

Commodity Futures Trading Commission
CEA CASES

NAME: AGRICOL CORPORATION, INC., AND GEORGE L. LEITZE

CITATION: 16 Agric. Dec. 779

DOCKET NUMBER: 77

DATE: AUGUST 6, 1957

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(No. 5126)

In re AGRICOL CORPORATION, INC., AND GEORGE L. LEITZE. CEA Docket No. 77.
Decided August 6, 1957.

Stipulation by Respondents -- Suspension of Registration

Respondents filed a stipulation which admits the jurisdictional facts, waives hearing, and consents to the suspension of the respondent corporation's registration as a futures commission merchant through December 31, 1957.

Mr. Benj. M. Holstein, for Commodity Exchange Authority. Respondents *pro se*.

Decision by Thomas J. Flavin, Judicial Officer

PRELIMINARY STATEMENT

This is a disciplinary proceeding under the Commodity Exchange Act (7 U.S.C. 1952 ed., Chapter 1) instituted by a complaint and notice of hearing issued under section 6(b) of the act (7 U.S.C. 1952 ed. § 9) by the acting Secretary of Agriculture on June 19, 1957. The respondents are a corporation which is registered as a futures commission merchant and an individual who is its vice-president and manager.

The complaint charges that the respondent corporation cheated, defrauded, and deceived its customers, falsified reports and records with respect to their trading, bucketed their orders, and failed to handle customers' funds as required by the act and the rules and regulations, in violation of sections 4b and 4d(2) of the act (7 U.S.C. 6b, 6d(2)). The complaint also charges that these violations were wilful. The charges are based upon

allegations that the respondent corporation reported to customers that transactions in futures had been executed for their accounts when, in fact, no such transactions had been executed, reported purchases to customers at prices above the actual purchase price and sales at prices below the actual selling price, transmitted statements and closed out such trades on the basis of the reported prices rather than the actual prices, commingled customers' funds with its own funds, failed to compute the amount of customers' funds which should be held segregated, and failed to prepare and maintain records with respect to such funds which the rules and regulations required.

No hearing has been held. On July 31, 1957, the respondents submitted for filing in the record, under section 0.4(b) of the rules of practice (17 CFR 0.4(b)), a stipulation which admits jurisdictional facts, waives hearing, waives the service of a referee's report, and consents to the entry of an order suspending the registration of the respondent corporation as a futures commission merchant for the remainder of the calendar year 1957.

FINDINGS OF FACT

1. Respondent Agricol Corporation, Inc., a corporation with its principal office and place of business at the Bourse, Philadelphia, Pennsylvania, is now and has been at all times material herein a registered futures commission merchant under the Commodity Exchange Act.

2. George L. Leitze, whose business address is Agricol Corporation, Inc., the Bourse, Philadelphia, Pennsylvania, was at all times material herein a member of the Board of Trade of the City of Chicago, vice-president of the respondent corporation, and manager of its business.

3. During the period between May 31, 1955, and January 31, 1957, both inclusive, respondent Agricol Corporation, Inc., traded in commodities for future delivery for the accounts of customers on the Board of Trade of the City of Chicago, a duly designated contract market under the Commodity Exchange Act. Such trading was conducted under the supervision and direction of the said George L. Leitze in his capacity as manager of the said corporation.

CONCLUSIONS

Section 0.4(b) of the rules of practice under the Commodity Exchange Act (17 CFR 0.4(b)) provides as follows:

(b) *Consent order.* At any time after the issuance of the complaint and prior to the hearing in any proceeding, the Secretary, in his discretion, may allow the respondent to consent to an order. In so consenting, the respondent must submit, for filing in the record, a stipulation or statement in which he admits at least those facts necessary to the Secretary's jurisdiction and agrees that an order may be entered against him. Upon a record composed of the complaint and the stipulation or agreement consenting to the order, the Secretary may enter the order consented to by the respondent, which shall have the same force and effect as an order made after oral hearings.

The facts admitted by the respondents and set forth in the findings of fact are sufficient to subject them and each of them to the jurisdiction of the Secretary of Agriculture under the provisions of the above section.

The complainant has filed a recommendation which recites that it has carefully considered the stipulation and the terms of the order to which the respondents propose to consent. The complainant states that, in its opinion, the proposed sanction would be adequate and the prompt entry of such an order without further proceedings would constitute a satisfactory disposition of this case, serve the public interest, and effectuate the purposes of the Commodity Exchange Act, and it recommends that the waiver be accepted and that the order to which the respondents have consented be issued.

It is concluded that such an order should be issued.

ORDER

The registration of Agricol Corporation, Inc., as a futures commission merchant is suspended until and including December 31, 1957. This order shall become effective 30 days after the date of its issuance.

A copy of this decision and order shall be served on the respondents and on each contract market.

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