

Commodity Futures Trading Commission  
CEA CASES

**NAME:** INTERNATIONAL COMMODITIES CORPORATION, AND RICHARD B. OTTENS

**DOCKET NUMBER:** 227

**DATE:** MAY 9, 1974

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: International Commodities Corporation, and Richard B. Ottens, Respondents  
CEA Docket No. 227

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondents have violated the Commodity Exchange Act (7 U.S.C. 1 et seq.), and the regulations made pursuant thereto, and this Complaint and Notice of Hearing is issued alleging the following:

I

Respondent International Commodities Corporation, an Illinois corporation with its principal place of business at 343 South Dearborn, Chicago, Illinois 60604, is now, and was at all times material herein, a registered futures commission merchant under the Commodity Exchange Act, engaged in trading in commodities for future delivery. At all such times, respondent International Commodities Corporation held membership privileges on the MidAmerica Commodity Exchange, a duly designated contract market under the Commodity Exchange Act.

II

Respondent Richard B. Ottens, an individual whose business address is the same as that of respondent International Commodities Corporation, is now, and was at all times material herein, president and majority

stockholder of International Commodities Corporation and registered as a floor broker under the Commodity Exchange Act. At all such times respondent Ottens had responsibility for the operation and management of the corporate respondent.

III

As of October 31, 1973, respondent corporation was engaged in business as a registered futures commission merchant under the Commodity Exchange Act, notwithstanding, that on that date it failed to meet the minimum financial requirements under section 4f of the Commodity Exchange Act (7 U.S.C. 6f) and section 1.17 of the regulations issued thereunder (17 CFR 1.17). As of October 31, 1973, respondent corporation lacked approximately \$ 173,300 of having sufficient capital to meet such financial requirements under the Act.

IV

At all times material herein, the respondents International Commodities Corporation and Richard B. Ottens were required to separately account for and segregate all money, securities, and property received to margin, guarantee, or secure the trades or contracts of commodity customers in accordance with the requirements of section 4d(2) of the Commodity Exchange Act (7 U.S.C. 6d) and sections 1.20 of the regulations issued thereunder (17 CFR 1.20).

V

The segregation records of the respondent International Commodities Corporation disclose that the corporate respondent failed to keep funds in segregated accounts sufficient to pay the equities due all regulated commodity customers as follows:

Date	Amount of Undersegregation
January 23, 1974	\$ 29,666.32
January 24, 1974	16,333.87
January 25, 1974	46,416.42
January 28, 1974	63,079.51
January 29, 1974	66,707.17
January 30, 1974	40,269.49
January 31, 1974	38,827.42
March 5, 1974	831.66
March 6, 1974	51,222.38
March 7, 1974	26,546.33
March 8, 1974	20,289.78
March 21, 1974	7,284.48

VI

An audit of respondent corporations records further disclose that on February 28, 1974, respondent International Commodities Corporation

failed, by \$ 5,146.54 to keep funds in segregated accounts sufficient to pay the equities due all regulated commodity customers.

VII

Under the regulations issued pursuant to the Commodity Exchange Act (17 CFR 1.10) the respondent corporation was obligated at all times material herein to prepare a written computation of its net worth at least once a month. Examination of records of the corporate respondent indicate that the International Commodities Corporation failed to prepare such computations for the months of July, August, and September, 1973.

VIII

Section 1.35 of the regulations issued pursuant to the Commodity Exchange Act (17 CFR 1.35) obligated respondent corporation to keep "Full, complete, and systematic records . . . relating to the business of dealing in commodity futures . . . . Included among such records shall be all . . . ledgers." An examination of the general ledger of International Commodities Corporation as of October 31, 1973, indicated a failure to systematically maintain such records resulting in numerous errors causing the general ledger to be out of balance in excess of \$ 60,000 as of October 31, 1973.

IX

By reason of the facts alleged in this Complaint, the respondents have willfully violated sections 4d, 4f, and 4g, of the Commodity Exchange Act (7 U.S.C. 6d, 6f, and 6g) and sections 1.17, 1.20, and 1.35 of the regulations issued thereunder (17 CFR 1.17, 1.20, and 1.35).

WHEREFORE, it is hereby ordered that this Complaint and Notice of Hearing be served upon the respondents and this proceeding shall be governed by sections 0.1, 0.2, 0.4(b), 0.5 through 0.22 and 0.28 of the Rules of Practice under the Commodity Exchange Act (17 CFR 0.1, 0.2, 0.4(b), 0.5 through 0.22, and 0.28). The respondents 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 four 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. A 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 respondents are hereby notified that unless such hearing is waived, a hearing will be held in Chicago, Illinois, at a place therein and date to be specified later, before an Administrative Law Judge 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 appropriate order should not be issued in accordance with the Commodity Exchange Act, (1) suspending or revoking the registration of the respondent International Commodities Corporation as

futures commission merchant, (2) suspending or revoking the registration of respondent Ottens as floor broker, (3) prohibiting the respondents from trading on or subject to the rules of any contract market, and directing that all contract markets refuse all trading privileges to the respondents for such period of time as may be determined, and (4) directing that the respondents shall cease and desist from violating the Act and regulations in the manner alleged herein.

Done at Washington, D.C.

May 9 1974

[SEE SIGNATURE IN ORIGINAL]

Assistant Secretary

**LOAD-DATE:** June 16, 2008

