

Commodity Futures Trading Commission  
CEA CASES

**NAME:** KROLL, DALON & CO., INC., AND STANLEY KROLL

**DOCKET NUMBER:** 173

**DATE:** MAY 14, 1970

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Kroll, Dalon & Co., Inc., and Stanley Kroll, Respondents

CEA Docket No. 173

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondents have violated the Commodity Exchange Act (7 U.S.C. 1964 ed., Chapter 1, as amended, Supp. IV, 1969) and the regulations made pursuant thereto, and this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Kroll, Dalon & Co., Inc., is now, and was at all times material herein, a corporation organized and existing under the laws of the State of New York, with offices at 25 Broad Street, New York, New York. At all times material herein up to on or about October 15, 1969, the said corporation engaged as futures commission merchant within the meaning of the term "futures commission merchant" as used in the Commodity Exchange Act. Throughout the year 1969, the said corporation was registered as futures commission merchant under the Commodity Exchange Act. In accordance with the provisions of section 4f of the said Act (7 U.S.C. 6f, Supp. IV, 1969) and section 1.16 of the regulations thereunder (17 C.F.R. 1.16), such registration expired on December 31, 1969, and the said corporation is no longer registered under the Commodity Exchange Act.

II

Respondent Stanley Kroll, an individual whose business address is the same as that of the corporate respondent, is now, and was at all times material herein, president of the corporate respondent. At all such times, the operations of the corporate respondent were under the direction and control of respondent Stanley Kroll.

III

(a) At the times hereinafter stated, the respondent corporation, in the regular course of its business as futures commission merchant, carried accounts of customers who traded in commodity futures on contract markets subject to the provisions of the Commodity Exchange Act and regulations. Such accounts, the trading therein, and the handling and disposition of funds in connection therewith, were subject to the provisions of the said Act and regulations. At all such times, the corporate respondent had to its credit with banks or other depositories sums of money in varying amounts, held in segregated accounts and identified as customers' funds, representing deposits of margin by and trading profits accruing to such customers.

(b) On 21 business days between July 14 and August 26, 1969, both inclusive, the respondent corporation was undersegregated in amounts ranging from \$ 282.62 on August 12 to \$ 20,505.67 on August 15 -- that is, the total amount of

customers' funds held in segregation as above described, was insufficient, by the aforesaid sums, to pay all credits and equities due to such customers.

IV

As of August 31, 1969, the respondent corporation, while engaged as a registered futures commission merchant under the Commodity Exchange Act, failed to meet the minimum financial requirements prescribed by section 1.17 of the regulations (34 F.R. 599) issued by the Secretary of Agriculture under the said Act. According to the report of the respondent corporation's financial condition (Form 1-FR) which it filed with the Commodity Exchange Authority as of August 31, 1969, the respondent corporation lacked approximately \$ 265,000 of having enough working capital to meet such minimum financial requirements.

V

By reason of the facts alleged in this complaint, the respondents violated sections 4d and 4f of the Commodity Exchange Act (7 U.S.C. 6d and 6f, Supp. IV, 1969) and sections 1.17 (34 F.R. 599), 1.20 and 1.21 of the regulations (17 CFR 1.20, 1.21).

WHEREFORE, it is hereby ordered that this Complaint and notice of hearing be served upon the respondents and this proceeding shall be governed by sections 0.1, 0.2, 0.4(b), 0.5 through 0.22, and 0.28 of the rules of practice under the Commodity Exchange Act (17 CFR 0.1, 0.2, 0.4(b), 0.5 through 0.22, 0.28). 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 four 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 filing of an answer in which all of the material allegations of fact contained in the complaint are admitted likewise shall constitute a waiver of hearing unless a hearing is requested. The respondents are hereby notified that unless hearing is waived, a hearing will be held at 10:00 a.m., local time, on June 30, 1970, in New York, New York, 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 directing that the respondents shall cease and desist from violating the Commodity Exchange Act and the regulations thereunder in the manner described herein.

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.

May 14, 1970

[SEE SIGNATURE IN ORIGINAL]

Richard E. Lyng

Assistant Secretary

**LOAD-DATE:** June 16, 2008

