 15	May 1963	Louis N. Ritten & Co.	C.E. Ritten		
Nov. 16	May 1963	Louis N. Ritten & Co.	C.E. Ritten		
Nov. 21	Dec.1962	F.H.Peavey & Company	Louis N. Ritten & Co.		

VIII

On November 30, 1962, respondent J. Peter Ritten prepared, and turned in to respondent Louis N. Ritten & Co. and to the said F. H. Peavey & Company, trading cards which purported to show that respondent J. Peter Ritten had entered into a transaction on the exchange wherein he purchased for a customer of respondent Louis N. Ritten & Co., and sold for the account of respondent Louis N. Ritten & Co. at F. H. Peavey & Company, 4,000 bushels of May 1963 flaxseed futures at a price of \$ 3.09 per bushel, when, in truth and in fact, no such transaction actually had taken place, but, rather, respondent J. Peter Ritten merely "carded" such transaction. Such "carding" resulted in respondent Louis N. Ritten & Co. taking the opposite side of its customers' order.

IX

On the dates hereinafter listed, respondents Charles E. Ritten and J. Peter Ritten entered into transactions in wheat futures with each other on the exchange, and in each such transaction, as shown in the tabulation below, one of the individual respondents purported to act for the account of respondent Louis N. Ritten & Co. at the said F. H. Peavey & Company, while the other individual respondent purported to act for the account of one of the individual respondents at respondent Louis N. Ritten & Co., when, in truth and in fact, both individual

respondents were acting for the account of respondent Louis N. Ritten & Co. for the purpose of enabling it to give reciprocal business to the said F. H. Peavey & Company.

Trades Made by Individual
Respondents for the Account
of Louis N. Ritten & Co. at
F. H. Peavey & Company

Date 1962	Future	Quantity (Thousands of bushels)		Price (Cents per bushel)	Floor Broker	Opposite Side of Trade	
		Bought	Sold			Floor Broker	Purported Account
Oct. 4	May 1963		5	233-3/4	C.E. Ritten	J.P. Ritten	J.P. Ritten
Oct. 9	Dec.1962		5	231	" "	" "	" "
Oct. 12	May 1963	10		232-1/2	" "	" "	" "
Nov. 7	May 1963		10	234-1/4	" "	" "	" "
Nov. 12	Dec.1962		5	235-1/4	" "	" "	" "
Nov. 12	May 1963		5	233-7/8	" "	" "	" "
Nov. 13	May 1963		5	234-1/4	" "	" "	" "
Nov. 13	Dec.1962		5	235-7/8	" "	" "	" "

Date 1962	Future	Quantity (Thousands of bushels)		Price (Cents per bushel)	Floor Broker	Opposite Side of Trade	
		Bought	Sold			Floor Broker	Purported Account
Nov. 13	Dec.1962		5	235-3/4	" "	" "	" "
Nov. 16	Dec.1962		2	236-1/2	" "	" "	" "
Nov. 16	May 1963	10		235	" "	" "	" "
Nov. 20	Dec.1962		20	236-1/2	J.P. Ritten	C.E. Ritten	C.E. Ritten
Nov. 20	Dec.1962		30	236-5/8	C.E. Ritten	J.P. Ritten	J.P. Ritten
Nov. 21	Dec.1962	5		234-3/8	" "	" "	" "
Nov. 30	May 1963	5		234-1/2	" "	" "	" "
Dec. 5	May 1963		5	234-7/8	" "	" "	" "
Dec. 6	May 1963	5		235-1/4	J.P. Ritten	C.E. Ritten	C.E. Ritten
Dec. 7	May 1963		5	234-3/4	C.E. Ritten	J.P. Ritten	J.P. Ritten
Dec. 17	May 1963		10	234-1/2	" "	" "	" "
Dec. 19	May 1963		5	233-1/8	" "	" "	" "
Dec. 20	May 1963		4	232-3/4	" "	" "	" "

X

On October 11, 1963, respondent Charles E. Ritten, acting for the account of respondent Louis N. Ritten & Co. at the clearing firm of Atwood-Larson Company, purchased and sold on the exchange in transactions with different floor brokers, 15,000 bushels of December 1963 wheat futures at a price of \$ 2.27-7/8 per bushel. Such transactions were entered into by respondent Charles E. Ritten for the account of respondent Louis N. Ritten & Co. for the sole purpose of giving reciprocal business to the said Atwood-Larson Company.

XI

On October 8, 1963, respondent J. Peter Ritten, acting for the account of respondent Louis N. Ritten & Co. at the clearing firm of Benson-Quinn Company, noncompetitively sold on the exchange 10,000 bushels of December 1963 wheat futures at a price of \$ 2.30- 3/4 per bushel to respondent Charles E. Ritten, who was acting for a customer of respondent Louis N. Ritten & Co. To offset such sale, respondent J. Peter Ritten, on October 8, 1963, prepared, and turned in to the said Benson-Quinn Company, a trading card which purported to show a purchase of 10,000 bushels of December 1963 wheat futures for the account of respondent Louis N. Ritten & Co. at a price of \$ 2.31 per bushel from respondent Louis N. Ritten & Co., as opposite clearing member, and respondent Charles E. Ritten, on the same date, prepared

a trading card for respondent Louis N. Ritten & Co. which purported to show that he, acting for the account of one Wallace Arnt, had entered into such a transaction with the said Benson-Quinn Company, as the opposite clearing member, when, in truth and in fact, no such trade actually had taken place.

XII

By reason of the acts described in this complaint, the respondents bucketed customers' orders, in wilfull violation of section 4b of the Commodity Exchange Act (7 U.S.C. § 6b); offered to enter into and entered into transactions which constituted or were of the character of wash sales or fictitious sales, in wilfull violation of section 4c of the Commodity Exchange Act (7 U.S.C. § 6c); and failed to execute futures trades openly and competitively by open outcry in the trading pit of the exchange, in wilfull violation of section 1.38 of the regulations under the Commodity Exchange Act (17 CFR 1.38).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the said respondents. 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 purpose 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 respondents are hereby notified that unless hearing is waived, either expressly or by failure to file an answer, or by filing an answer in which all of the material allegations of fact contained in the complaint are admitted and a hearing is not requested, a hearing will be held at 10:00 a.m., local time, on the 6th day of May 1964, in Minneapolis, Minnesota, at a place therein 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 order should not be made suspending or revoking the registrations of respondents Charles E. Ritten and J. Peter Ritten as floor brokers, suspending or revoking the registration of Louis N. Ritten & Co. as futures commission merchant, and directing that all contract markets refuse all trading privileges to each respondent for such period of time as may be determined.

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.

March 26, 1964

/s/ George L. Mehren

Assistant Secretary

LOAD-DATE: June 12, 2008

