

Commodity Futures Trading Commission
CEA CASES

NAME: GEORGE SIROTA AND SONS, GEORGE SIROTA, NORMAN L. SIROTA, BENJAMIN SIROTA, HARRY A. ASPINWALL, AND DYKE CULLUM

DOCKET NUMBER: 54

DATE: NOVEMBER 6, 1950

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UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re George Sirota and Sons, George Sirota, Norman L. Sirota, Benjamin Sirota, Harry A. Aspinwall, and Dyke Cullum Respondents

CE-A Docket No. 54

Complaint and Notice of Hearing under the Commodity Exchange Act

The Secretary of Agriculture has reason to believe that the respondents have violated the provisions of the Commodity Exchange Act (7 U.S.C., Chapter 1), and the rules and regulations made pursuant to its requirements. In accordance with the provisions of Section 6(b) of the said Act (7 U.S.C. 9), this complaint is issued alleging as follows:

1.

George Sirota and Sons is a partnership doing business at 60 Beaver Street, New York, New York, and was at the times hereinafter mentioned, and is now, registered as a futures commission merchant under the provisions of the Commodity Exchange Act. The said partnership was at the times hereinafter mentioned and is now a member of several boards

of trade designated as contract markets under the Commodity Exchange Act, including the New York Produce Exchange.

2.

George Sirota, Norman L. Sirota, and Benjamin Sirota are members of the partnership of George Sirota and Sons, and are registered floor brokers under the Commodity Exchange Act.

3.

Harry A. Aspinwall is a member of the New York Mercantile Exchange and the Chicago Mercantile Exchange, is registered as a floor broker under the Commodity Exchange Act, and is authorized to act as agent in the solicitation and acceptance of commodity futures orders for, and in the name of, George Sirota and Sons.

4.

Dyke Cullum is an individual having an office in the Hibos Building, Washington, D. C., and during the times hereinafter mentioned engaged in trading in commodity futures through the firm of George Sirota and Sons. From May 10, 1950, to August 15, 1950, the said Dyke Cullum was a member of the Chicago Board of Trade, a contract market under the Commodity Exchange Act.

5.

At the times hereinafter mentioned, commodity futures accounts in the names of Dyke Cullum, Kiki Cullum, and Jessica K. Jones or Joycette K. Jones were being carried on the books of the respondent partnership. Such accounts had open contract positions in cottonseed oil and soybean oil futures on the New York Produce Exchange on the dates and in the quantities shown in Schedule A, which is attached hereto and expressly made a part of this complaint. All the respondents agreed and planned with each other to operate and they did operate such accounts in a manner calculated to conceal open contract positions and evade the reporting requirements of the Commodity Exchange Act, as hereinafter described.

6.

On or about June 23, 1950, respondent Dyke Cullum purchased for his own account through the respondent partnership five contracts or carlots of September soybean oil on the New York Produce Exchange, and arranged with the said respondent partnership to enter the said purchases in the accounts of Kiki Cullum and Jessica K. Jones or Joycette K. Jones for the purpose of concealing the said transactions. Pursuant to such arrangement, respondent George Sirota and Sons

entered the purchase of three contracts of September soybean oil in the Kiki Cullum account and the purchase of two contracts of September soybean oil in the Jones account. By reason of the purchase of these five contracts, respondent Dyke Cullum held or controlled 16 or more long contracts in September soybean oil on the New York Produce Exchange, and became subject to the requirement contained in section 4i of the Commodity Exchange Act and sections 10.10, 10.11 and 10.21 of the rules and regulations, that he report to the Commodity Exchange Authority with respect to all transactions and open contracts in soybean oil futures, on or subject to the rules of any contract market, held or controlled by the said respondent. Pursuant to these requirements reports were due from respondent Dyke Cullum on 14 days during the period from June 23, 1950, to August 10, 1950, as specifically set forth in Schedule A, but the said respondent wilfully failed to file the required reports in violation of section 4i of the Commodity Exchange Act and sections 10.10, 10.11 and 10.21 of the rules and regulations.

7.

By reason of the transactions described in paragraph 6 above, the respondent partnership became subject to the requirement contained in section 4i of the Commodity Exchange Act and sections 10.04, 10.05,

10.06 and 10.20 of the rules and regulations, that it report to the Commodity Exchange Authority with respect to all open contracts in September soybean oil held or controlled by respondent Dyke Cullum. Pursuant to these requirements, reports were due from the respondent partnership on every business day from June 23, 1950, to August 10, 1950, as specifically set forth in Schedule A, but the said respondent wilfully failed to file any such reports until on or about July 21, 1950, when, as the result of a controversy between it and respondent Dyke Cullum, the respondent partnership abandoned the plan of concealment and evasion described in paragraphs 5 and 6 above and filed back reports showing the aggregate position in the three accounts through July 21, 1950. By reason of such failure, the respondent partnership wilfully violated section 4i of the Commodity Exchange Act and sections 10.04, 10.05, 10.06 and 10.20 of the rules and regulations thereunder.

8.

On or about May 22, 1950, respondent Dyke Cullum deposited with respondent George Sirota and Sons the sum of \$ 10,500.00 to margin, guarantee and secure

trades made in the Dyke Cullum account. Respondent George Sirota and Sons, without authority from respondent

Dyke Cullum, entered \$ 3,500.00 of the said sum to the credit of the account carried in the name of Jessica K. Jones or Joycette K. Jones, in violation of section 4d(2) of the Commodity Exchange Act and of sections 1.20 and 1.22 of the rules and regulations.

9.

On or about May 6, 1950, respondents Harry A. Aspinwall and George Sirota and Sons caused an account to be opened on the books of the respondent partnership in the name of Jessica K. Jones or Joycette K. Jones without the authorization or consent of the said Jessica K. Jones or Joycette K. Jones, and thereafter, on or about May 5, 12 and 22, 1950, June 2, 15 and 16, 1950, and August 7, 8 and 9, 1950, the said respondents caused purchases and sales of cottonseed oil futures and soybean oil futures executed on the New York Produce Exchange by the respondent partnership to be entered in the said account. The said transactions were actually executed for the account and benefit of a person other than the said Jessica K. Jones or Joycette K. Jones. By reason of the said acts, respondents Harry A. Aspinwall and George Sirota and Sons confirmed the execution of contracts in commodity futures and wilfully failed to evidence such contracts by a record in writing showing the true names

of the parties to such contracts, in violation of section 4 of the Commodity Exchange Act and section 1.37 of the rules and regulations.

10.

On or about June 23, 1950, respondent George Sirota and Sons caused purchases and sales of soybean oil futures executed on the New York Produce Exchange to be entered in the accounts of Kiki Cullum and Jessica K. Jones or Joycette K. Jones. The said transactions were actually executed for the account and benefit of a person or persons other than the said Kiki Cullum and Jessica K. Jones or Joycette K. Jones. By reason of the said acts, respondent George Sirota and Sons confirmed the execution of contracts in commodity futures and wilfully failed to evidence such contracts by a record in writing showing the true names of the parties to such contracts, in violation of section 4 of the Commodity Exchange Act and section 1.37 of the rules and regulations.

11.

The transactions described in paragraphs 9 and 10 above could have been used for hedging transactions in interstate commerce in cottonseed oil or soybean oil or the products or by-products thereof,

or determining the price basis of transactions in interstate commerce in such commodities, or delivering such commodities in interstate commerce.

Therefore, the said respondents, George Sirota and Sons, George Sirota, Norman L. Sirota, Benjamin Sirota, Harry A. Aspinwall, and Dyke Cullum are hereby notified to be and appear at a hearing to be held at 10 o'clock a.m., eastern standard time, on the 12th day of December, 1950, in Room 144-W, Administration Building, United States Department of Agriculture, Washington, D. C., 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 respondents for such period of time as may be determined by the Secretary of Agriculture, and suspending or revoking the registrations of those respondents who are registered as futures commission merchants or floor brokers.

The respondents will have 20 days after the receipt of this notice of hearing to file in triplicate with the Hearing Clerk, United States Department of Agriculture, Washington 25, D. C., an answer fully and completely stating the nature of the defense and admitting or denying specifically and in detail each material and relevant allegation of the 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 respondents 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

6 day of November, 1950

/s/ Charles F. Brannan

Secretary of Agriculture

POSITIONS IN COTTONSEED OIL FUTURES AND SOYBEAN OIL FUTURES CARRIED ON THE BOOKS OF GEORGE SIROTA AND SONS IN ACCOUNTS IN THE NAMES OF DYKE CULLUM, KIKI CULLUM, AND JESSICA K. JONES DURING THE PERIOD FROM MAY 12, 1950, TO AUGUST 10, 1950, INCLUSIVE

(In contracts of 60,000 pounds)>100> >101>

[illegible]

Name of Account	Date n1	Cottonseed oil							
		July		September		October		December	
		Long	Short	Long	Short	Long	Short	Long	Short
Jessica K. Jones	1950								
Dyke Cullum	5/31								7
Kiki Cullum									6
Jessica K. Jones									1
									7

n1 Positions shown remain unchanged from close of business on dates indicated until opening of business on next date indicated.

Name of Account	Date n1	Soybean oil					
		May		July		August	
		Long	Short	Long	Short	Long	Short
Dyke Cullum	1950						
Kiki Cullum	5/12			8		6	
Jessica K. Jones							
Dyke Cullum	5/16			8		6	
Kiki Cullum							
Jessica K. Jones							
Dyke Cullum	5/17			8		6	
Kiki Cullum				5		6	
Jessica K. Jones							
Dyke Cullum	5/18			5		6	
Kiki Cullum				5			
Jessica K. Jones							
Dyke Cullum	5/19			5		6	
Kiki Cullum				5		6	
Jessica K. Jones							
Dyke Cullum	5/20			5		6	
Kiki Cullum				5		6	
Jessica K. Jones							
Dyke Cullum	5/22			5		6	
Kiki Cullum				5		6	
Jessica K. Jones							
Dyke Cullum	5/24			5		6	
Kiki Cullum				7		6	
Jessica K. Jones				1			
Dyke Cullum	5/26			8		6	
Kiki Cullum				12		6	
Jessica K. Jones				1			
Dyke Cullum	5/31			13		6	
Kiki Cullum				12		6	
Jessica K. Jones				1			
				13		6	

n1 Positions shown remain unchanged from close of business on dates indicated until opening of business on next date indicated.

Soybean oil

Name of Account	Date n1	September		October	
		Long	Short	Long	Short
1950					
Dyke Cullum	5/12	9		11	
Kiki Cullum				2	
Jessica K. Jones		5			
		14		13	
Dyke Cullum	5/16	9		11	
Kiki Cullum				2	
Jessica K. Jones		5			
		14		13	
Dyke Cullum	5/17	9		11	
Kiki Cullum				2	
Jessica K. Jones		5			
		14		13	
Dyke Cullum	5/18	9		11	
Kiki Cullum				2	
Jessica K. Jones		5			
		14		13	
Dyke Cullum	5/19	9		11	
Kiki Cullum				2	
Jessica K. Jones		5			
		14		13	
Dyke Cullum	5/20	9		11	
Kiki Cullum				2	
Jessica K. Jones		5			
		14		13	
Dyke Cullum	5/22	9		11	
Kiki Cullum				2	
Jessica K. Jones		5			
		14		13	
Dyke Cullum	5/24	10		11	
Kiki Cullum				4	
Jessica K. Jones		5			
		15		15	
Dyke Cullum	5/26	12		14	
Kiki Cullum				7	
Jessica K. Jones		5			
		17		21	
Dyke Cullum	5/31	12		14	
Kiki Cullum				8	
Jessica K. Jones		5			
		17		22	

n1 Positions shown remain unchanged from close of business on dates indicated until opening of business on next date indicated.

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Name of Account	Date n1	Cottonseed oil							
		July		September		October		December	
		Long	Short	Long	Short	Long	Short	Long	Short
1950									
Dyke Cullum	6/2							6	
Kiki Cullum								6	
Jessica K. Jones								5	
								17	
Dyke Cullum	6/15							12	
Kiki Cullum								14	
Jessica K. Jones								11	
								37	
Dyke Cullum	6/20							12	
Kiki Cullum				3				14	

		Cottonseed oil							
		July		September		October		December	
Name of Account	Date n1	Long	Short	Long	Short	Long	Short	Long	Short
	1950								
Jessica K. Jones									11
				3					37
Dyke Cullum	6/23								12
Kiki Cullum				3					14
Jessica K. Jones									11
				3					37
Dyke Cullum	6/26								12
Kiki Cullum				3					10
Jessica K. Jones									7
				3					29
Dyke Cullum	6/27								14
Kiki Cullum				3					10
Jessica K. Jones									7
				3					31
Dyke Cullum	6/29						3		14
Kiki Cullum				3					15
Jessica K. Jones									7
				3			3		36
Dyke Cullum	7/5						3		14
Kiki Cullum				3					15
Jessica K. Jones									5
				3			3		32
Dyke Cullum	7/11						-		14
Kiki Cullum				3					6
Jessica K. Jones									2
				3			-		22
Dyke Cullum	7/26								14
Kiki Cullum				3					6
Jessica K. Jones									2
				3					22
Dyke Cullum	7/27								14
Kiki Cullum				-					-
Jessica K. Jones									2
				-					16

n1 Positions shown remain unchanged from close of business on dates indicated until opening of business on next date indicated.

		Soybean oil					
		May		July		August	
Name of Account	Date n1	Long	Short	Long	Short	Long	Short
	1950						
Dyke Cullum	6/2			12		6	
Kiki Cullum				1			
Jessica K. Jones							
				13		6	
Dyke Cullum	6/15			12		6	
Kiki Cullum				1			
Jessica K. Jones							
				13		6	
Dyke Cullum	6/20			12		6	
Kiki Cullum				1			
Jessica K. Jones							
				13		6	
Dyke Cullum	6/23			7		6	
Kiki Cullum				1			
Jessica K. Jones							
				8		6	
Dyke Cullum	6/26			7		6	
Kiki Cullum				1			

Name of Account	Date n1 1950	May		Soybean oil July		August	
		Long	Short	Long	Short	Long	Short
Jessica K. Jones				8		6	
Dyke Cullum	6/27			7		6	
Kiki Cullum				1			
Jessica K. Jones							
Dyke Cullum	6/29			8		6	
Kiki Cullum				7		6	
Jessica K. Jones				1			
Dyke Cullum	7/5			8		6	
Kiki Cullum				7		6	
Jessica K. Jones				1			
Dyke Cullum	7/11			8		6	
Kiki Cullum				7		6	
Jessica K. Jones				1			
Dyke Cullum	7/26			8		6	
Kiki Cullum				2		6	
Jessica K. Jones				1			
Dyke Cullum	7/27			3		6	
Kiki Cullum				2		6	
Jessica K. Jones				1			
				3		6	

n1 Positions shown remain unchanged from close of business on dates indicated until opening of business on next date indicated.

Name of Account	Date n1 1950	September		Soybean oil October	
		Long	Short	Long	Short
Dyke Cullum	6/2	12		14	
Kiki Cullum				8	
Jessica K. Jones		5			
		17		22	
Dyke Cullum	6/15	12		14	
Kiki Cullum				8	
Jessica K. Jones		5			
		17		22	
Dyke Cullum	6/20	12		14	
Kiki Cullum				8	
Jessica K. Jones		5			
		17		22	
Dyke Cullum	6/23	12		14	
Kiki Cullum		3		8	
Jessica K. Jones		7			
		22		22	
Dyke Cullum	6/26	12		14	
Kiki Cullum		3		8	
Jessica K. Jones		7			
		22		22	
Dyke Cullum	6/27	12		14	
Kiki Cullum		3		8	
Jessica K. Jones		7			
		22		22	
Dyke Cullum	6/29	12		14	
Kiki Cullum		3		8	

Name of Account	Date n1	Soybean oil			
		September		October	
		Long	Short	Long	Short
	1950				
Jessica K. Jones		7			
		22		22	
Dyke Cullum	7/5	12		14	
Kiki Cullum		3		8	
Jessica K. Jones		7			
		22		22	
Dyke Cullum	7/11	12		14	
Kiki Cullum		3		8	
Jessica K. Jones		7			
		22		22	
Dyke Cullum	7/26	12		14	
Kiki Cullum		3		8	
Jessica K. Jones		7			
		22		22	
Dyke Cullum	7/27	12		14	
Kiki Cullum		3		7	
Jessica K. Jones		7			
		22		21	

n1 Positions shown remain unchanged from close of business on dates indicated until opening of business on next date indicated.

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Name of Account	Date n1	Cottonseed oil							
		July		September		October		December	
		Long	Short	Long	Short	Long	Short	Long	Short
	1950								
Dyke Cullum	7/28							14	
Kiki Cullum									
Jessica K. Jones								2	
								16	
Dyke Cullum	7/31							14	
Kiki Cullum									
Jessica K. Jones								2	
								16	
Dyke Cullum	8/7							14	
Kiki Cullum									
Jessica K. Jones								1	
								15	
Dyke Cullum	8/8							14	
Kiki Cullum									
Jessica K. Jones								-	
								14	
Dyke Cullum	8/9							14	
Kiki Cullum									
Jessica K. Jones									
								14	
Dyke Cullum	8/10							14	
Kiki Cullum									
								14	

n1 Positions shown remain unchanged from close of business on dates indicated until opening of business on next date indicated.

Name of Account	Date n1	Soybean oil					
		May		July		August	
		Long	Short	Long	Short	Long	Short
	1950						
Dyke Cullum	7/28			-		6	

Name of Account	Date n1	Soybean oil					
		May		July		August	
		Long	Short	Long	Short	Long	Short
	1950						
Kiki Cullum				1			
Jessica K. Jones							
				1		6	
Dyke Cullum	7/31					6	
Kiki Cullum				-			
Jessica K. Jones							
				-		6	
Dyke Cullum	8/7					6	
Kiki Cullum							
Jessica K. Jones							
						6	
Dyke Cullum	8/8					6	
Kiki Cullum							
Jessica K. Jones							
						6	
Dyke Cullum	8/9					6	
Kiki Cullum							
Jessica K. Jones							
						6	
Dyke Cullum	8/10					6	
Kiki Cullum						1	
						7	

Name of Account	Date n1	Soybean oil			
		September		October	
		Long	Short	Long	Short
	1950				
Dyke Cullum	7/28	12		14	
Kiki Cullum		3		6	
Jessica K. Jones		7			
		22		20	
Dyke Cullum	7/31	12		14	
Kiki Cullum		3		6	
Jessica K. Jones		7			
		22		20	
Dyke Cullum	8/7	12		14	
Kiki Cullum		3		6	
Jessica K. Jones		4			
		19		20	
Dyke Cullum	8/8	12		14	
Kiki Cullum		3		6	
Jessica K. Jones		4			
		19		20	
Dyke Cullum	8/9	12		14	
Kiki Cullum		3		6	
Jessica K. Jones		-			
		15		20	
Dyke Cullum	8/10	12		14	
Kiki Cullum		3		6	
		15		20	

n1 Positions shown remain unchanged from close of business on dates indicated until opening of business on next date indicated.

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