

Commodity Futures Trading Commission
CEA CASES

NAME: JAY W. KAUFMANN AND COMPANY, AND JAY W. KAUFMANN

DOCKET NUMBER: STIPULATION 33

DATE: JUNE 12, 1956

DOCUMENT TYPE: STIPULATION OF COMPLIANCE

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re: Jay W. Kaufmann and Company, and Jay W. Kaufmann

Stipulation of Compliance Under the Commodity Exchange Act No. 33

WHEREAS, the Secretary of Agriculture has reason to believe that Jay W. Kaufmann and Company and Jay W. Kaufmann have violated the Commodity Exchange Act (7 U.S.C. 1952 ed. Chapter 1) and the rules and regulations made pursuant to its requirements (17 CFR, Chapter I, Part 1), by virtue of the transactions and matters hereinafter described, and

WHEREAS, no complaint with respect 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 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 a prospective respondent whereby the latter admits the material facts and agrees to discontinue the acts or practices which are intended to be set up as violative of the act, and

WHEREAS, the said Jay W. Kaufmann and Company and Jay W. Kaufmann are desirous of disposing of this matter by entering into such a stipulation,

NOW, THEREFORE, said Jay W. Kaufmann and Company and Jay W. Kaufmann hereby stipulate and represent that the following facts are true:

1. Jay W. Kaufmann and Company is a New York partnership engaged in the stock and commodity brokerage business, and has its principal office and place of business at 111 Broadway, New York, New York. At all times material to this stipulation, the said Jay W. Kaufmann and Company was registered as a futures commission merchant under the Commodity Exchange Act, and in connection therewith it carried customers' accounts in regulated commodities and caused the execution of futures transactions in such commodities on the New York Mercantile Exchange through other registered futures commission merchants with whom it corresponded.

2. At all times material to this stipulation the New York Mercantile Exchange was a duly designated contract market under the Commodity Exchange Act.

3. Jay W. Kaufmann, an individual, is now and was at all times material to this stipulation the senior partner in Jay W. Kaufmann and Company, and at all such times said Jay W. Kaufmann exercised supervision and control of the business of said Jay W. Kaufmann and Company.

4. Section 4d(2) of the Commodity Exchange Act (7 U.S.C. 1952 ed. § 6d(2)) and the rules and regulations promulgated thereunder (17 CFR 1.20, 1.21, 1.22, 1.23, 1.24) require a futures commission merchant to treat and deal with all money received to margin, guarantee, or secure the trades or contracts of customers, or accruing to customers as the result of such trades or contracts, as belonging to such customers, and prohibits the commingling of such money with

the funds of the futures commission merchant or the use thereof to guarantee the trades or contracts, or to secure or extend the credit, of any customer or person other than the one for whom such money is held.

During 1954 and 1955, said Jay W. Kaufmann and Company was carrying accounts for customers who were trading in commodity futures subject to the Commodity Exchange Act and regulations, and had on deposit with clearing brokers varying sums of money held in segregated accounts, representing margin deposits and trading profits belonging to such customers. At all times between August 31 and September 15, 1954, both inclusive, and on September 21, 1954 said Jay W. Kaufmann and Company was under-segregated in amounts ranging from approximately \$ 250 to approximately \$ 800 - that is, the total amount of customers' funds held in segregation as above described was approximately \$ 250 to approximately \$ 800 less than the amount necessary to pay all sums owing to such customers. On or about January 4, May 27, June 28, October 18, October 20, October 26, and November 2, 1955, said Jay W. Kaufmann and Company received and accepted funds representing margin deposits by customers or

profits accruing to them as a result of trades, and deposited such funds in the general bank account of said firm.

5. On each day from August 18 to September 28, 1954, from December 29 to December 31, 1954, and from November 30 to December 30, 1955, said Jay W. Kaufmann and Company failed to compute and its books and records failed to show the amount of money, securities, and property required to be held in segregation, as required by section 1.32 of the regulations under the Commodity Exchange Act (17 CFR 1.32).

6. On October 21, October 26, November 15, November 17, November 23, December 6, and December 12, 1955, said Jay W. Kaufmann and Company caused the execution of transactions in potato futures on the New York Mercantile Exchange for the accounts of customers, failed to apply such transactions on the same days as they were made against open contract positions in such futures held by such customers, and failed promptly to furnish to such customers purchase and sale statements showing the financial results of such transactions, as required by section 1.46 of the regulations under the Commodity Exchange Act (17 CFR 1.46).

In addition to admitting the aforementioned facts, said Jay W. Kaufmann and Company and Jay W. Kaufmann 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 specifically agree that this stipulation shall be admissible as evidence of acts and practices in violation of the Commodity Exchange Act and the rules and regulations thereunder in any subsequent proceeding which may be brought against said Jay W. Kaufmann and Company and Jay W. Kaufmann, or either of them, under the provisions of said act.

Done at New York, New York
this 12th day of June, 1956.

/s/ Jay W. Kaufmann & Co.

Jay W. Kaufmann and Company

By /s/ Jay W. Kaufmann

/s/ Jay W. Kaufmann

Jay W. Kaufmann

Witnessed by:

/s/ Bennett Frankel

/s/ Charles E. Robinson

LOAD-DATE: June 16, 2008

