

Commodity Futures Trading Commission
CEA CASES

NAME: JOHN M. FLYNN COMPANY, AND JOHN G. FLYNN

DOCKET NUMBER: STIPULATION 52

DATE: NOVEMBER 18, 1959

DOCUMENT TYPE: STIPULATION OF COMPLIANCE

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re: John M. Flynn Company, and John G. Flynn

Stipulation of Compliance under the Commodity Exchange Act No 52

WHEREAS, the Secretary of Agriculture has reason to believe that John M. Flynn Company and John G. Flynn have violated the Commodity Exchange Act, as amended, and the rules and regulations of the Secretary of Agriculture promulgated thereunder; and

WHEREAS, no complaint with regard to such violations has been issued, and

WHEREAS, section 0.4(a) of the Rules of Practice under the Commodity Exchange Act (17 CFR 0.4(a)) provides that at any time prior to the issuance of a complaint in any proceeding, the Secretary of Agriculture may, in his discretion, enter into a stipulation with prospective respondents whereby the latter admit the material facts and agree to discontinue the acts or practices which are intended to be set up as violative of the act, and

WHEREAS, the said John M. Flynn Company and John G. Flynn are desirous of disposing of this matter by entering into such a stipulation,

NOW, THEREFORE, the said John M. Flynn Company and John G. Flynn hereby stipulate and represent that the following facts are true:

1. John M. Flynn Company is a corporation and a registered futures commission merchant under the Commodity Exchange Act doing business at 960 Board of Trade Building, Kansas City, Missouri.

2. John G. Flynn is president of the said John M. Flynn Company.

3. Section 4d(2) of the Commodity Exchange Act (7 U.S.C., 1952 ed., § 6d) provides in part as follows:

It shall be unlawful for any person to engage as futures commission merchant in soliciting orders or accepting orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market unless --

(2) such person shall, whether a member or nonmember of a contract market, treat and deal with all money, securities, and property received by such person to margin, guarantee, or secure the trades or contracts of any customer of such person, or accruing to such customer as the result of such trades or contracts, as belonging to such customer.

4. As shown by the segregation record prepared by John M. Flynn Company, the company failed to have sufficient funds in segregation to cover customers' equities on the following dates, in violation of section 4d(2) of the Commodity Exchange Act:

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Date	Amount of Deficit
June 30, 1958	\$ 216.93
July 2, 1958	61.93
July 3, 1958	334.43
March 31, 1959	11,967.58
April 14, 1959	7,386.33
April 22, 1959	5,525.08

5. Section 1.32 of the rules and regulations under the Commodity Exchange Act (17 CFR, 1954 Supp., 1.32) provides as follows:

The amount of money, securities, and property which must be in segregated account in order to comply with the requirements of section 4d (2) of the Commodity Exchange Act shall be computed by each futures commission merchant as of the close of the market each business day, based upon his accounting records. A permanent record of such computation shall be made and kept in readily accessible form, together with all supporting data.

6. In accordance with the provisions of section 1.32 a daily segregation record was required to be prepared on 139 dates during the period January 2, 1959, through October 7, 1959, but was prepared on only 25 of the 139 dates. Failure to prepare the segregation record on the 114 days constituted a violation of section 1.32 of the rules and regulations under the Commodity Exchange Act.

In addition to admitting the foregoing facts set forth above, the said John M. Flynn Company and John G. Flynn hereby agree to discontinue all such acts and practices and to refrain from all other acts and practices which are in violation of the Commodity Exchange Act or the rules and regulations thereunder, and further understand that this stipulation shall be admissible as evidence of acts and practices in violation of the rules and regulations under the Commodity Exchange Act in any proceeding based upon transactions in addition to those referred to in paragraphs 4 and 6 hereof which may hereafter be brought by the Secretary of Agriculture against the said John M. Flynn Company or John G. Flynn under the provisions of the said act.

Done at Kansas City, Missouri, this

18 day of November 1959.

/s/ John M. Flynn Co.

John M. Flynn Company

By /s/ John G. Flynn

/s/ John G. Flynn

John G. Flynn

Witnessed by:

/s/ Wm. A. Cronin

/s/ Richard P. Sargeant

LOAD-DATE: June 16, 2008

