Commodity Futures Trading Commission
CEA CASES

NAME: RICHARD J. SENNOTT AND AUGUST COMENZO

DOCKET NUMBER: 133

DATE: NOVEMBER 22, 1965

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Richard J. Sennott and August Comenzo, Respondents

CEA Docket No. 133

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

There is reason to believe that the respondents, Richard J. Sennott and August Comenzo, have violated the Commodity Exchange Act (7 U.S.C. 1 et seq.) and the regulations made pursuant thereto (17 CFR, Part 1), and in accordance with the provisions of section 6(b) of the said act (7 U.S.C. 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Richard J. Sennott, an individual whose address is 141 West Jackson Boulevard, Chicago, Illinois, is now and was at all times material herein a member of the Board of Trade of the City of Chicago and a registered floor broker under the Commodity Exchange Act. At all times material herein, respondent Sennott was authorized to trade on a discretionary basis in commodity futures for the "scalp" account of Honeymead Trading Corporation, a clearing member of the Board of Trade of the City of Chicago.

II

Respondent August Comenzo, an individual whose address is 190 Washington Street, Hempstead, New York, is now and was at all times material herein a registered floor broker under the Commodity Exchange Act. He was at all times material herein a member of the Board of Trade of the City of Chicago.

III

The Board of Trade of the City of Chicago, hereinafter called the Chicago Board of Trade, is now and was at all times material herein a duly designated contract market under the Commodity Exchange Act.

IV

The transactions referred to in this complaint relate to contracts for the purchase or sale of soybean oil or soybean meal futures on the Chicago Board of Trade. Such contracts could have been used for (a) hedging transactions in interstate commerce in soybean oil or soybean meal or the products or by-products thereof, or (b) determining the price basis of transactions in interstate commerce in soybean oil or soybean meal, or (c) delivering soybean oil or soybean meal sold, shipped, or received in interstate commerce for the fulfillment of such futures contracts. A soybean oil futures contract on the Chicago Board of Trade calls for the delivery of 60,000 pounds of soybean oil and a soybean meal futures contract on the Chicago Board of Trade calls for the delivery of 100 tons of soybean meal.

V

In each of the transactions listed below, respondent Richard J. Sennott, acting as floor broker, filled a purchase order for his principal, a clearing member of the Chicago Board of Trade, by entering into a noncompetitive trade with respondent August Comenzo. In each of such transactions, respondent Comenzo, acting as floor broker pursuant to an order which he received from respondent Sennott and pursuant to an arrangement or understanding existing between him and respondent Sennott, took the sale side of such transaction for the "scalp" account of Honeymead Trading Corporation at the price bid by respondent Sennott.

Date 1963	Commodity	Future	Quantity (No. of Contracts)	Price (Meal-Dollars per Ton)	Price (Oil-Cents per Pound)	Respondent Sennott's Principal
Sept. 25	Soybean Meal	May 1964	11	74.00		Stratton Grain Co.
Oct. 17	Soybean Oil	May 1964	5		9.45	Ferguson Grain Co.
Nov. 5	Soybean Oil	Dec. 1963	5		9.65	Stratton Grain Co.
Nov. 6	Soybean Meal	May 1964	7	75.25		Ferguson Grain Co.
Nov. 8	Soybean Oil	Jan. 1964	9		10.32	Ferguson Grain Co.
Dec. 19	Soybean Oil	Oct. 1964	2		9.53	Ferguson Grain Co.
Dec. 31	Soybean Meal	Mar. 1964	15	76.30		Ferguson Grain Co.
1964						
Jan. 2	Soybean Oil	Jan. 1964	10		8.00	Ferguson Grain Co.
Jan. 2	Soybean Oil	Jan. 1964	15		8.02	Ferguson Grain Co.

VI

In each of the transactions listed below, respondent Richard J. Sennott, acting as floor broker, filled a sell order for his principal, a clearing member of the Chicago Board of Trade, by entering into a noncompetitive trade with respondent August Comenzo. In each of such transactions, respondent Comenzo, acting as floor broker pursuant to an order which he received from respondent Sennott and pursuant to an arrangement or understanding existing between him and respondent Sennott, took the purchase side of such transaction for the "scalp" account of Honeymead Trading Corporation at the price offered by respondent Sennott.

Date 1963	Commodity	Future	Quantity (No. of Contracts)	Price (Meal-Dollars per Ton)	Price (Oil-Cents per Pound)	Respondent Sennott's Principal
Oct. 9	Soybean Oil	Jan. 1964	23		9.80	Ferguson Grain Co.
Oct. 31	Soybean Meal	Dec. 1963	7	73.40		Stratton Grain Co.
Nov. 6	Soybean Meal	Jan. 1964	6	74.30		Ferguson Grain Co.
Nov. 21	Soybean Oil	Jan. 1964	25		7.96	Ferguson Grain Co.
Dec. 2	Soybean Meal	Dec. 1963	5	72.45		Stratton Grain Co.
Dec. 23	Soybean Oil	May 1964	10		8.68	Ferguson Grain Co.
Dec. 31	Soybean Meal	July 1964	15	77.70		Ferguson Grain Co.

VII

On January 13, 1964, respondent Richard J. Sennott, acting for his own account, purchased 1900 tons of March 1964 soybean meal futures at a price of $ 74.55 per ton by entering into a noncompetitive trade with respondent August Comenzo, and on February 27, 1964, respondent Sennott, acting for his own account, purchased 1600 tons of May 1964 soybean meal futures at a price of $ 70.05 per ton by entering into a noncompetitive trade with respondent Comenzo. In each of such transactions, respondent Comenzo, acting as floor broker pursuant to an order which he received from respondent Sennott and pursuant to an arrangement or understanding existing between him and respondent Sennott, took the sale side of such transaction for the "scalp" account of Honeymead Trading Corporation at the price bid by respondent Sennott.

VIII

In each of the transactions listed below, respondent August Comenzo, acting for his own account, simultaneously purchased from and sold to respondent Richard J. Sennott as the opposite floor broker the same quantity of the same future at the same price. In each of such transactions, respondent Sennott filled an order for a selling customer and filled an order for a buying customer.

See original document-page 5

Date 1963	Commodity	Future	Quantity Purchased and Sold (No. of Contracts)	Price (Meal-Dollars per Ton)	Price (Oil-Cents per Pound)
July 11	Soybean Meal	Oct. 1963	9	68.90	
July 12	Soybean Meal	Dec. 1963	6	68.25	
July 15	Soybean Meal	Oct. 1963	5	66.00	
July 16	Soybean Meal	Aug. 1963	3	67.35	
Aug. 27	Soybean Meal	May 1964	7	68.50	
Sept. 12	Soybean Meal	Oct. 1963	3	69.65	
Sept. 16	Soybean Meal	Dec. 1963	6	70.75	
Sept. 18	Soybean Oil	Jan. 1964	5		8.80

Date	Commodity	Future	Quantity Purchased and Sold (No. of Contracts)	Price (Meal-Dollars per Ton)	Price (Oil-Cents per Pound)
1963					
Oct. 23	Soybean Oil	May 1964	5		9.42
Oct. 31	Soybean Oil	Mar. 1964	16		10.00
Nov. 1	Soybean Meal	May 1964	25	75.15	
Nov. 13	Soybean Meal	Dec. 1963	9	73.70	
1964					
Mar. 10	Soybean Oil	Mar. 1964	10		7.69
Mar. 18	Soybean Meal	May 1964	5	68.25	
Mar. 19	Soybean Meal	May 1964	5	67.40	
April 6	Soybean Meal	July 1964	10	66.35	
April 28	Soybean Oil	May 1964	1		7.80
April 29	Soybean Oil	May 1964	4		7.88
April 30	Soybean Oil	Oct. 1964	10		8.35
May 20	Soybean Oil	Oct. 1964	5		8.58
Aug. 3	Soybean Meal	Jan. 1965	5	60.40	
Oct. 27	Soybean Oil	May 1965	2		10.41

IX

By reason of the acts described in paragraphs V and VI, respondent Sennott filled orders of his customers by offset in wilful violation of section 4b(D) of the Commodity Exchange Act (7 U.S.C. 6b(D)). By reason of the acts described in paragraphs V, VI and VII, respondents Sennott and Comenzo executed purchases and sales of commodities for future delivery in a manner which was not open and competitive, as required by section 1.38 of the regulations (17 CFR 1.38), and in wilful violation thereof. By reason of the acts described in paragraph VIII, respondent Comenzo entered into transactions which were, or were of the character of, "wash sales" and "accommodation trades" in wilful violation of section 4c(A) of the Commodity Exchange Act (7 U.S.C. 6c(A)).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the said respondents. 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 five copies, 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 not answered will be deemed admitted for the purpose of this proceeding. Failure to file an answer will constitute an admission of all the material allegations of this complaint and a waiver of hearing. The respondents are hereby notified

that unless hearing is waived, either expressly or by failure to file an answer and request a hearing, a hearing will be held at 10:00 a.m., local time, on the 26th day of January 1966, in Chicago, Illinois, 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 suspending or revoking the registrations of the respondents as floor brokers, and directing that all contract markets refuse all trading privileges to each respondent for such period of time as may be determined.

It is ordered that this complaint and notice of hearing be served on each of the said respondents at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C., on

November 22, 1965

[SEE SIGNATURE IN ORIGINAL]

Assistant Secretary

LOAD-DATE: June 12, 2008