

Commodity Futures Trading Commission
CEA CASES

NAME: WILLIAM R. THOMPSON, JR.

DOCKET NUMBER: 148

DATE: OCTOBER 3, 1967

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: William R. Thompson, Jr., Respondent

CEA Docket No. 148

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

There is reason to believe that the respondent, William R. Thompson, Jr., attempted to deceive, cheat and defraud and did deceive, cheat and defraud persons in or in connection with the making of trades in commodity futures on or subject to the rules of a board of trade in violation of section 4b of the Commodity Exchange Act (7 U.S.C. 6b), 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 against the respondent as follows:

I

The respondent, William R. Thompson, Jr., an individual whose address is 1640 Carmelle Court, Toledo, Ohio, was at all times material to this complaint an agent or employee of a firm (hereinafter referred to as the respondent's employer) which was at all times material to this complaint a futures commission merchant registered under the Commodity Exchange Act and entitled to membership privileges on the Chicago Board of Trade, a duly designated contract market under the Commodity Exchange Act.

II

At all times material to this complaint, the respondent was authorized to solicit or accept commodity futures orders for and in the name of the respondent's employer, and was engaged in causing the execution of orders on the Chicago Board of Trade on behalf of customers of the respondent's employer.

III

Beginning on or about March 22, 1967, and continuing until on or about June 14, 1967, the respondent caused trades in wheat and corn futures to be executed on the Chicago Board of Trade and allocated such trades among the accounts of six customers of the respondent's employer as follows: (1) The "day trades" that resulted in profits were allocated among three accounts in which deficits had accrued as the result of trading by, or on the advice of, the respondent; and (2) The "day trades" that resulted in losses and the trades that would have resulted in losses if they had been closed on the day on which they were made, were allocated among three accounts in which there were surplus margins. The allocation of the unprofitable trades to the accounts having surplus margins resulted in such accounts sustaining losses in excess of \$ 60,000. The three customers in whose accounts the unprofitable trades were placed had not authorized such trades and had no knowledge of them. In an effort to prevent such customers

from finding out that the unprofitable trades had been placed in their accounts, the respondent withheld from the customers the confirmations, statements of purchase and sale, and monthly statements that had been prepared and would have been sent to them in the normal course of business.

IV

On or about March 6, 1967, the respondent received \$ 1, 000 from a customer of the respondent's employer to margin, guarantee or secure transactions for the account of such customer in commodity futures subject to the provisions of the Commodity Exchange Act. However, the respondent used such funds to margin, guarantee or secure commodity futures transactions for the account of another customer of the respondent's employer and subsequently caused to be delivered to the customer who advanced the funds monthly statements purporting to show that the funds had been credited to his account.

V

The futures transactions referred to in this complaint were capable of being used for hedging transactions in interstate commerce, or determining the price basis of transactions in interstate commerce, or for delivering commodities sold, shipped or received in interstate commerce.

VI

By reason of the facts set forth in this complaint, the respondent attempted to deceive, cheat and defraud and did deceive, cheat and defraud persons in or in connection with the making of contracts of sale of commodities for future delivery on or subject to the rules of a board of trade in wilful violation of section 4b of the Commodity Exchange Act (7 U.S.C. 6b).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the respondent. The respondent 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 three copies, fully and completely stating the nature of the defense and admitting or denying, specifically and in detail, each 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 allegations of this complaint and a waiver of hearing. The filing of an answer in which all of the material allegations of fact contained in the complaint are admitted likewise shall constitute a waiver of hearing unless a hearing is requested. The respondent is hereby notified that unless hearing is waived, a hearing will be held at 10:00 a.m., local time, on November 29, 1967, in Toledo, Ohio, at a place therein to be

specified later, before a referee designated to conduct such hearing. At such hearing the respondent will have the right to appear and show cause, if any there be, why an order should not be made directing that all contract markets refuse all trading privileges to the respondent for such period of time as may be determined.

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

Done at Washington, D. C.

October 3, [ILLEGIBLE TEXT]

[SEE SIGNATURE IN ORIGINAL]

Rodney E. Leonard

Acting Assistant Secretary

LOAD-DATE: June 16, 2008

