

Commodity Futures Trading Commission
CEA CASES

NAME: DUNBEATH-HAGEN CORP., AND CHRISTIAN S. MORANTE

CITATION: 26 Agric. Dec. 465

DOCKET NUMBER: 134

DATE: MAY 18, 1967

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(No. 11,191)

In re DUNBEATH-HAGEN CORP., and CHRISTIAN S. MORANTE. CEA Docket No. 134.
Decided May 18, 1967.

False statement in application -- Denial of trading privileges -- Default

All contract markets are directed to refuse all trading privileges to the corporate respondent for one year and to the individual respondent for 30 days for violations of the act and regulations by respondents in submitting a false financial statement in connection with the corporate respondent's application for registration as a futures commission merchant. Respondents are not presently registered under the act.

Mr. Earl L. Saunders for Commodity Exchange Authority.

Mr. Benj. M. Holstein, Referee.

Decision by Thomas J. Flavin, Judicial Officer

DECISION AND ORDER

In view of respondents' default in the filing of answers to the complaint herein, the recommended decision of the hearing examiner filed April 17, 1967, to which respondents did not file exceptions, is adopted as the final decision in this proceeding.

ORDER

Effective June 19, 1967, all contract markets shall refuse all trading privileges to respondent Dunbeath-Hagen Corp. for a period of one year and shall refuse all trading privileges to respondent Christian S. Morante for a period of 30 days, such refusals to apply to all trading done and positions held by them, or either of them, directly or indirectly.

A copy of this decision and order shall be served upon each respondent and upon each contract market.

HEARING EXAMINER'S RECOMMENDED DECISION

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. 1 et seq.), instituted by a complaint issued under section 6(b) of the act. The respondents are a New York corporation which at the time of the alleged violations was registered as a futures commission merchant, and an individual who is the president of the corporation and its principal stockholder. The respondents are charged with furnishing false information in connection with the corporation's application for registration as a futures commission merchant for the year 1966, in wilful violation of section 4f of the act (7 U.S.C. 6f) and section 1.10 of the regulations thereunder (17 CFR 1.10).

No hearing has been held with respect to this proceeding. On February 27, 1967, the Hearing Clerk received a letter from respondent Christian S. Morante requesting that the answer previously filed by him as president of respondent corporation be withdrawn, and that he be notified of "the determination made in the . . . matter." At the same time, counsel for complainant informed the Referee that it was the intention of respondents to permit disposition of the proceeding by default.

The Referee granted the request for withdrawal of the answer and continued the hearing without date, pending disposition of this proceeding as a default case. In such cases, the rules of practice provide for a Referee's report without further investigation or hearing (17 CFR 0.9(c)).

Counsel for complainant has filed a recommendation in which he states that since neither respondent is presently registered under the Commodity Exchange Act, the only sanctions available are denials of trading privileges. Counsel recommends a denial of such privileges to respondent Dunbeath-Hagen Corporation for a period of one year, and a similar denial to respondent Christian S. Morante for a period of thirty days.

FINDINGS OF FACT

1. Respondent Dunbeath-Hagen Corp., a New York corporation, was at all times material herein a registered futures commission merchant under the Commodity Exchange Act. Respondent corporation is not presently a registrant under the Commodity Exchange Act.

2. Respondent Christian S. Morante, an individual, whose address is 186 Nannyhagen Road, Thornwood, New York, is now and was at all times material herein the president and principal stockholder of the aforesaid Dunbeath-Hagen Corp.

3. On or about December 17, 1965, respondent Dunbeath-Hagen Corp., in connection with its application for registration as a futures commission merchant under the Commodity Exchange Act for the year 1966, knowingly submitted to the Commodity Exchange Authority a false financial statement, as of December 17, 1965, attested to by respondent Christian S. Morante, which misrepresented and concealed the true financial condition of respondent corporation.

CONCLUSIONS

By reason of the above findings, respondents wilfully violated section 4f of the Commodity Exchange Act (7 U.S.C. 6f) and section 1.10 of the regulations (17 CFR 1.10), as charged in the complaint. These violations are serious and justify substantial sanctions. It is concluded that complainant's recommendation with respect to sanctions should be adopted.

LOAD-DATE: June 8, 2008

