

Commodity Futures Trading Commission
CEA CASES

NAME: SECRETARY OF AGRICULTURE V. ALEXANDER K. RUXTON

DOCKET NUMBER: 26

DATE: JUNE 18, 1941

DOCUMENT TYPE: DECISION AND ORDER

UNITED STATES OF AMERICA

BEFORE THE SECRETARY OF AGRICULTURE

CE-A Docket No. 26.

Secretary of Agriculture, Complainant, v. Alexander K. Ruxton, Respondent.

Proceedings, Findings of Fact, Conclusions, and Order.

PROCEEDINGS

On February 19, 1941, complaint was issued by the Assistant Secretary of Agriculture, pursuant to the Commodity Exchange Act (7 U. S. C. and Supp. V, §§ 1-17a), against Alexander K. Ruxton, the respondent. It was alleged that Ruxton, without the prior consent of his customers, had taken the other side of their trades in Chicago wheat futures. Notice was given that a hearing would be held in Chicago on March 4, and it was ordered that an answer be filed in 10 days. A copy of the complaint was served on the respondent by registered mail on February 24.

The respondent, in his answer, denied that he had violated the act. After two continuances, the hearing was held in Chicago, Illinois, on April 4, 1941, before Jack W. Bain, the referee.

Charles W. Bucy, Office of the Solicitor, Department of Agriculture, appeared for the Government. H. N. Gottlieb and Maurice Rosenfield, of the firm of Gottlieb and Schwartz, Chicago, appeared for the respondent. No testimony was taken, but a stipulation between counsel was placed of record, and the hearing was closed.

According to the stipulation, the respondent made the trades set out in the complaint, taking the other side of customers' orders without their prior consent. He would testify that he did this not to defraud customers nor for his own profit, but so that he could report executions favorable to his customers. He would explain various trades as made to correct error when discovered, to obviate executions which would look bad due to market changes during partial executions, and the like. He handled many orders for E. T. Maynard, who often gave him discretion, and continues to give him orders after knowing of the complaint against him. Maynard would not object to the respondent's taking the other side of his trades in certain instances, and found, upon investigation, that where respondent had done so in executing Maynard's orders, results were favorable to Maynard. The respondent has been a member of the Board of Trade for 15 years, and has a good reputation for honesty and integrity. He believes that, in some instances, he did not actually take the other side of the order, but mistakes or inaccuracies in complete carding by other brokers made it appear that he did.

The referee's report, recommending suspension of the respondent's registration and trading privileges for ninety days, was served on the respondent and on the Commodity Exchange Administration on June 4, 1941. On

June 16, counsel for the respondent and for the Government filed statements that neither party intended to file exceptions to the report, and the respondent requested that whatever final order is issued, it be made effective at the earliest possible date.

FINDINGS OF FACT

1. Alexander K. Ruxton, the respondent, during January and February 1940, was a member of The Board of Trade of the City of Chicago, a contract market, engaged as a floor broker on that market, and was registered as a floor broker with the Secretary of Agriculture. He is registered as a floor broker for the year 1941.

2. On January 2, 1940, the respondent, for a customer, executed an order for the sale of 5,000 bushels of wheat for future delivery in May, on the Chicago Board of Trade, at \$ 1.06 3/4 per bushel, by himself becoming the buyer of such wheat, without the prior consent of the customer.

3. On January 8, 9, 10, 11, 16, 22, 26, and 30, 1940, and on February 5, 8, 16, 20, and 23, 1940, the respondent executed other orders of customers for Chicago wheat futures by himself becoming the buyer on their orders to sell, and the seller on their orders to buy, without their prior consent.

CONCLUSIONS

It is clear that the respondent, in many instances during the first two months of 1940, took the other side of customers' trades without their prior consent, in violation of Section 4b(D) of the Commodity Exchange Act. His claim that he did not intend to, and did not, defraud anyone does not lend legality to his assuming to represent the conflicting interests of buyer and seller without the full authorization required by the statute. For these violations, his registration and his trading privileges on contract markets should be suspended.

ORDER

IT IS ORDERED that the registration of Alexander K. Ruxton, the respondent, as a floor broker for the year 1941 be, and it is hereby, suspended for a period of ninety days, beginning on the effective date of this order.

IT IS FURTHER ORDERED that all contract markets refuse Alexander K. Ruxton all trading privileges thereon for a period of ninety days, beginning on the effective date of this order.

IT IS FURTHER ORDERED that a copy hereof be sent by registered mail to the respondent and to each contract market, and that this order shall be effective seven days after its date.

(SEAL)

Done at Washington, D. C., this 18th day of June, 1941. Witness my hand and the seal of the Department of Agriculture.

/s/ Paul H. Appleby

Under Secretary of Agriculture.

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