

Commodity Futures Trading Commission
CEA CASES

NAME: M. J. KING, INC., AND MAX J. KING

DOCKET NUMBER: 136

DATE: APRIL 12, 1966

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re: M. J. King, Inc., and Max J. King, Respondents
CEA Docket No. 136

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

There is reason to believe that the respondents, M. J. King, Inc., and Max J. King, have violated the Commodity Exchange Act (7 U.S.C. 1 et seq.), and the 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 alleging as follows:

I

Respondent M. J. King, Inc., a New York corporation with its principal office and place of business at 171 Duane Street, New York, New York 10013, is now, and was at all times material herein, except during the period between December 31, 1965, and January 25, 1966, a registered futures commission merchant under the Commodity Exchange Act. At all times material herein, the respondent corporation had membership privileges on the New York Mercantile Exchange, a duly designated contract market under the Commodity Exchange Act.

II

Respondent Max J. King, an individual, whose business address is 171 Duane Street, New York, New York 10013, is now, and was at

all times material herein, president, manager and a principal stockholder of the respondent corporation and a member of the New York Mercantile Exchange. Respondent Max J. King is now registered as a floor broker under the Commodity Exchange Act.

III

At all times material herein, the operations and transactions of the respondent corporation were ordered and directed by, or carried out under the supervision and control of, respondent Max J. King. At all such times, the respondents were aware of their obligations under the Commodity Exchange Act and the regulations with respect to record keeping and registration requirements.

IV

During the period between July 28, 1965, and January 25, 1966, the respondent corporation, acting in its capacity as a futures commission merchant, carried accounts for customers who traded in commodity futures subject to the provisions of the Commodity Exchange Act and regulations. During the same period, the respondent corporation did not prepare and maintain a daily record of the amount of customers' money required to be held in segregated account, nor prepare and

maintain a monthly point balance which brought to the official closing price all open trades in each customer's account. The records which were prepared and maintained by the respondent corporation during the said period were incomplete and inaccurate to

an extent which made it impossible to determine whether the funds held by the respondent corporation for customers were, in fact, sufficient to pay all credits and equities due to customers.

V

During the period between December 31, 1965, and January 25, 1966, the respondent corporation acted as a futures commission merchant in soliciting and accepting orders for the purchase and for the sale of commodity futures subject to the Commodity Exchange Act, without being registered with the Secretary of Agriculture as a futures commission merchant under the Commodity Exchange Act.

VI

By reason of the facts described in this complaint, the respondents knowingly and willfully violated sections 4d and 4g of the Commodity Exchange Act (7 U.S.C. 6d, 6g), and sections 1.7, 1.32, 1.34, and 1.35 of the regulations issued thereunder (17 CFR 1.7, 1.32, 1.34, 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 complaint in which to file with the Hearing Clerk, United States Department of Agriculture, Washington, D.C. 20250, 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 25th day of May 1966, in New York, New York, 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 suspending or revoking the registration of respondent Max J. King as floor broker, suspending or revoking the registration of M. J. King, Inc., as futures commission merchant, 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.

April 12, 1966

[SEE SIGNATURE IN ORIGINAL]

Assistant Secretary

LOAD-DATE: June 12, 2008

