

Commodity Futures Trading Commission  
CEA CASES

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

**CITATION:** 25 Agric. Dec. 583

**DOCKET NUMBER:** 136

**DATE:** MAY 2, 1966

**DOCUMENT TYPE:** DECISION AND ORDER

(No. 10,553)

*In re* M. J. KING, INC., AND MAX J. KING. CEA Docket No. 136. Decided May 2, 1966.

**Registration requirements -- Records of customers' accounts and segregated funds -- Violations -- Suspension of registrations -- Stipulation**

Respondents admitted the allegations of the complaint and consented to the issuance of an order suspending the registrations of the individual respondent and the corporate respondent for 30 and 90 days, respectively, and denying trading privileges to them for a like period.

*Mr. Earl L. Saunders* for Commodity Exchange Authority.

Respondents *pro se*.

*Decision by Thomas J. Flavin, Judicial Officer*

**PRELIMINARY STATEMENT**

This is a disciplinary proceeding under the Commodity Exchange Act (7 U.S.C. 1 *et seq.*), in which the respondents are charged with violating sections 4d and 4g of the 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).

No hearing has been held with respect to this proceeding. On April 27, 1966, the respondents submitted a stipulation under section 0.4(b) of the rules of practice (17 CFR 0.4(b)), in which they admit the factual allegations in the complaint, waive hearing on the charges, and consent to the entry of the order contained herein.

**FINDINGS OF FACT**

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

#### **CONCLUSIONS**

The facts admitted by the respondents in their stipulation have been adopted as the findings of fact herein. Such facts demonstrate that the respondents knowingly and willfully violated sections 4d and 4g of the Commodity Exchange Act and sections 1.7, 1.32, 1.34, 1.35 of the regulations, as charged in the complaint.

The complainant states that the administrative officials of the Commodity Exchange Authority have carefully considered the proposed stipulation and order and that they believe the proposed sanctions are adequate and that the prompt entry, without further proceedings, of the order to which the respondents have consented will constitute a satisfactory disposition of this case, serve the public interest, and effectuate the purposes of the Commodity Exchange Act. The complainant recommends, therefore, that the stipulation and waiver submitted by the respondents be accepted and that the proposed order be issued. It is so concluded.

#### **ORDER**

Effective on the thirtieth day after the date of issuance of this order, (1) the registration of respondent Max J. King as a floor broker is suspended for a period of thirty (30) days, (2) the registration of respondent M. J. King, Inc., as a futures commission merchant is suspended for a period of ninety (90) days, and (3) all contract markets shall refuse all trading privileges to the said Max J. King for a period of thirty (30) days and to the said M. J. King, Inc., for a period of ninety (90) days, such refusal to apply to all trading done and positions held by them directly or indirectly.

A copy of this Decision and Order shall be served on each of the parties and on each contract market.

**LOAD-DATE:** June 8, 2008

