

Commodity Futures Trading Commission
CEA CASES

NAME: JOHN T. LYONS, JOSEPH H. OWENS, AND EDWARD A. ARNOLD

DOCKET NUMBER: 143

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UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: John T. Lyons, Joseph H. Owens, and Edward A. Arnold, Respondents

CEA Docket No.143

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

There is reason to believe that the respondents named herein 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 Act (7 U.S.C. 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent John T. Lyons, an individual whose address is 12820 South Monitor Avenue, Palos Heights, Illinois, is now and was at all times material herein a registered floor broker under the Act and a member of the Chicago Board of Trade.

II

Respondent Joseph H. Owens, an individual whose address is 1169 Board of Trade Building, Chicago, Illinois, is now and was at all times material herein a member of the Chicago Board of Trade.

III

Respondent Edward A. Arnold, an individual whose address is 12531 South 68th Court, Palos Heights, Illinois, is now and was at all times material herein a registered floor broker under the Act and a member of the Chicago Board of Trade.

IV

The Chicago Board of Trade is now and was at all times material herein a duly designated contract market under the Commodity Exchange Act. The transactions in wheat and soybean futures referred to in this complaint were entered into on or subject to the rules of the Chicago Board of Trade. In each such transaction, each respondent who participated therein acted as floor trader for his own account. At all times material herein wheat and soybean futures on the Chicago Board of Trade were traded in job lot units of 1,000 bushels and in round lot units of 5,000 bushels.

V

The respondents, during the period from November 24, 1965, through March 9, 1966, entered into the transactions specified in the tabulation below, which transactions were wash sales or were of the character of wash sales. In entering into the said transactions, the respondents acted pursuant to, and in accordance with, an understanding or arrangement that they would purchase from,

and sell to, each other the same quantity of the same future at or about the same price.

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Date	Commodity and Future	Respondent Buying	Unit	Quantity (In Thousands of Bushels)	Price (Cents per Bushel)	Respondent Selling
11-24-65	March Wheat	Owens	Job	150	165-5/8	Lyons
11-24-65	March Wheat	Lyons	Round	150	165-5/8	Owens
2-14-66	March Wheat	Lyons	Job	150	167	Owens
2-14-66	March Wheat	Owens	Round	150	167	Lyons
9-7-65	July Soybeans	Owens	Job	150	259	Lyons
9-7-65	July Soybeans	Lyons	Round	150	259	Owens
11-15-65	July Soybeans	Lyons	Job	150	264	Arnold
11-15-65	July Soybeans	Arnold	Job	150	263-7/8	Lyons
11-15-65	July Soybeans	Owens	Round	150	264	Arnold
11-15-65	July Soybeans	Arnold	Round	150	264	Owens
12-2-65	July Soybeans	Owens	Round	150	270	Arnold
12-2-65	July Soybeans	Arnold	Round	150	270	Owens
12-3-65	July Soybeans	Lyons	Job	150	269-1/2	Arnold
12-3-65	July Soybeans	Arnold	Job	150	269-1/2	Lyons
3-9-66	July Soybeans	Lyons	Job	150	286	Owens
3-9-66	July Soybeans	Owens	Round	150	286	Lyons

VI

The transactions in wheat and soybean futures referred to in paragraph V hereof, were capable of being used for (1) hedging a transaction in interstate commerce in wheat or soybeans, respectively, or the products or by-products thereof, or (2) determining the price basis of a transaction in interstate commerce in wheat or soybeans, respectively, or (3) delivering wheat or soybeans, respectively, sold, shipped, or received in interstate commerce.

VII

By reason of the facts alleged in this complaint, the respondents: (1) entered into transactions which were, or were of the character of, wash sales or fictitious sales, in wilful violation of section 4c of the Commodity Exchange Act (7 U.S.C. 6c); and (2) executed purchases and sales of commodities for future delivery in a manner which was not open and competitive, as required by section 1.38 of the regulations (17 CFR 1.38), and in wilful violation thereof.

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 six 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 purposes 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 filing of an answer in which all of the material allegations of fact contained in the complaint are admitted likewise shall constitute a waiver of hearing unless a hearing is requested. The

respondents are hereby notified that unless hearing is waived, a hearing will be held at 10:00 a.m., local time, on February 21, 1967, in Chicago, Illinois, 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 registrations of respondents John T. Lyons and Edward A. Arnold as floor brokers, 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 each of the said respondents at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C.

December 20, 1966

[SEE SIGNATURE IN ORIGINAL]

Assistant Secretary

LOAD-DATE: June 12, 2008

