

Commodity Futures Trading Commission  
CEA CASES

**NAME:** DARRELL M. HILLS

**DOCKET NUMBER:** 140

**DATE:** AUGUST 5, 1966

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE

In re: Darrell M. Hills, Respondent

CEA Docket No. 140

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

There is reason to believe that the respondent, Darrell M. Hills, has violated the provisions of the Commodity Exchange Act (7 U.S.C. 1 et seq.), and the rules and regulations made pursuant thereto (17 CFR, Part I), 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 in that respect as follows:

I

Respondent, Darrell M. Hills, is an individual whose address is 1911 West 30th Street, Topeka, Kansas. At all times material herein, he was a member of the Chicago Board of Trade.

II

The Chicago Board of Trade is now, and was at all times material herein, a duly designated contract market under the Commodity Exchange Act. All transactions and positions referred to in this complaint were on or subject to the rules of the Chicago Board of Trade.

III

During the period June 1 through September 21, 1965, the respondent made trades in soybean futures in accounts carried in the names of Darrell M. Hills, Midwest Rentals, Inc., D.M.H. Enterprises, Inc., and Industrial Construction, Inc. All transactions and positions referred to in this complaint were in one or more of the above named accounts which during the period June 1 through September 21, 1965, belonged to or were controlled by the respondent. At all times during such period, the respondent was aware of his obligations under the Commodity Exchange Act and the regulations with respect to speculative position and trading limits and reporting requirements.

IV

At all times during the periods from June 21 through July 13, 1965, and from July 21 through July 29, 1965, the respondent held or controlled total speculative net short positions in the August 1965 soybean future which were in excess of 2,000,000 bushels. Such positions ranged from 2,030,000 bushels to 2,750,000 bushels.

V

At all times during the period from June 18 through July 21, 1965, the respondent held or controlled total speculative net long positions in the

September 1965 soybean future which were in excess of 2,000,000 bushels. Such positions ranged from 2,200,000 bushels to 3,250,000 bushels.

## VI

At all times during the period from August 26 through September 20, 1965, the respondent held or controlled total speculative net short positions in the September 1965 soybean future which were in excess of 2,000,000 bushels. Such positions ranged from 2,250,000 bushels to 3,910,000 bushels.

## VII

At all times during the period from August 27 through September 17, 1965, the respondent held or controlled total speculative net long positions in the November 1965 soybean future which were in excess of 2,000,000 bushels. Such positions ranged from 2,010,000 bushels to 2,835,000 bushels.

## VIII

On September 20, 1965, the respondent made speculative purchases and speculative sales of 3,110,000 bushels and 2,535,000 bushels, respectively, in all soybean futures combined on the Chicago Board of Trade. Of these amounts, a purchase of 2,910,000 bushels was in the September 1965 future and a sale of 2,335,000 bushels was in the November 1965 future.

## IX

At all times during the period from June 1 through August 16, 1965, and from August 20 through September 20, 1965, the positions in soybean futures which the respondent held or controlled in the

above named accounts, equaled or exceeded 200,000 bushels in a single future. The respondent was, therefore, in reporting status and was required to report to the Commodity Exchange Authority with respect to all transactions executed and all open contract positions held or controlled by him during such periods in all soybean futures, as provided in section 4i of the Commodity Exchange Act and sections 15.01, 15.02, 15.03, 18.00, 18.01 and 18.03 of the regulations (7 U.S.C. 6i; 17 CFR 15.01, 15.02, 15.03, 18.00, 18.01, 18.03). On June 11 and 21, 1965, July 8, 15 and 20, 1965, August 27, 30 and 31, 1965, and September 9, 1965, the respondent executed soybean futures transactions but filed no reports with respect to such transactions and the positions held or controlled by him on such dates.

## X

The respondent filed reports with the Commodity Exchange Authority which showed transactions and positions in soybean futures in accounts carried in his name and in the names of Midwest Rentals, Inc., and D.M.H. Enterprises, Inc., on various dates during the period from June 10 through September 21, 1965, but 37 of such reports were incomplete, in that they failed to include the transactions and positions in the account carried in the name of Industrial Construction, Inc., and, during the period from August 26 through September 20, 1965, failed to include that part of the

respondent's speculative short position in the September 1965 future carried in the name of D.M.H. Enterprises, Inc. which was in excess of 2,000,000 bushels.

## XI

By reason of the facts described in this complaint: (1) the respondent knowingly traded in soybeans for future delivery on or subject to the rules of a contract market in amounts which (a) resulted in net positions in excess of the maximum permissible quantity of 2,000,000 bushels in a single future, and (b)

were in excess of the maximum permissible limit of 2,000,000 bushels which any person may purchase during any one business day, and the maximum permissible limit of 2,000,000 bushels which any person may sell during any one business day, in wilful violation of section 4a of the Commodity Exchange Act, and the order of the Commodity Exchange Commission establishing limits on positions and trading in soybeans for future delivery (7 U.S.C. 6a; 17 CFR 150.4); and (2) the respondent knowingly failed to submit required reports to the Commodity Exchange Authority, and knowingly submitted false reports to the Commodity Exchange Authority, in wilful violation of section 4i of the Commodity Exchange Act, and sections 15.01, 15.02, 15.03, 18.00, 18.01 and 18.03 of the regulations issued by the Secretary (7 U.S.C. 6i; 17 CFR 15.01, 15.02, 15.03, 18.00, 18.01, 18.03).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the said 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 3, 1966, in Topeka, Kansas, 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.

August 5, 1966.

[SEE SIGNATURE IN ORIGINAL]

Assistant Secretary

George L. Mehren

**LOAD-DATE:** June 12, 2008

