

Commodity Futures Trading Commission
CEA CASES

NAME: ROY D. SIMMONS

CITATION: 21 Agric. Dec. 851

DOCKET NUMBER: 108

DATE: AUGUST 31, 1962

DOCUMENT TYPE: DECISION AND ORDER

AGRICULTURE DECISIONS

BEFORE THE SECRETARY OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

(No. 7915)

In re ROY D. SIMMONS. CEA Docket No. 108. Decided August 31, 1962.

False Reports -- Trading Limits -- Suspension of Registration -- Denial of Trading Privileges -- Consent Order

The registration of respondent as a floor broker is suspended for 30 days and all contract markets are ordered to refuse trading privileges to respondent for 30 days.

Mr. Earl L. Saunders, for complainant. Respondent *pro se*.

Decision by Thomas J. Flavin, Judicial Officer

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. Chapter 1) in which the respondent, a member of the Chicago Mercantile Exchange and a registered floor broker under the act, is charged with submitting false reports concerning transactions in egg futures and with exceeding the maximum speculative trading and position limits in January 1962 shell egg futures, in violation of the act and the regulations issued thereunder.

No hearing has been held with respect to this proceeding. On August 30, 1962, the respondent submitted a stipulation under § 0.4(b) of the rules of practice (17 CFR 0.4(b)), in which he admits the facts hereinafter set forth under "Findings of Fact," waives hearing on the charges in the complaint, and consents to the entry of the order contained herein.

FINDINGS OF FACT

1. Respondent is now, and was at all times material herein, a registered floor broker under the Commodity Exchange Act and a member of the Chicago Mercantile Exchange.

2. The Chicago Mercantile Exchange is now, and was at all times material herein, a duly designated contract market under the Commodity Exchange Act.

3. On each day during the period January 2 through January 11, 1962, respondent held open contracts in shell egg futures on the Chicago Mercantile Exchange of 25 or more carlots in a single future.

4. Respondent submitted reports to the Commodity Exchange Authority which purported to show all transactions executed for him and his position in egg futures on the Chicago Mercantile Exchange on each business day during the

period January 2 through January 11, 1962, but such reports did not show the actual transactions executed for him or the true positions held by him.

5. On January 3, 4 and 5, 1962, respondent held speculative net short positions of 69, 84 and 54 carlots, respectively, in the January 1962 shell egg future on the Chicago Mercantile Exchange.

6. On January 10, 1962, respondent held a speculative net long position of 54 carlots in the January 1962 shell egg future on the Chicago Mercantile Exchange.

7. On January 2, 1962, respondent made speculative sales of 70 carlots of January 1962 shell egg futures on the Chicago Mercantile Exchange.

8. On January 9, 1962, respondent made speculative purchases of 69 carlots of January 1962 shell egg futures on the Chicago Mercantile Exchange.

CONCLUSIONS

Section 4i of the act (7 U.S.C. 6i) requires every person who trades in futures to submit reports with respect to such trading "whenever such person shall directly or indirectly have or obtain a long or short position in any commodity or in any future of such commodity, equal to or in excess of such amount as shall be fixed from time to time by the Secretary of Agriculture." The quantity fixed by the Secretary of Agriculture for reporting purposes under the above provision is 25 carlots in any one egg future (17 CFR 15.03). The facts described in Findings of Fact 3 and 4 demonstrate that the respondent submitted false reports

to the Commodity Exchange Authority in violation of § 4i of the act, and §§ 15.01, 15.02, 15.03, 18.00, 18.01, and 18.03 of the regulations issued by the Secretary of Agriculture (17 CFR 15.01, 15.02, 15.03, 18.00, 18.01, 18.03).

Section 4a of the Commodity Exchange Act (7 U.S.C. § 6a) empowers the Commodity Exchange Commission to "fix such limits on the amount of trading under contracts of sale of * * * [a] commodity for future delivery on or subject to the rules of any contract market which may be done by any person as the commission finds is necessary to diminish, eliminate, or prevent" burdens on interstate commerce caused by excessive speculation. The limit on the maximum net long or net short speculative position which any person may hold or control in the January shell egg future on or subject to the rules of any one contract market is 50 carlots (17 CFR § 150.5). The limit on the maximum speculative purchases of any person and the limit on the maximum speculative sales of any person in the January shell egg future on or subject to the rules of any one contract market during any one business day is 50 carlots (17 CFR § 150.5). The facts described in Findings of Fact 5 through 8 demonstrate that the respondent violated § 4a of the act and § 150.5 of the regulations issued by the Commodity Exchange Commission.

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

ORDER

Effective October 1, 1962, the registration of the respondent, Roy D. Simmons, as a floor broker under the act is suspended for a period of 30 days, and effective on the same date all contract markets shall refuse all trading privileges to the respondent for a period of 30 days, such refusal to apply to all trading done and all positions held by the respondent directly or indirectly.

A copy of this decision and order shall be served on the respondent and on each contract market.

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