

Commodity Futures Trading Commission
CEA CASES

NAME: RAYMOND G. BROWN, SR., RAYMOND G. BROWN, JR., PRESTON BROWN, HARRY C. CLOWER, JR., AND R. BOND BAKER

DOCKET NUMBER: 40

DATE: JUNE 10, 1946

DOCUMENT TYPE: COMPLAINT

UNITED STATES OF AMERICA

BEFORE THE SECRETARY OF AGRICULTURE

In re Raymond G. Brown, Sr., Raymond G. Brown, Jr., Preston Brown, Harry C. Clower, Jr., and R. Bond Baker Respondents

CE-A Docket No. 40

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

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

1.

Raymond G. Brown, Sr., Raymond G. Brown, Jr., Preston Brown, Harry C. Clower, Jr., and R. Bond Baker are individuals, residents of the State of Maryland, the post office address of each being Mt. Airy, Maryland.

2.

The Chicago Mercantile Exchange, hereinafter referred to as the Exchange, is and, at all times covered by this complaint, has been a duly designated contract market for eggs under the provisions of the Commodity Exchange Act.

3.

J. S. Bache and Company, New York, New York, was until or on about June 1, 1945, a partnership holding a membership on the Exchange and registered as a futures commission merchant under the Commodity Exchange Act. On or about June 1, 1945, J. S. Bache and Company was succeeded by Bache and Company. Bache and Company was at the times hereinafter mentioned and is now a partnership holding a membership on the Exchange and registered as a futures commission merchant under the Commodity Exchange Act. Becker, Stone and Company, Chicago, Illinois, Fahnestock and Company, New York, New York, and Orvis Brothers and Company, New York, New York, were at the times hereinafter mentioned and are now partnerships. Each of these firms was at the times hereinafter mentioned and is now a member of the Exchange and registered as a futures commission merchant under the Commodity Exchange Act.

4.

The respondents, on the dates set forth herein, entered into contracts and held positions in egg futures equal to or in excess of 25 carlots and failed to report such positions on Form 503 as required under the provisions of Sec. 4i of the Commodity Exchange Act and Secs. 5.10, 5.11, 5.12, and 5.21 of the rules and regulations promulgated thereunder.

5.

Respondent Raymond G. Brown, Sr., on the dates shown below had transactions in egg futures on the Exchange resulting in the positions indicated.

(a) Held through J. S. Bache and Company and its successor, Bache and Company:

Date	October 1945	Future (Carlots)
1945		Long
Feb. 23		2
May 9		0
" 26		3
" 28		5
Aug. 13		5

(b) Held through Fahnestock and Company:

Date	October 1945	Future (Carlots)	November 1945	Future (Carlots)
1945		Long		Long
April 2		26		
May 9		29		
" 12		19		
June 20		15		
July 9		15		3
Aug. 13		5		3

(c) Held through Orvis Brothers and Company:

Date	October 1945	Future (Carlots)
1945		Long
April 7		2
" 26		3
May 9		5
" 26		5
Aug. 13		5

(d) The aggregate of the long or short positions carried for account of Raymond G. Brown, Sr., made up from subparagraphs (a), (b), and (c) above were as follows:

Date	October 1945	Future (Carlots)	November 1945	Future (Carlots)
1945		Long		Long
April 2		28		
" 7		30		
" 26		31		
May 9		34		
" 12		24		
June 20		25		
July 9		25		3
Aug. 13		15		3

Reports were required to be filed by Raymond G. Brown, Sr., under the provisions of the Commodity Exchange Act and the rules and regulations pertaining thereto, covering the positions set forth on each of the above dates, but the only report received from Raymond G. Brown, Sr., was an incorrect report filed under date of May 15, 1945.

6.

Respondent Raymond G. Brown, Jr., on the dates shown below had transactions in egg futures on the Exchange resulting in the positions indicated.

(a) Held through Orvis Brothers and Company:

Date	October	November	October
	1945	1945	1946
	Future	Future	Future
	(Carlots)	(Carlots)	(Carlots)
1945	Long	Short	Long
Mar. 13	2		
" 19	4		
" 24	6		
Apr. 7	10		
" 13	6		
" 19	8		
" 26	12		
May 15	14		
" 24	24		
Aug. 17	20		
" 22	10	10	
1946			
Jan. 28			3
" 30			4
Feb. 1			6
" 2			8
" 4			11
" 6			18
" 7			20
" 11			22
" 13			24

(b) Held through Fahnestock and Company:

Date	October	November
	1945	1945
	Future	Future
	(Carlots)	(Carlots)
1945	Long	Long
Mar. 17	26	
" 19	30	
" 22	35	
Apr. 2	40	
" 13	30	
" 28	32	
May 7	37	
" 10	42	
" 12	37	

6(b) Held through Fahnestock and Company (continued):

Date	October	November
	1945	1945
	Future	Future
	(Carlots)	(Carlots)
1945	Long	Long
May 14	25	
" 15	20	
" 26	25	
July 5	25	5
Aug. 20	20	5
" 21	10	5

Date	October 1945 Future (Carlots) Long	November 1945 Future (Carlots) Long
1945		
" 22	0	0
Oct. 24	5	10
" 31	0	10
Nov. 3		12
" 7		0

(c) Held through J. S. Bache and Company and its successor, Bache and Company:

Date	October 1945 Future (Carlots) Long	November 1945 Future (Carlots) Short	October 1946 Future (Carlots) Long
1945			
Mar. 17	2		
" 19	7		
May 17	0		
" 26	5		
Aug. 13	5	5	
" 20	5	10	
" 21	5	5	
" 22	5	10	
Oct. 23	15		
" 27	8		
" 29	10		
" 31	0		
1946			
Feb. 2			5
" 6			10
" 8			15
" 13			20
" 19			10

(d) Held through Becker, Stone and Company:

Date	October 1945 Future (Carlots) Long	November 1945 Future (Carlots) Long	October 1946 Future (Carlots) Long
1945			
June 2		5	
Aug. 31		0	
Oct. 24	1	16	
" 31	0	16	
Nov. 7		0	
1946			
Jan. 25			22
" 26			25
" 28			27
" 29			29
Feb. 2			34
" 4			37
" 6			32
" 7			37
" 19			37

(e) The aggregate of the long or short positions carried for account of Raymond G. Brown, Jr., made up from subparagraphs (a), (b), (c), and (d) above were as follows:

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6(e) Aggregate long or short positions (continued):

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Reports were required to be filed by Raymond G. Brown, Jr., under the provisions of the Commodity Exchange Act and the rules and regulations pertaining thereto, covering the positions set forth on each of the above dates, but only two reports filed under dates of April 15, 1945, and May 15, 1946, were received from Raymond G. Brown, Jr.

7.

Respondent Preston Brown on the dates shown below had transactions in egg futures on the Exchange resulting in the positions indicated.

(a) Held through Fahnestock and Company:

Date	December 1945	Future (Carlots)
		Long
1945		
Nov. 13		3
Dec. 12		0

(b) Held through Becker, Stone and Company:

Date	December 1945	Future (Carlots)	October 1946	Future (Carlots)
		Long		Long
1945				
Dec. 3		23		
" 11		23		5
" 12		15		10
1946				
Feb. 4				25
" 6				27
" 15				27

(c) The aggregate of the long or short positions carried for account of Preston Brown made up from subparagraphs (a) and (b) above were as follows:

Date	December 1945	Future (Carlots)	October 1946	Future (Carlots)
		Long		Long
1945				
Dec. 3		26		
" 11		26		5
" 12		16		10
1946				
Feb. 4				25
" 5				27
" 15				27

Reports were required to be filed by Preston Brown under the provisions of the Commodity Exchange Act and the rules and regulations pertaining thereto, covering the positions set forth on each of the above dates, but no such reports were received.

8.

Respondent Harry C. Clower, Jr., on the dates shown below had transactions in egg futures on the Exchange resulting in the positions indicated.

(a) Held through Orvis Brothers and Company:

Date	October 1946 Futures (Carlots) Long	
1946		
Feb. 15		25
" 19		30
" 28		32

Reports were required to be filed by Harry C. Clower, Jr., under the provisions of the Commodity Exchange Act and the rules and regulations pertaining thereto, covering the positions set forth on each of the above dates, but no such reports were received.

9.

Respondent R. Bond Baker on the dates shown below had transactions in egg futures on the Exchange resulting in the positions indicated.

(a) Held through Orvis Brothers and Company:

Date	October 1945 Future (Carlots) Long	November 1945 Future (Carlots) Long
1945		
Oct. 24	7	13
" 31	0	13
Nov. 7		0

(b) Held through Fahnestock and Company:

Date	October 1945 Future (Carlots) Long	November 1945 Future (Carlots) Long
1945		
Oct. 29	12	13
" 30	12	15
" 31	0	12
Nov. 7		0

(c) Held through Becker, Stone and Company:

Date	November 1945 Future (Carlots) Long	
1945		
Oct. 31		2
Nov. 7		0

(d) The aggregate of the long or short positions carried for account of R. Bond Baker made up from subparagraphs (a), (b), and (c) above were as follows:

Date	October	November
	1945	1945
	Future	Future
	(Carlots)	(Carlots)
1945	Long	Long
Oct. 29	19	26
" 30	19	28
" 31	0	27
Nov. 7		0

Reports were required to be filed by R. Bond Baker under the provisions of the Commodity Exchange Act and the rules and regulations pertaining thereto, covering the positions set forth on each of the above dates, but no such reports were received.

10.

The respondents were aware of the reporting requirements relating to egg futures transactions and positions as evidenced by correspondence between certain of the respondents and officials engaged in the enforcement of the Commodity Exchange Act.

11.

The respondents are all members of the same family, related either by blood or marriage. Certain of the respondents gave powers of attorney to other respondents giving authority to trade and withdraw funds in connection with their transactions in egg futures and certain respondents also guaranteed the accounts of other respondents

and there were frequent transfers of funds between the accounts of the various respondents on the books of the brokerage firms. Checks made payable to certain of the respondents bore the endorsement of other respondents. In the entering of orders covering transactions in egg futures certain of the respondents gave orders for purchases or sales of certain quantities which after execution were distributed among the accounts of various respondents.

Therefore, each of the said respondents is hereby notified to be and appear at a hearing to be held at 10:00 o'clock a.m., Eastern Standard Time, on the 23rd day of July 1946 in Room 2709, South Building, Department of Agriculture, Washington, D. C., before a referee to be designated by the Secretary of Agriculture, to conduct such hearing and then and there show cause, if any there be, why an order should not be made directing that, until further notice of the Secretary of Agriculture, all contract markets refuse all trading privileges to each of such respondents.

The respondents will have 20 days after the receipt of this notice of hearing in which to file with the Secretary of Agriculture an answer in triplicate, fully and completely stating the nature of the defense and admitting or denying specifically in detail such material and relevant allegation of this complaint. Any 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 each of the named respondents by delivery of a true copy hereof to each of them by an employee of the Department of Agriculture or by registered mail at least 20 days prior to the date herein set for hearing.

Done at Washington, D. C., this 10th day of June 1946.

/s/ Clinton P. Anderson
Secretary of Agriculture

LOAD-DATE: June 11, 2008

