

Commodity Futures Trading Commission
CEA CASES

NAME: J. M. LEAK

DOCKET NUMBER: 46

DATE: APRIL 12, 1948

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: J. M. Leak, Respondent

CE-A Docket No. 46

Complaint and notice of hearing under the Commodity Exchange Act

The Secretary of Agriculture has reason to believe that the respondent, J. M. Leak, has violated the provisions of the Commodity Exchange Act (7 U.S.C. 1-17a), and the rules and regulations promulgated thereunder. In accordance with the provisions of section 6(b) of the Commodity Exchange Act, this complaint is issued alleging as follows:

1.

The respondent, J. M. Leak, is an individual engaged in business as a cotton merchant at Arab, Alabama.

2.

During the times specified in this complaint, the said respondent was not registered with the Secretary of Agriculture as a futures commission merchant under the provisions of the Commodity Exchange Act.

3.

The New York Cotton Exchange was, prior to the time of the transactions described in this complaint, duly designated as a contract market under the provisions of the Commodity Exchange Act, and has been a contract market continuously since that time.

4.

On or about January 29, 1942, the said respondent, acting in the capacity of a futures commission merchant, accepted an order from Dr. R. M. Barnard, an individual residing in Arab, Alabama, for the purchase of 600 bales of cotton for future delivery on the New York Cotton Exchange, and received funds in the sum of \$ 1,250 from the said Dr. R. M. Barnard to margin, guarantee, and secure such purchase. The said respondent thereafter represented to the said Dr. R. M. Barnard that his purchase order had been executed and that, as the result of such purchase, the said Dr. R. M. Barnard had a position in the cotton futures market whereas, in truth and in fact, such purchase order had not been executed and no such market position existed for the account and benefit of the said Dr. R. M. Barnard.

5.

On or about November 5, 1946, the said respondent reported to the said Dr. R. M. Barnard that 500 bales of October 1947 cotton futures contracts had been purchased for his account at 24.30 cents per pound, and that the same quantity of October 1947 cotton futures contract had been sold for his account on November 4, 1946, at 27.09 cents per pound, rendered a statement of account to

the said Dr. R. M. Barnard based upon such purchase and sale, including commission charges for the execution thereof, and delivered funds to him in settlement of such account whereas, in truth and in fact, no such purchase or sale had been executed.

6.

On or about February 1, 1942, the said respondent, acting in the capacity of a futures commission merchant, accepted an order from

Dr. W. J. Griffith, an individual residing in Arab, Alabama, for the purchase of 100 bales of cotton for future delivery on a contract market, and extended credit to the said Dr. W. J. Griffith to margin, guarantee, and secure such purchase. The said respondent thereafter represented to the said Dr. W. J. Griffith that his purchase order had been executed and that, as the result of such purchase, the said Dr. W. J. Griffith had a position in the cotton futures market whereas, in truth and in fact, such purchase order had not been executed and no such market position existed for the account and benefit of the said Dr. W. J. Griffith.

7.

By reason of the acts described in paragraphs 4, 5, and 6, above, the said respondent engaged as a futures commission merchant in accepting orders for the purchase of a commodity for future delivery on a contract market without having registered with the Secretary of Agriculture as a futures commission merchant, in violation of Section 4d(1) of the Commodity Exchange Act.

8.

By reason of the acts described in paragraphs 4, 5, and 6, above, the said respondent, in connection with the handling of contracts for the purchase or sale of a commodity for future delivery, falsely represented himself to be a futures commission merchant registered under the Commodity Exchange Act and falsely represented that such contracts had been executed on a contract market, all in violation of Section 4h(2) of the Commodity Exchange Act.

Therefore, the said respondent, J. M. Leak, is hereby notified to be and appear at a hearing to be held at 10:00 a.m., c.s.t., on the 2nd day of June 1948, in the Post Office Building, Huntsville, Alabama, before a referee designated to conduct such hearing and then and there show cause, if any there be, why an order should not be made directing that all contract markets refuse all trading privileges to the said respondent for such period of time as the Secretary of Agriculture may determine. Information as to the room in which such hearing will be held may be obtained from the Postmaster, Huntsville, Alabama.

The respondent 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 and in detail each material and relevant allegation of this complaint. 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 the respondent by delivery of a true copy thereof by an employee of the Department of Agriculture, or by registered mail, at least 20 days prior to the date set for hearing.

Done at Washington, D. C., this 12 day of April, 1948.

/s/ Clinton P. Anderson
Secretary of Agriculture

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