

Commodity Futures Trading Commission
CEA CASES

NAME: THOMSON AND MCKINNON

DOCKET NUMBER: STIPULATION 2

DATE: JULY 12, 1945

DOCUMENT TYPE: STIPULATION OF COMPLIANCE

UNITED STATES OF AMERICA

BEFORE THE SECRETARY OF AGRICULTURE

In re Thomson and McKinnon 11 Wall Street, New York, New York

Stipulation of Compliance Under the Commodity Exchange Act No. 2

WHEREAS, the Secretary of Agriculture has reason to believe that Thomson and McKinnon has violated the Commodity Exchange Act, as amended, and the rules and regulations of the Secretary of Agriculture promulgated thereunder; and WHEREAS, no complaint has been filed with respect to said violation and said Thomson and McKinnon desires to enter into a stipulation pursuant to the provisions of Section 0.4 (a) of the rules of practice under the Commodity Exchange Act: Now, therefore, the said Thomson and McKinnon admits that the following facts are true:

(1) That, at all times hereinafter mentioned, Thomson and McKinnon was a partnership organized under the laws of the State of New York and was doing a general brokerage business in securities and commodities.

(2) That, at all times hereinafter mentioned, Thomson and McKinnon was a member of a number of commodity exchanges duly designated as contract markets under the provisions of the Commodity Exchange Act, including the Board of Trade of the City of Chicago and the New York Cotton Exchange.

(3) That, at all times hereinafter mentioned, Thomson and McKinnon was registered as a futures commission merchant under the provisions of the Commodity Exchange Act.

(4) That, on August 22, 1941, the sum of \$ 360,000 of funds segregated by Thomson and McKinnon for commodity customers in compliance with Section 4d (2) of the Commodity Exchange Act, as amended, was withdrawn from segregation. This withdrawal resulted in an under-segregation of such funds of commodity customers, which under-segregation continued during the entire period from August 22, 1941, to September 11, 1941. Amounts under-segregated on certain dates were as follows:

August 22, 1941 - \$ 112,623.18

August 27, 1941 - 107,773.99

August 28, 1941 - 122,376.18

(5) That, because of inaccurate bookkeeping procedure the under-segregation set forth in (4) above was not discovered by Thomson and McKinnon until it had existed for the period set forth above.

(6) That, on April 13, 1945, a transfer of segregated funds in the amount of \$ 100,000 was made by Thomson and McKinnon between the New York and Chicago office of the firm. This transfer was erroneously recorded on the records of the firm with the result that the amount of money in

segregation was overstated by the sum of \$ 100,000 from April 13, 1945, to May 15, 1945.

(7) As a result of the erroneous procedure described in (6) the funds of commodity customers were under-segregated by Thomson and McKinnon during the period April 13 to May 15, 1945.

(8) Upon discovery of the under-segregation described in (6) above Thomson and McKinnon communicated with the New York office of the Commodity Exchange Authority and informed representatives of that office of the error in segregation procedure and the resulting under-segregation.

In addition to admitting the foregoing facts, Thomson and McKinnon agrees to discontinue all acts and practices which are in violation of section 4d(2) of the Commodity Exchange Act, as amended, and the rules and regulations promulgated thereunder, and further agrees that this stipulation shall be admissible as evidence of acts and practices in violation of said section 4d(2) of the Commodity Exchange Act, as amended and the rules and regulations promulgated thereunder, in any subsequent proceedings brought against this firm in the enforcement of the provisions of the said act and regulations.

Done at New York, New York, this 12th day of July, 1945.

/s/ Thomson and McKinnon

THOMSON AND McKINNON

By: /s/ R. F. Teichgracher

GENERAL PARTNER IN CHARGE

NEW YORK OFFICE

LOAD-DATE: June 16, 2008

