

Commodity Futures Trading Commission
CEA CASES

NAME: BECKER BROKERAGE CO., SAMUEL H. BECKER, AND PHILIP D. BECKER

DOCKET NUMBER: 111

DATE: JUNE 28, 1963

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re Becker Brokerage Co., Samuel H. Becker, and Philip D. Becker, Respondents
CEA Docket No. 111

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

There is reason to believe that the respondents, Becker Brokerage Co., Samuel H. Becker, and Philip D. Becker, have violated the Commodity Exchange Act (7 U.S.C. Chapter 1), hereinafter referred to as the act, and the regulations made pursuant thereto (17 CFR, Part 1), hereinafter referred to as the regulations. In accordance with the provisions of section 6(b) of the act (7 U.S.C. § 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Becker Brokerage Co. is an Illinois corporation with its principal office and place of business at 1008 West Randolph Street, Chicago 7, Illinois. The said corporation is now and was at all times material to this complaint a clearing member of the Chicago Mercantile Exchange and a registered futures commission merchant under the act.

II

Respondents Samuel H. Becker and Philip D. Becker, individuals, each of whose business address is 1008 West Randolph Street, Chicago 7, Illinois, are now and were at all times material to this complaint members of the Chicago Mercantile Exchange and registered floor brokers under the act. Respondents Samuel H. Becker and Philip D. Becker are now and were at all times material to this complaint the president and vice-president, respectively, the owners of the capital stock, and the managers of the business of respondent Becker Brokerage Co.

III

The acts and transactions on the part of respondent Becker Brokerage Co. hereinafter described were carried out under the direction, supervision and control of respondents Samuel H. Becker and Philip D. Becker in their capacity as the principal officers, owners, and managers of the business thereof.

IV

The Chicago Mercantile Exchange is now and was at all times material to this complaint a duly designated contract market under the Commodity Exchange Act.

V

The orders and the futures transactions referred to in this complaint relate to frozen whole egg futures and to shell egg futures on the Chicago Mercantile

Exchange. Such contracts could have been used for (a) hedging transactions in interstate commerce in eggs or the products or byproducts thereof, (b) determining the price basis of transactions in interstate commerce in eggs, and (c) delivering eggs sold, shipped, or received in interstate commerce for the fulfillment of such futures contracts.

VI

During the period June 22 through October 4, 1962, respondent Becker Brokerage Co., in its capacity as futures commission merchant, carried 40 customers' accounts which were controlled under powers of attorney by one Irving Eisenberg, who during the period August 30 through October 4, 1962, also carried a personal trading account with Becker Brokerage Co.

VII

During the period August 30 through October 4, 1962, respondents, Becker Brokerage Co., Samuel H. Becker and Philip D. Becker, engaged in a course of action wherein they permitted Irving Eisenberg to place orders for the execution of transactions in egg futures on

the Chicago Mercantile Exchange without designating the identity of the account or accounts for which such orders were placed, and, after the orders were executed, permitted Irving Eisenberg to allocate the resulting transactions between his own account and the controlled accounts. Such allocations resulted in losses totaling approximately \$ 26,000 in the accounts of customers which were controlled by Irving Eisenberg and profits of approximately \$ 4500 in his own account.

VIII

On January 29, 1963, when authorized representatives of the Commodity Exchange Authority requested the respondents to furnish true and correct information as to the meaning of the records of respondent Becker Brokerage Co. pertaining to the orders given it by Irving Eisenberg and the allocation of the orders among Eisenberg's own account and the accounts over which he exercised power of attorney, the respondents falsely represented that in all instances the allocations of the orders were given by Irving Eisenberg at the time the orders were placed with the respondent corporation or almost immediately thereafter.

IX

By reason of the facts set forth in this complaint, respondents, Becker Brokerage Co., Samuel H. Becker and Philip D. Becker, attempted to deceive, cheat and defraud, and did deceive, cheat and defraud

customers of Becker Brokerage Co. in wilful violation of section 4b of the act (7 U.S.C. 6b), and furnished false or incorrect information as to the meaning of records kept by Becker Brokerage Co. pertaining to transactions in commodities for future delivery in wilful violation of section 1.35 of the regulations under the act (17 CFR 1.35).

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 notice of hearing in which to file with the Hearing Clerk, United States Department of Agriculture, Washington 25, D. C., 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 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 respondents are hereby notified that unless hearing is waived, either expressly or by failure to file an answer, or by filing an answer in which all of the

material allegations of fact contained in the complaint are admitted and a hearing is not requested, a hearing will be held at 10:00 a.m., local time, on the 17th day of September, 1963, 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 revoking, or suspending the registration of respondent Becker Brokerage Co. as futures commission merchant, suspending the registrations of respondents Samuel H. Becker and Philip D. Becker 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 the respondents at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C., this

28th day of June 1963.

/s/ John P. Duncan, Jr.

John P. Duncan, Jr.

Assistant Secretary

LOAD-DATE: June 12, 2008

