UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of	
COMPANIA SALVADORENA DE CAFE, S.A., et al.,	CFTC Docket No. 79-34
Respondents	

ON MOTION FOR SUMMARY DISPOSITION

This proceeding was instituted upon a complaint and order of this Commission dated March 12, 1979 against Ricardo Falla Caceres ("Falla"), among others,[1/] pursuant to §§6(b)[2/] and 6(c)[3/] of the Commodity Exchange Act, as amended ("Act"). Falla is charged herein with attempting to manipulate and manipulating upward the price of the July 1977 Coffee "C" futures contract (July contract) traded on the New York Coffee and Sugar Exchange, Inc. ("Exchange")

1/ Also named as Respondents in the Complaint are: Compania Salvadorena de Cafe, S.A.; Petrobras Comercio Internacional, S.A. - Interbras; Interbras Cayman Company; ACLI International, Inc.; ACLI International Commodity Services, Inc.; Lawrence J. Israel; Charles Hatton; Anderson Clayton Trading Company; Robert M. Jackson; and Michael C. Densen. The allegations in the Complaint against Compania Salvadorena de Cafe were resolved by an offer of settlement submitted by Instituto Nacional del Cafe, the National Coffee Institute of El Salvador, acting in place of Salvadorena, which was accepted by the Commission by order entered April 2, 1981.

2/ 7 U.S.C. §9.

3/ 7 U.S.C. §13b.

in violation of §6(b)[4/], 6(c)[5/] and 9(b)[6/] of the Act. Falla is further charged with entering into or causing to be executed wash sales transactions on the Exchange in violation of §4c(a)[7/] of the Act.

On April 16, 1979 Falla filed his answer to the complaint denying all allegations against him and setting forth various affirmative defenses. Subsequently, Falla caused to be filed in this proceeding a letter dated November 3, 1980 stating his intention not to defend against the complaint in this proceeding, recognizing that his failure to do so could result in a decision adverse to him. The Division of Enforcement of this Commission ("the Division") thereafter, on March 1, 1982, served upon Falla a request for admissions pursuant to §10.42(c) of the Rules of Practice. Upon Falla's failure either to object or respond to the requests, the Division moved for an order directing all matters set forth in the requests to be deemed admitted pursuant to the Rule. By order of June 16, 1982, the Division's motion was granted and the matters deemed admitted are therefore conclusively established for the purposes of this proceeding.

Based upon the facts taken as admitted, the Division has moved for summary disposition as to Falla pursuant to §10.91 of

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4/ 7 U.S.C. §9.

5/ 7 U.S.C. §13b.

6/ 7 U.S.C. §13(b).

7/ 7 U.S.C. §6c(a).

the Commission's Rules of Practice.[8/] The Division seeks an order requiring Falla to cease and desist in the violations alleged and imposing certain sanctions including a civil money penalty. To date, no response to the Division's motion has been filed by the respondent.

In consideration of the record herein, it is hereinafter determined pursuant to §10.91(c) of the Rules that, as to Falla, no genuine issue as to any material fact remains for decision, no necessity exists for developing further facts in the record and that the Division's motion for summary disposition as to Falla should be granted as a matter of law.

UNDISPUTED FACTS

1. At all times relevant to the issues herein, respondent Falla was a resident of El Salvador employed as the General Manager and Chief Executive Officer of respondent Compania Salvadorena de Cafe, S.A. ("Salvadorena"), an El Salvador corporation located at 6 Avenida Sur y 2A, Calle Poniente No. 133, San Salvador, El Salvador. Salvadorena also maintained an office in the United States located at 1350 Avenue of the Americas, New York, New York. (Admissions 18, 21, 22)[9/]

2. As relevant, respondent Falla acted for Salvadorena in trading coffee futures contracts on the New York Coffee and Sugar

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8/ 17 C.F.R. §10.91.

9/ "Admission ___" refers to paragraphs in the Division's Request for Admissions of Falla filed February 26, 1982, and deemed admitted by Order of June 16, 1982.

Exchange, Inc. ("Exchange")[10] (Admissions 22, 24) The Exchange was a board of trade as defined in §2(a)(1)[11] of the Act and was designated as a contract market for trading in coffee futures contracts pursuant to §5[12] of the Act. (Admissions 1, 2, 17, 18, 19, 20)

3. ACLI International, Inc. ("ACLI") was a corporation located at 110 Wall Street, New York, New York. During 1977 and since at least October 1975, ACLI maintained a joint venture commodity futures trading account with Salvadorena. (Admissions 25, 26)

4. ACLI International Commodity Services, Inc. ("ACS"), a corporation located at 110 Wall Street, New York, New York, was a wholly-owned subsidiary of ACLI. ASC was registered with the Commission as a futures commission member pursuant to §4f[13] of the Exchange. (Admissions 28, 29, 30)

5. Anderson Clayton Trading Company ("Anderson Clayton"), a corporation located at 127 John Street, New York, New York, was a wholly-owned subsidiary of Anderson Clayton and Company, Inc. Anderson Clayton was registered with this Commission as a futures commission merchant pursuant to §4f[14] of the Act and

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10/ In 1979, the New York Coffee and Sugar Exchange, Inc. merged with the New York Cocoa Exchange, Inc. to form the Coffee, Sugar & Cocoa Exchange, Inc.

11/ 7 U.S.C. §2.

12/ 7 U.S.C. §7.

13/ 7 U.S.C. §6f.

14/ 7 U.S.C. §6f.

was a clearing member of the Exchange. (Admissions 31, 32, 33, 34)

6. Salvadorena maintained commodity futures accounts at ACS and Anderson Clayton. Trading in both accounts was directed by respondent Falla who telephoned orders in to the New York offices of ACS and Anderson Clayton from San Salvador, El Salvador. (Admissions 35, 36, 37, 38 , 39, 40)

7. At all relevant times herein, Charles Hatten ("Hatten") was employed by ACS and was registered with the Commission as an associated person pursuant to §4k[15/] of the Act. Hatten was an account executive at ACS and received and entered orders from Falla for trading coffee futures on the Exchange for the Salvadorena account. (Admissions 41, 42, 43, 44, 45)

8. At all relevant times herein, Robert M. Jackson ("Jackson") was employed by Anderson Clayton and was registered with the Commission as an associated person pursuant to §4k[16/] of the Act. Jackson was one of the individuals at Anderson Clayton who received and entered orders from Falla for trading coffee futures in the Exchange for the Salvadorena account. (Admissions 46, 47, 48, 49, 50, 51, 52, 53, 54)

9. The delivery months of the Coffee "C" futures contract traded on the Exchange were in March, May, July, September and December. Trading in the July 1977 "C" Contract began on July 1, 1976 and continued until July 25, 1977. The first day on which a

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15/ 7 U.S.C. §6k.

16/ 7 U.S.C. §6k.

transferable delivery notice could be issued was June 24, 1977 and the first day on which delivery could be made was July 1, 1977. The last day on which a transferable delivery notice could be issued was July 25, 1977. The last delivery day was August 1, 1977. The July contract traded in a unit of 37,500 pounds of marked arabica coffee. Appropriate grades of washed arabica coffee from the following countries were deliverable on the July contract: Mexico, El Salvador, Guatemala, Costa Rica, Nicaragua, Honduras and Columbia. Prices of the July contract were quoted in cents and decimal fractions of a cent per pound. (Admissions 4, 6, 7, 8, 9, 10, 11, 12, 13)

10. In 1974, Salvadorena, the National Federation of Colombian Coffee Growers, the Mexican Coffee Institute and the Brazilian Coffee Institute entered into the "Punta Arenas" agreement, the purpose of which was to support coffee prices by purchasing coffee in the physical and futures markets. Each of the above-mentioned organizations contributed funds for that purpose. (Admissions 141, 142, 143)

11. Falla participated in the Punta Arenas agreement on behalf of Salvadorena.

12. During, at least, 1976 and 1977 it was a policy of Salvadorena to utilize futures markets in coffee to help support the price of coffee. (Admission 132)

13. Documents forwarded to Citibank, N.A. in San Salvador, El Salvador by Salvadorena contained information relating to

entries in Salvadorena's financial report dated September 30, 1976. The documents stated that the "Margin accounts" entry in the financial report dated September 30, 1976 included amounts which Salvadorena stated were "deposits for support operations" as follows:

Banco do Brazil	2,676,000 Colones
Anderson Clayton & Co.	11,115,000 Colones
Joint Venture Acct. #2	13,843,000 Colones
Cia. Hedge Acct. #2	13,843,000 Colones
Bernhard Rothfos	15,143,000 Colones

(Admissions 133, 134, 135, 136, 137)

14. The reference to Anderson Clayton & Co. represents the Salvadorena commodity futures account at Anderson Clayton. The "Joint Venture Acct. #2" entry represents the ACLI - Salvadorena Joint Venture Commodity futures account at ACS. The reference to "Cia Hedge Acct. #2" represents the Salvadorena commodity futures account at ACS. (Admissions 138, 139, 140)

15. During the period April 1, 1977 to July 25, 1977, Falla established and maintained a long position in the July 1977 Coffee "C" Contract for Salvadorena's accounts at Anderson Clayton and ACS. (Admission 56; Exhibit III)[17/] The extent of this position is shown on Exhibit III in the record which is reproduced and attached hereto as Appendix A.

16. In the course of entering trades for Salvadorena's ACS account, Falla directed Hatten to "make the market go up" or

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17/ "Exhibit ___" refers to the exhibits attached to the Division's Motion for Summary Disposition.

"make the market strong" and gave Hatten discretionary buy orders to counteract selling in the market. Falla also gave Hatten discretionary orders to buy or sell only if the market traded in "pools". (Admissions 103, 104, 105)

17. In the course of entering trades for Salvadorena's Anderson Clayton account, Falla directed Jackson to "make the market go up." (Admission 106)

18. On or about June 17, 1977, the Exchange published statistics which indicated that as of June 15, 1977, the estimated total stock of coffee certificated for delivery under the Coffee "C" contract on the Exchange was equivalent to 304 contracts compared with a total open interest in the July contract on or about June 15, 1977 of 1108 contracts. During the same period of time, the foregoing amount of certificated coffee represented 27.4 percent of the open interest in the July contract. (Admissions 57, 58, 59)

19. Apart from the foregoing percentage for 1977, the certificated stocks of deliverable coffee under the Coffee "C" contract on June 15th for each year beginning with 1973 through 1978 represented percentages of the open interest in the July contract as follows:

On June 15, 1973 -- 175 percent
On June 15, 1974 -- more than 200 percent
On June 15, 1975 -- more than 200 percent
On June 15, 1976 -- more than 50 percent
On June 15, 1978 -- more than 70 percent

(Admissions 60, 61, 62, 63, 64)

20. On June 28, 1977, the Exchange, finding that a condition existed in the July 1977 Coffee "C" Contract which "may be conducive to [among other things] an attempt to manipulate prices," limited trading in the contract from June 29, 1977 until its expiration, generally, to liquidation only but allowing new short sales by parties who had cash coffee in position for delivery. From on or about June 28, 1977 Falla was aware of the Exchange action. (Admissions 66, 67, 68)

21. On July 8, 1977, Falla received a communication from this Commission stating its concern over the limited amount of July 1977 Coffee "C" certified for delivery and the unusually large premium in prices at which the July future had been trading relative to the September 1977 Coffee "C" futures prices and to cash coffee prices in the United States. The letter further stated that, because of the size of Salvadorena's holdings in the July 1977 Coffee "C" future relative to the limited amount of coffee certificated for delivery, the Commission was of the opinion that Falla's further actions could have a "Substantial impact on whether or not the price of the July 1977 Coffee "C" future is manipulated." (Admissions 69, 70; Exhibit II)

22. United States Bureau of Census statistics for periods relevant hereto indicate that the volume of coffee roastings was lower during the second quarter of 1977 than in any prior quarter since the beginning of 1974 and continued to decline in the third quarter of 1977. (Admissions 71, 72)

23. From on or about June 17, 1977 to on or about July 19, 1977 closing prices of the July contract exceeded closing prices of the September 1977 Coffee "C" futures contract ("September contract") traded on the Exchange by an average of 38.03 cents per pound, by at least 20 cents per pound each day and by more than 51 cents per pound on two days during that period. (Admissions 73, 74, 75)

24. In comparison, during the periods from on or about June 17th to on or about July 19th in the prior years of 1973, 1974, 1975 and 1976, prices of the July 1973 Coffee "C" futures contract had closed lower than closing prices of the September 1973 Coffee "C" futures contract traded on the Exchange. (Admissions 76, 77, 78, 79)

25. The International Coffee Organization (ICO) published indicator prices for four types of coffee through George Gordon Paton Company, Inc. ("Paton"). The ICO indicator price for "other mild" arabicas coffee published by Paton was for coffee equivalent to the basic grade of coffee deliverable under the July Coffee "C" contract. From on or about June 25, 1977 to on or about July 19, 1977, closing prices of the July contract exceeded ICO "other mild" arabicas coffee prices by an average of 30.65 cents per pound and reached a maximum of 49.00 cents per pound. However, during the months of June and July in the prior years 1973 through 1976, closing prices of the July contract

never exceeded ICO "other mild" arabicas coffee prices by more than 6.5 cents per pound. (Admissions 80, 81, 82,83, 84)

26. On each day from June 20, 1977 to July 19, 1977 ACLI quoted ex-dock or ex-warehouse New York offering prices for coffee from Guatemala and El Salvador, and f.o.b. Laredo, Texas offering prices for coffee from Mexico, the highest of which was an average of 33 cents per pound less than the July contract closing price. (Admissions 85, 86)

27. On June 24, 1977, the first notice day for the July contract, combined holdings in short positions of 25 contracts or more in the July contract were equal to 53.7 percent of the total open interest in the July contract. At the opening of trading on the same day, Falla controlled a long position representing 68.6 percent of the total open interest in the July contract through Salvadorena's accounts and maintained this long position which is admitted to have been dominant, from at least June 15, 1977 through July 25, 1977. This was notwithstanding the Commission's communication of July 8, 1977 informing Falla of its concern over his large position in the July contract relative to the limited amount of cash coffee certificated for delivery under the Contract. (See Admissions 69, 70, 93, 94, 95; Exhibit II)

28. From June 24, 1977 until the Exchange order of June 28, 1977 limiting trading to liquidation only, Falla, with full

knowledge of the estimated certificated stocks of coffee available for delivery on the July contract, brought 44 July contracts for Salvadorena's accounts at ACS and Anderson Clayton at prices ranging between 268 and 274 cents per pound. (Admissions 65, 107, 108, 109)

29. From on or about June 24, 1977 to on or about July 25, 1977, Falla entered or caused to be entered orders to liquidate Salvadorena's long position in the July contract at prices which were higher than market prices for the July contract. At Falla's direction, delivery notices were stopped and delivery was accepted on 445 contracts in the July contract for Salvadorena's account at Anderson Clayton. Also at Falla's direction, delivery notices were stopped and delivery was accepted on 234 contracts in the July contract for Salvadorena's account at ACS for a total of 679 contracts. This figure constituted 84.1 percent of all deliveries taken on the July contract. (Admissions 96, 97, 98, 99, 101)

30. On July 15, 1977, certificated stocks of coffee exceeded the open interest in the July contract. (Admission 89)

31. Prices of the July contract were artificially high from on or about June 17, 1977 to on or about July 19, 1977. (Admission 87)

32. From on or about June 17, 1977, to on or about July 19, 1977, Falla's trading activities in the July contract for Salvadorena's accounts at ACS and Anderson Clayton caused the

prices of the July contract to be artificially high. (Admission 102)

33. On July 19, 1977 more transferable notices of delivery were issued on the July contract than on any other day since the first notice day on June 24, 1977. On the same day, the artificially high prices of the July contract began to decline. (Admissions 88, 90)

34. At no time prior to July 25, 1977, did Salvadorena have fixed price sales commitments for the deliveries of coffee which it took on the July contract. (Admission 110)

35. The 234 contracts of coffee that Salvadorena took on delivery on the July contract through its account at ACS were sold to Taloca, A.G., a Swiss trading company. The agreement for the sale of the coffee at $1.92 per pound was not entered into until the end of September 1977. (Admissions 111, 112, 113, 114)

36. The 445 contracts that Salvadorena took on delivery on the July contract through its account at Anderson Clayton were transferred to Petrobras Comercio Internacional, S.A. - Interbras ("Interbras"), a Brazilian corporation with offices in New York, New York, and/or Interbras Cayman Company ("Interbras Cayman"), a subsidiary of Interbras. In addition to these contracts, Salvadorena transferred to Interbras and/or Interbras Cayman 49 contracts that Salvadorena had taken on delivery on

the May 1977 Coffee "C" futures contract. Prior to July 18, 1977, no coffee had ever been transferred by Salvadorena to Interbras and/or Interbras Cayman and during 1977, no other coffee was transferred to the above referenced company. (Admissions 115, 116, 117, 118, 119, 120)

37. As of the time Interbras and/or Interbras Cayman received the 494 contracts of coffee transferred by Salvadorena Interbras and/or Interbras Cayman had no fixed price sales commitments for the coffee. (Admission 121)

38. Falla, Interbras and/or Interbras Cayman refused to disclose to the Commission, after requested to do so, the price paid by Interbras and/or Interbras Cayman to Salvadorena for the 494 contracts of coffee transferred to Interbras and/or Interbras Cayman. (Admissions 123, 124)

39. As of July 1, 1977, El Salvador had an inventory of unexported coffee of approximately 508,000 bags, constituting one of the two largest inventories of unexported coffee of the seven countries whose coffee was deliverable on the July contract. (Admissions 125, 126)

40. During June and July 1977, the minimum price set by the National Coffee Department of El Salvador at which Salvadoran coffee could be exported from El Salvador was between $3.20 and $3.30 per pound. (Admissions 127, 128) During 1976 and 1977, Falla was the executive director of the National Coffee Department of

El Salvador. (Admission 129)

41. On July 18, 1977, Falla communicated to this Commission that the report price for Salvadoran coffee was then $3.30 per pound and that Salvadorena had no buyers for its coffee at that price. (Admissions 130, 131)

42. From on or about June 17, 1977 to on or about July 19, 1977 Falla intended to cause the price of the July contract to be artificially high through his trading activities in or in connection with the July contract for Salvadorena's accounts at ACS and Anderson Clayton. By means of such activities during the same period, Falla attempted to manipulate and did manipulate upward the price of the July contract. (Admissions 145, 146, 147)

43. During the period September 24, 1976 through June 23, 1977, Falla entered into or caused to be executed on the Exchange transactions commonly known to the trade as "wash sales." These wash sales transactions were entered into or caused to be executed by Falla for Salvadorena's accounts at ACS and Anderson Clayton. Such transactions involved the purchase and sale of at least 470 Coffee "C" contracts on the Exchange as set forth in Exhibit IV herein, a copy of which is reproduced and attached hereto as Appendix B. (Admissions 148, 149, 150)

44. The wash sales listed in Appendix B (Exhibit IV) were not entered into or caused to be executed for the purpose of establishing or liquidating a bonafide market position for

Salvadorena's accounts at ACS and Anderson Clayton. Rather, the transactions were intended by Falla to create the appearance that purchases and sales were being conducted on the Exchange. (Admissions 152, 153)

DISCUSSION

A. The Undisputed Facts Show That Falla Manipulated Upward the Price of The July Coffee "C" Contract

1. The Commission has recently determined that a manipulation in the futures market occurs when a person or persons act "with the conscious object or purpose of causing an artificial or distorted price," and when an artificial price does in fact result from such action. In the Matter of Indiana Farm Bureau Cooperative, CFTC Docket No. 75-14, slip. op. at 18 (CFTC Dec. 17, 1982). Under judicial and Commission decisions, manipulation has been defined generally as "conduct intentionally engaged in resulting in an artificial price." In the Matter of Hohenberg Brothers Co., COMM. FUT. L. REP. (CCH) ¶20,271, p. 21,477 (CFTC 1977). See also Cargill Inc. v. Hardin, 452 F.2d 1154 (8th Cir. 1971) cert. denied 406 U.S. 932 (1972); Great Western Food Distributors, Inc. v. Brannan, 201 F.2d 476 (7th Cir.) cert. denied 345 U.S. 997 (1953); G.H. Miller and Co. v. U.S., 260 F.2d 286 (7th Cir. 1958) cert. denied 358 U.S. 907 (1959).

The facts admitted by Falla show that the July Coffee "C" contract traded at an artificially high price. An artificial price is simply ". . . a price which does not reflect the market

or economic forces of supply and demand operating upon the particular contract under scrutiny." Indiana Farm, supra, slip op. at 6, n.2 See also Cargill Inc., supra, 452 F.2d at 1158; Volkart Brothers, Inc. v. Freeman, 311 F.2d 52, 58 (5th Cir. 1962)

Falla has admitted that between June 17, 1977 and July 19, 1977 July contract prices exceeded the International Coffee Organization's ("ICO") indicator prices for cash coffee equivalent to the basic grade of coffee deliverable on the July contract. During that period, prices of the July contract averaged 30.65 cents per pound above the ICO indicator prices, and reached a premium as high as 49 cents per pound.[18/] By comparison, prices for the July contract for the years 1973 through 1976 never exceeded ICO indicator prices by more than 6.5 cents per pound.[19/] Moreover, during the relevant period closing prices for the July contract also averaged about 33 cents per pound higher than ACLI's cash quotes for deliverable grades of coffee from El Salvador and Guatamala quoted ex-dock or ex-warehouse New York.[20/]

The ICO indicator prices and ACLI cash quotes noted above occurred at the same time that demand for coffee in the cash market was relatively low. Statistics published by the United States Bureau of Census indicate that coffee roastings were lower

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18/ Admissions 81, 84

19/ Admissions 80-84

20/ Admissions 85-86

in the second quarter of 1977 than in any quarter since the beginning of 1974, and that roastings continued to decline in the third quarter of 1977.[21/]

The artificially high price of the July 1977 contract is also shown by comparing its price with contemporaneous prices for the September 1977 contract. The closing prices for the July contract from June 17 to July 19, 1977 exceeded the closing prices for the September contract by at least 20 cents per pound each day, and on two days by more than 51 cents per pound.[22/] Yet closing prices for July "C" contracts traditionally had been lower than closing prices for the September "C" contracts.[23/] For example, July "C" contract prices during the period from June 17 to July 19, 1973, 1974 and 1975 were lower than the closing prices for the September contracts of the respective years.[24/] In 1976, the closing prices for the September contract exceeded those for the July contract on all but three days during the relevant period, and on those three days the 1976 July contract traded at a premium of no more than 2 cents per pound.[25/] Clearly, the facts discussed above show that the July 1977 contract traded at prices which were artificially high.

2. The undisputed facts also support a finding that the artificial price of the July contract was caused by Falla's acquisition and maintenance of a dominant long position in the

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21/ Admissions 71-72

22/ Admissions 73-75

23/ Admissions 76-79

24/ Admissions 76-78

25/ Admission 79

future for Salvadorena's accounts, and the manner in which he directed trading of that dominant position. Indeed, Falla has admitted that he controlled a dominant position and caused the July contract to reach an artificial price.[26/]

The element of causation has been discussed chiefly in terms of dominance, where the alleged manipulator acquires a controlling position on one side of a contract, and in essence becomes the price-setting force in the market. See Cargill, Inc., supra. Causation has been construed to be present when "a long has sufficient control of enough futures contracts to force the shorts to come to him to settle their contracts." Cargill, 452 F.2d at 1164.[27/]

From June 15, 1977 to July 25, 1977 Falla maintained a dominant long position in the July contract for Salvadorena's accounts at Anderson Clayton and ACS.[28/] As early as June 28, 1977 Falla held 74.52 percent of the total open interest.[29/] By July 13, 1977 Falla had acquired an 87.89 percent share of the July contract's open interest. There was, however, no such concentration on the short side of the contract. For example,

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26/ Admissions 76-78.

27/ See generally Great Western, supra.

28/ Admission 95.

29/ Admissions 93-95; Exhibit III (See Appendix Attached) Moreover, this figure represents a substantially higher figure than those in other cases where a manipulation was found to exist. For example, the court in Great Western found that a manipulation of the December 1947 egg futures contract had occurred when the alleged manipulator had acquired a 60 to 75 percent share of the future. Likewise, in Cargill a manipulation was held by the court to have occurred in the May 1963 wheat futures contract where the alleged manipulator had acquired a 63 percent share of the open interest.

on the first notice day for the July contract, June 24, 1977, all traders who held short positions of 25 contracts or more held a total of only 53.7% of the open short interest.[30/]

In contrast to Salvadorena's dominant long position, stocks of coffee certificated for delivery on the contract on June 15, 1977 represented only 27.4 percent of the open interest.[31/] This was a substantial deviation from the historical relationship between certificated stocks and open interest. For instance, on June 15, 1973, certificated stocks represented approximately 175 percent of the open interest in the 1973 July "C" contract traded on the Exchange. On June 15, 1974 and 1975, certificated stocks represented more than 200 percent of the open interest in the 1974 and 1975 July contracts. Even on June 15, 1976, when certificated stocks represented 50% of the open interest in the 1976 July contract, certificated coffee as a percentage of open interest was twice that available in June of 1977.[32/]

Falla was aware of the inadequate supplies of coffee certificated for delivery and exacerbated the congested situation that existed by purchasing 44 additional long contracts.[33/] On June 28,

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30/ Admission 94.

31/ Admissions 57-59, Exhibit III.

32/ Admissions 57-64, Exhibit III

33/ Admissions 65, 107-108.

1977 the Exchange found that a situation existed in the July contract "conducive to an attempt to manipulate prices," and limited trading in the July contract to "liquidation only" effective June 29, 1977.[34/]

Following the Exchange order, Falla continued to apply upward pressure to the price of the July contract during the delivery period. He maintained Salvadorena's dominant long position throughout the delivery period, and placed liquidation orders at prices above the market price.[35/] He also directed ACS and Anderson Clayton to stop delivery notices and accept delivery of 679 contracts for Salvadorena's accounts, a total of 84.1% of all deliveries taken on the July contract.[36/] In brief, Falla admittedly dominated the long side of the contract, and intentionally traded that dominant position in a way that caused the price of the contract to become artificially high.

3. Falla has admitted explicitly that he intended to cause the price of the July contract to reach an artificial level.[37/] And, as described below, numerous other facts admitted by Falla also irrefutably demonstrate his intent to manipulate upward the price of the July contract. An intent to manipulate is shown by

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34/ Admissions 66-67.

35/ Admission 96.

36/ Admissions 98, 101

37/ Admission 145.

purposeful conduct, and can be inferred from the objective facts and by a person's actions under the circumstances.[38] For instance, manipulative intent can be inferred where a long with knowledge that open interest in a contract exceeds deliverable supplies "exacerbates the situation by increasing his long position."[39] Moreover, an intentional acquisition of market dominance "is compelling evidence of manipulative intent" where that dominance is used to create prices above the market.[40]

The undisputed facts in the instant matter clearly show that Falla acted purposefully to manipulate the market. When entering orders, Falla told Charles Hatten at ACS and Robert Jackson at Anderson Clayton "make the market go up," or "make the market strong."[41] Falla also gave Hatten discretionary buy orders to absorb selling in the market and discretionary orders to buy or sell only if the market traded in pools.[42]

Equally significant, Falla admitted he was aware that from approximately June 17, 1977 to July 15, 1977 his long position exceeded stocks of coffee certificated for delivery on the contract.[43] As noted above, despite this knowledge Falla purchased 44 additional contracts at prices ranging from 268 to 274 cents per pound immediately prior to the Exchange's action of limiting trading to

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38/ Indiana Farm, slip op. at 10.

39/ Id.

40/ Id. at 17.

41/ Admissions 103, 106.

42/ Admissions 104-105.

43/ Admissions 57, 65, Exhibit III.

liquidation only effective June 29, 1977.[44/] Falla's admissions show that the price paid for the 44 contracts was artifically high.[45/]

Falla also was aware that both the Exchange and the Commission had expressed concerns over conditions in the July contract, and that the Commission had warned Falla that "because of the size of [Salvadorena's] holdings relative to the limited amount of coffee certified for delivery, your future actions can have a substantial impact on whether or not the price of the July 1977 coffee "C" future is manipulated."[46/] Nevertheless, Falla maintained Salvadorena's dominant long position until the close of trading in the contract on July 25, 1977.[47/] He entered liquidation orders for Salvadorena's accounts at prices above the market price, and stood for delivery on 679 contracts through Salvadorena's accounts at ACS and Anderson Clayton.[48/]

Falla's decision to stand for delivery on a substantial portion of Salvadorena's long position is particularly telling evidence of intent given Salvadorena's apparent lack of need for cash coffee. See Cargill Inc., 452 F.2d at 1171. Salvadorena had no fixed price sales commitments for the coffee delivered

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44/ Admissions 107-108.

45/ Admissions 87, 107.

46/ Admissions 68-70, Exhibit II.

47/ Exhibit III.

48/ Admissions 96-99.

on the Exchange until some time after July 25, 1977.[49/] Salvadorena disposed of the coffee it had obtained through deliveries in a manner that raises further questions about Falla's motives in the futures market. See In re Fox Deluxe Foods, Inc., 18 A.D. 582, 606, 611 (1959); 2 P. Johnson, Commodities Regulation §5.27 (1982). At the end of September, 1977, Salvadorena sold the 234 contracts of coffee that it had taken delivery of through its account at ACS to Taloca, A.G. -- a Swiss trading company.[50/] The sale to Taloca was at approximately $1.92 per pound.[51/] The 445 contracts of coffee that Salvadorena took delivery on through its account at Anderson Clayton were transferred to a Brazilian corporation, Petrobras Comercio Internacional, S.A. - Interbras ("Interbras") or its subsidiary Interbras Cayman Company.[52/] Both Falla and Interbras refused to disclose to the Commission the price paid by Interbras for the coffee.[53/] This was the first and only time that Salvadorena had transferred coffee to Interbras. At the time Interbras received the coffee, it had never had any fixed price sales commitments for the coffee.[54/]

49/ Admission 110.

50/ Admissions 111-112.

51/ Admission 114.

52/ Admissions 115-117.

53/ Admissions 123-124.

54/ Admissions 119, 121.

Other factors relating to the cash market demonstrate the spurious nature of Falla's decision to stand for delivery on a large number of contracts. Salvadorena's dominant long position was established, and delivery was taken at a time when real demand in the cash market, as indicated by the level of coffee roastings, was low. During the second quarter of 1977 coffee roastings reached their lowest point since the beginning of 1974, and roastings continued to decline in the third quarter of 1977.[55/] Despite conditions in the cash market, the National Coffee Department of El Salvador, of which Falla was the executive director in 1977, had set minimum export prices during June and July 1977 of between $3.20 and $3.30 per pound, well in excess of ICO indicator prices and ACLI quotes for coffee of equivalent grade.[56/] Falla admitted that during July 1977 Salvadorena had no buyers for its coffee at prices around $3.30 per pound, and that El Salvador had one of the two largest inventories of unexported coffee of the seven countries whose coffee was deliverable on the July contract.[57/]

Finally, Falla admitted that Salvadorena had a policy of using the futures market to help support coffee prices during at least 1976 and 1977.[58/] In fact, as early as 1974, Falla had participated, on behalf of Salvadorena, in an international

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55/ Admissions 71-72.

56/ Admissions 127-29.

57/ Admissions 125-126, 131.

58/ Admission 132.

agreement to support coffee prices by purchases in the futures and physicals markets. Salvadorena, the National Federation of Columbian Coffee Growers, the Mexican Coffee Institute, and the Brazilian Coffee Institute had contributed funds to support coffee prices.[59/] As late as 1976, Salvadorena continued to maintain "deposits for support operations," which were used to trade Salvadorena's ACS and Anderson Clayton accounts.[60/]

The undisputed facts set forth above show that Falla violated the Act by manipulating the price of the July contract. He established a dominant position in the contract and caused the contract price to rise to an artificial level. His actions admittedly were taken with the intent to manipulate the price of the July contract.

B. The Undisputed Facts Show That Falla Entered Into Or Caused To Be Executed Wash Sales In Violation Of Section 4c(a) Of the Act

A "wash sale" is any transaction that gives the appearance of being a purchase or sale, but in fact does not result in establishing or liquidating a bona fide market position. See In re Jean Goldwurm, 7 A.D. 265, 274 (1948); In the Matter of Citadel Trading Co. of Chicago, Ltd., COMM. FUT. L. REP. (CCH) ¶21,238, p. 25,177 (1981). Falla admits that during the period from September 24, 1976 until June 23, 1977, he engaged in "wash sales" in various coffee"C" contracts for Salvadorena's accounts at ACS

59/ Admission 142.

60/ Admissions 136-140.

and Anderson Clayton.[61/] The bulk of wash sales that Falla caused to be executed involved off-setting purchases and sales between Salvadorena's accounts at Anderson Clayton and ACS.[62/] Admittedly, the transactions did not establish or liquidate a market position for Salvadorena's accounts.[63/] Instead, Falla has admitted that these transactions were entered into or caused to be executed in order to create the appearance that purchases and sales were being made on the Exchange.[64/] Plainly, these transactions, which Falla admits were wash sales, violated section 4c(a) of the Act.

CONCLUSION

As admitted by Falla and established by the undisputed facts, Falla intentionally manipulated the July 1977 Coffee "C" contract by entering and maintaining a dominant long position therein for Salvadorena's accounts, and by causing the price of the contract to reach an artificially high level. The undisputed facts also establish that Falla entered into or caused to be executed transactions that were, or that were of the character of, or are commonly known in the trade as "wash sales." Accordingly, there being no genuine issue of material fact left for determination, the Division of Enforcement is entitled as a matter of law to a decision on its motion for summary disposition herein under

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61/ Admission 148.

62/ See attached Exhibit IV.

63/ Admission 152.

64/ Admission 153.

§10.91. Sanctions shall be imposed against Falla for such violation consistent with the above discussion.

In consideration of the foregoing, it is hereby ORDERED that:

1. Respondent Ricardo Falla Caceres is directed to cease and desist any further violation of Sections 6(b), 6(c), 9(b) and 4c(a) of the Commodity Exchange Act, as amended, 7 U.S.C. §§9, 13b, 13(b) and 6c(a).

2. Respondent Ricardo Falla Caceres is prohibited from trading on or subject to the rules of any contract market, and all contract markets shall refuse all trading privileges to Ricardo Falla Caceres. Such prohibition and refusal shall apply to all trading done and positions held by Falla for his own account, as agent or representative of any other person or firm, or indirectly through persons or firms owned or controlled by Falla or otherwise. Ricardo Falla Caceres shall liquidate any and all commodity futures contract positions now held by him or on his behalf within thirty (30) days of this Order.

3. Ricardo Falla Caceres is assessed, and shall pay to the Commission within thirty (30) days of the date of this Order, a civil penalty in the amount of $200,000.

Dated this 26th day of October 1983

Eugene E. Hunt

Eugene E. Hunt
Chief Administrative Law Judge

APPENDIX A

SALVADORENA'S LONG POSITION IN THE JULY 1977 COFFEE 'C' CONTRACT AS A PERCENTAGE OF OPEN INTEREST SEMI-MONTHLY FROM APRIL 1 TO JUNE 1, 1977, AND DAILY FROM JUNE 15 TO JULY 25, 1977. 1/

DATE	SALVADORENA'S LONG JULY POSITION (Contracts)	OPEN INTEREST JULY FUTURE (Contracts)	SALVADORENA'S POSITION AS PERCENTAGE OF OPEN INTEREST (Per Cent)
April 1, 1977	72	1357	5.31
15	364	1809	20.12
May 2, 1977	561	1787	31.39
16	544	1736	31.33
June 1, 1977	547	1299	42.11
15	639	1108	57.67
16	639	1126	56.75
17	639	1097	58.25
20	652	1062	61.39
21	668	1048	63.74
22	654	1005	65.07
23	648	945	68.57
24 FND 2/	587	842	69.71
27	581	801	72.53
28	588	789	74.52
29	578	758	76.25
30	558	700	79.71
July 1, 1977	538	653	82.39
5	531	642	82.71
6	528	610	86.56
7	515	594	86.7
8	492	578	85.12
11	478	548	87.23
12	450	513	87.72
13	399	454	87.89
14		BLACK OUT 3/	
15	366	421	86.94
18	306	355	86.2
19	170	204	83.33
20	117	145	80.69
21	79	106	74.53
22	47	73	64.38
25 LTD 4/	0	0	0

1/ All figures are as of the close of trading on the respective dates.
2/ First notice day.
3/ No electric power in New York City and no trading.
4/ Last trading day.

APPENDIX B

WASH SALES BY COMPANIA SALVADORENA DE CAFE, S.A. IN THE COFFEE 'C' FUTURE ON THE NEW YORK COFFEE AND SUGAR EXCHANGE, INC., FROM 9-76 to 6-77

TRADE DATE	FUTURES COMMISSION MERCHANT	FUTURE	CONTRACTS BOUGHT	CONTRACTS SOLD	PRICE (cents/ pound)
9-24-76	ACLI International Commodity Services, Inc. ("ACS")	JULY 1977	18		150.30
9-24-76	Anderson Clayton Trading Company ("Anderson Clayton")	JULY 1977		18	150.30
10-8-76	ACS	MAY 1977	5		166.50
10-8-76	Anderson Clayton	MAY 1977		5	166.50
10-8-76	ACS	SEP 1977	4		161.50
10-8-76	Anderson Clayton	SEP 1977		4	161.50
10-20-76	ACS	DEC 1977		5	155.00
10-20-76	ACS	DEC 1977	5		155.00
10-22-76	ACS	DEC 1977		2	156.50
10-22-76	Anderson Clayton	DEC 1977	2		156.50
11-9-76	ACS	JULY 1977	1		174.70
11-9-76	Anderson Clayton	JULY 1977		1	174.70

WASH SALES BY COMPANIA SALVADORENA DE CAFE, S.A. IN THE COFFEE 'C' FUTURE ON THE NEW YORK COFFEE AND SUGAR EXCHANGE, INC. FROM 9-76 TO 6-77

TRADE DATE	FUTURES COMMISSION MERCHANT	FUTURE	CONTRACTS BOUGHT	CONTRACTS SOLD	PRICE (cents/ pound)
11-18-76	ACS	MAR 1977		2	179.75
11-18-76	Anderson Clayton	MAR 1977	2		179.75
11-18-76	ACS	SEP 1977		4	178.80
				3	178.75
11-18-76	Anderson Clayton	SEP 1977	4		178.80
			3		178.75
12-20-76	ACS	SEP 1977	10		214.10
12-20-76	Anderson Clayton	SEP 1977		10	214.10
12-20-76	ACS	DEC 1977	8		208.72
12-20-76	Anderson Clayton	DEC 1977		8	208.72

WASH SALES BY COMPANIA SALVADORENA DE CAFE, S.A. IN THE COFFEE 'C' FUTURE ON THE NEW YORK COFFEE AND SUGAR EXCHANGE, INC. FROM 9-76 TO 6-77

TRADE DATE	FUTURES COMMISSION MERCHANT	FUTURE	CONTRACTS BOUGHT	CONTRACTS SOLD	PRICE (cents/ pound)
1-4-77	ACS	MAR 1977		6	225.00
				3	225.70
1-4-77	ACS	MAR 1977	5		225.00
1-4-77	Anderson Clayton	MAR 1977	1		225.00
			3		225.70
1-4-77	ACS	MAY 1977		3	227.50
1-4-77	Anderson Clayton	MAY 1977	3		227.50
1-4-77	ACS	JULY 1977		2	227.00
				1	227.20
				1	227.30
1-4-77	ACS	JULY 1977		1	227.00
				1	227.20
				1	227.30
1-4-77	Anderson Clayton	JULY 1977	3		227.00
1-4-77	Anderson Clayton	JULY 1977	2		227.20
			2		227.30

WASH SALES BY COMPANIA SALVADORENA DE CAFE, S.A. IN THE COFFEE 'C' FUTURE ON THE NEW YORK COFFEE AND SUGAR EXCHANGE, INC. FROM 9-76 TO 6-77

TRADE DATE	FUTURES COMMISSION MERCHANT	FUTURE	CONTRACTS BOUGHT	CONTRACTS SOLD	PRICE (cents/ pound)
1-4-77	ACS	SEP 1977		1	227.30
				1	227.40
				1	227.50
1-4-77	Anderson Clayton	SEP 1977	1		227.30
			1		227.40
			1		227.50
1-4-77	ACS	SEP 1977		5	229.03
1-4-77	Anderson Clayton	SEP 1977	5		229.03
1-4-77	ACS	DEC 1977		1	222.00
1-4-77	Anderson Clayton	DEC 1977	1		222.00
1-14-77	ACS	MAR 1977	5		223.00
			1		224.00
1-14-77	Anderson Clayton	MAR 1977		5	223.00
1-14-77	Anderson Clayton	MAR 1977		1	224.00

WASH SALES BY COMPANIA SALVADORENA DE CAFE, S.A. IN THE COFFEE 'C' FUTURE ON THE NEW YORK COFFEE AND SUGAR EXCHANGE, INC. FROM 9-76 TO 6-77

TRADE DATE	FUTURES COMMISSION MERCHANT	FUTURE	CONTRACTS BOUGHT	CONTRACTS SOLD	PRICE (cents/ pound)
1-31-77	ACS	MAY 1977	1		221.75
1-31-77	Anderson Clayton	MAY 1977		1	221.75
2-16-77	ACS	MAR 1978	2		240.25
			2		240.50
			2		240.00
2-16-77	Anderson Clayton	MAR 1978		2	240.25
				2	240.50
				2	240.00
4-6-77	Anderson Clayton	JULY 1977		2	321.00
4-6-77	ACS	JULY 1977	2		321.00
4-6-77	ACS	SEP 1977	2		322.50
			2		322.50
4-6-77	Anderson Clayton	SEP 1977		4	322.50

WASH SALES BY COMPANIA SALVADORENA DE CAFE, S.A. IN THE COFFEE 'C' FUTURE ON THE NEW YORK COFFEE AND SUGAR EXCHANGE, INC. FROM 9-76 TO 6-77

TRADE DATE	FUTURES COMMISSION MERCHANT	FUTURE	CONTRACTS BOUGHT	CONTRACTS SOLD	PRICE (cents/ pound)
4-7-77	ACS	SEP 1977		3	323.50
				2	324.00
				5	324.25
4-7-77	Anderson Clayton	SEP 1977	3		323.50
			2		324.00
			5		324.25
4-14-77	ACS	JULY 1977		15	339.88
				4	339.88
4-14-77	Anderson Clayton	JULY 1977	19		339.88
4-25-77	ACS	SEP 1977	4		328.25
4-25-77	ACS	SEP 1977		4	328.25
4-28-77	Anderson Clayton	JULY 1977		5	309.00
4-28-77	ACS	JULY 1977	5		309.00
4-29-77	ACS	JULY 1977		90	301.99
				10	301.99
4-29-77	ACS	JULY 1977	10		301.99
4-29-77	Anderson Clayton	JULY 1977	90		301.99

WASH SALES BY COMPANIA SALVADORENA DE CAFE, S.A. IN THE COFFEE 'C' FUTURE ON THE NEW YORK COFFEE AND SUGAR EXCHANGE, INC. FROM 9-76 TO 6-77

TRADE DATE	FUTURES COMMISSION MERCHANT	FUTURE	CONTRACTS BOUGHT	CONTRACTS SOLD	PRICE (cents/ pound)
4-29-77	ACS	SEP 1977		50	303.70
4-29-77	ACS	SEP 1977	10		303.70
4-29-77	Anderson Clayton	SEP 1977	40		303.70
4-29-77	ACS	DEC 1977		100	298.86
4-29-77	Anderson Clayton	DEC 1977	100		298.86
4-29-77	ACS	MAR 1978		50	294.60
4-29-77	Anderson Clayton	MAR 1978	50		294.60
5-4-77	Anderson Clayton	SEP 1977		1	295.50
				1	295.00
5-4-77	ACS	SEP 1977		4	296.00
5-4-77	ACS	SEP 1977	4		296.00
			1		295.50
			1		295.00

WASH SALES BY COMPANIA SALVADORENA DE CAFE, S.A. IN THE COFFEE 'C' FUTURE ON THE NEW YORK COFFEE AND SUGAR EXCHANGE, INC. FROM 9-76 TO 6-77

TRADE DATE	FUTURES COMMISSION MERCHANT	FUTURE	CONTRACTS BOUGHT	CONTRACTS SOLD	PRICE (cents/ pound)
5-16-77	Anderson Clayton	SEP 1977	5		277.25
5-16-77	ACS	SEP 1977		5	277.25
5-20-77	Anderson Clayton	SEP 1977	2		301.75
5-20-77	Anderson Clayton	SEP 1977		2	301.75
5-23-77	Anderson Clayton	JULY 1977	7		307.23
5-23-77	Anderson Clayton	JULY 1977		7	307.23
6-23-77	Anderson Clayton	JULY 1977		3	285.00
6-23-77	ACS	JULY 1977	1		285.00
6-23-77	ACS	JULY 1977	1		285.00
6-23-77	ACS	JULY 1977	1		285.00

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of	:	CFTC DOCKET NO. 79-34
Compania Salvadorena de Cafe, S.A., et al.	:	OPINION AND ORDER ACCEPTING OFFER OF SETTLEMENT

This administrative proceeding was commenced on March 12, 1979, with the issuance of a Complaint and Notice of Hearing which named Compania Salvadorena de Cafe, S.A. ("Compania Salvadorena") among others. Count One of the Complaint alleges that during the period April 1, 1977 to July 25, 1977, Compania Salvadorena and others established and maintained a dominant long position in the July 1977 Coffee "C" Contract on the New York Coffee and Sugar Exchange, Inc., and took delivery for Compania Salvadorena's futures trading accounts of 84.1 per cent of all deliveries taken on the July 1977 Coffee "C" Contract; that, in pursuing this course of action, among other things, Compania Salvadorena acted for the purpose and with the intent of causing prices of the July 1977 Coffee "C" Contract to be artificially high and, in fact, caused the prices to be artificially high from on or about June 17, 1977 to on or about July 19, 1977;

and that by reason of these facts, among others, Compania Salvadorena, willfully aided and abetted by others, did attempt to manipulate and did manipulate upward the prices of the July 1977 Coffee "C" Contract in violation of Sections 6(b), 6(c), 9(b) and 13(a) of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. §§9, 13b, 13(b) and 13c(a). Count Two of the Complaint alleges that Compania Salvadorena and others executed or caused to be executed "wash sales" in violation of Section 4c(a) of the Act (7 U.S.C. §6c(a)). Sanctions sought in the Complaint against Compania Salvadorena are: (1) the entry of an order that Compania Salvadorena cease and desist from further violations of Sections 4c(a), 6(b), 6(c) and 9(b) of the Act; (2) prohibition against trading on or subject to the rules of any contract market and requirement that all contract markets refuse Compania Salvadorena all trading privileges thereon; and (3) imposition of civil money penalties.

Pursuant to Section 10.108 of the Commission's Rules of Practice, 17 C.F.R. §10.108, an Offer of Settlement ("Offer") has been submitted by Instituto Nacional del Cafe ("Incafe"). The Offer reflects, inter alia, that under the provisions of a statute enacted by the Goverment of El Salvador on

December 20, 1979, and entitled "Ley Del Instituto Nacional Del Cafe" ("Law of Incafe") all elements of the coffee industry in El Salvador were nationalized, and under the provisions of the Law of Incafe, Incafe is now responsible for all commercial obligations of Compania Salvadorena, and accordingly, Incafe could be considered successor to Compania Salvadorena's assets and liabilities and that Incafe has voluntarily agreed to be a respondent in this case instead of Compania Salvadorena for the purpose of terminating the proceeding against Compania Salvadorena.

The Offer was made in consideration of and is contingent upon the Commission agreeing that Incafe will not be charged by the Commission with any violations of the Act based upon facts or circumstances which may have occurred prior to the establishment of Incafe, other than those set forth in the Complaint against Compania Salvadorena in this matter. Without admitting or denying the allegations of the Complaint in this proceeding, the Offer provides that the Commission may make findings and may enter an order imposing sanctions.*/

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*/ Incafe also acknowledges receipt of the Complaint against Compania Salvadorena, admits the jurisdiction of the Commission in this proceeding with respect to the matters set forth in the Complaint against Compania Salvadorena, and waives all rights to a hearing on the allegations, all post-hearing procedures, judicial review by any court, and any objection to the staff's participation in the Commission's consideration of this Offer.

Upon consideration of the Offer, the recommendation of the Commission's staff, and the unique circumstances presented in this case, the Commission has determined to accept the Offer. Accordingly, in consideration of the Law of Incafe and with the consent of Incafe, the Commission finds that Compania Salvadorena violated Sections 4c(a), 6(b), 6(c) and 9(b) of the Act, 7 U.S.C. §§6c(a), 9, 13b and 13(b), as alleged in the Complaint, and ORDERS that, effective the date of this Order:

(1) Incafe cease and desist from violating Sections 4c(a), 6(b), 6(c) and 9(b) of the Act, 7 U.S.C. §§6c(a), 9, 13b and 13(b);

(2) Incafe is prohibited from speculative trading on or subject to the rules of any contract market.

IT IS FURTHER ORDERED THAT Incafe comply with the following undertakings:

(a) to cooperate with the Commission in the prosecution of the Complaint in this proceeding against other respondents by answering any inquiries of the Commission or its duly authorized officers forthrightly, truthfully and completely and by providing employees to give signed sworn statements and trial testimony relative thereto and providing access to and copies of any documents in existence relative thereto;

(b) to refrain from making any contract for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and from entering or causing to be entered any order for the purchase or sale of any commodity for other than hedging purposes;

(c) to abide by and be bound by the Act and all rules and regulations promulgated thereunder;

(d) to provide to the Director of the Division of Enforcement of the Commission any information acquired or any report produced relative to the inquiry contemplated by Article 63(d) and (e) of the Law of Incafe, to the extent possible under the Laws of El Salvador;

(e) to file with the Commission, without any notice from or demand by the Commission, the appropriate Series 03 Reports pursuant to the provisions of Section 18.00 of the Commission's Regulations, until further notice; and

(f) to file with the Director of the Division of Economics and Education of the Commission the name of any futures commission merchant with whom it maintains a commodity futures trading account or with whom it opens such an account in the future.

By the Commission (Chairman STONE and Commissioners DUNN, MARTIN and GARTNER).

Jane K. Stuckey
Secretary of the Commission
Commodity Futures Trading Commission

Dated: April 2, 1981