

Commodity Futures Trading Commission  
CEA CASES

**NAME:** REUBEN EARL MCGUIGAN

**CITATION:** 5 Agric. Dec. 249

**DOCKET NUMBER:** 37

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**NOTE:** CORRECTION TO DECISION AND ORDER IS REPORTED IN 5 AGRIC. DEC. 525

**AGRICULTURE DECISIONS**

(A. D. 1191)

In re REUBEN EARL MCGUIGAN. CEA Doc. No. 37. Decided April 11, 1946.

**Consent Order -- Suspension of Trading Privileges -- Manipulating Price of Commodity Futures**

By consent of the parties, respondent's trading privileges on contract markets are suspended until further notice for manipulating the price of grain and cotton futures.

Mr. *Benj. M. Holstein* for complainant. Mr. *Thomas S. Agresta*, of Brooklyn, New York, for respondent. Mr. *John J. Murray*, Referee.

*Decision by Thomas J. Flavin, Judicial Officer*

**PRELIMINARY STATEMENT**

This is a disciplinary proceeding under the Commodity Exchange Act (7 U.S.C. Chapter 1), instituted by a complaint issued on January 3, 1946, by the Secretary of Agriculture. The respondent, Reuben Earl McGuigan, of New York, New York, who also used the names E. L. McGuigan, Louis J. Burnstein, and International Market Forecast Bureau, was charged with having manipulated the price of commodities for future delivery on contract markets during 1945. In the complaint a hearing was set for February 13, 1946, in New York City. On February 6, 1946, John J. Murray of the Washington office. Office of the Solicitor, who had been assigned as referee by an Associate Solicitor on January 22, 1946, set the hearing for February 26. On February 15 respondent filed his consent to the issuance of an order based upon the allegations of the complaint, and on March 12 the Production and Marketing Administration, the complainant, recommended a consent order denying respondent all trading privileges on contract markets until further notice. Apparently the scheduled hearing was not held, and on April 3, 1946, the record was referred to this office under section 0.4(b) of the rules of practice (17 CFR. Cum. Supp., Part O, as amended by 10 F. R. 2647, 5068, 10964), which provides for a consent order before a hearing is held. On the basis of the complaint and the consent and recommendation, this order, prepared in this office, is issued.

**FINDINGS OF FACT**

1. During 1945 respondent, an individual using the names Reuben Earl McGuigan, E. L. McGuigan, Louis Burnstein, and International Market. Forecast Bureau, doing business at 15 Moore Street, New York, New York, advertised and represented himself to be in the business of selling market advice to traders in grain, cotton, and other commodities named in the Commodity Exchange Act for future delivery.

2. From August 1, 1945, to December 5, 1945, respondent sent large numbers of telegrams, letters, and circulars to persons and firms throughout the United States, advising purchases and sales of commodity futures. He sent collect telegrams not only to subscribers to his forecasting service, who numbered less than 250, but also to others. Respondent's primary purpose was to manipulate the price of the futures to the benefit of his speculative trading in them.

3. On many occasions during this period, respondent assumed market positions for himself in commodity futures, after which he sent out many telegrams advising purchases or sales which would favorably affect his position. Frequently the transactions caused by his telegrams influenced the price in favor of his position, after which he made transactions opposite to those he had advised, thus taking profits from the influenced price change.

4. From June 14 to December 5, 1945, through Irving Weis and Company, New York City, respondent bought 2,420,000 bushels of grain and 51,900 bales of cotton, and sold 2,460,000 bushels of grain and 51,900 bales of cotton, for future delivery on contract markets, at a profit to himself of \$ 30,625.75.

5. In attempting to conceal the fact that he was trading in future for himself, respondent carried his account with Irving Weis and Company, the broker, in the name of Edith Adelson, his wife's maiden name. On September 5, 1945, while he was actively trading in this account, he told representatives of the United States Department of Agriculture that he did not trade in futures for himself. He forged the name of Edith Adelson to a power of attorney dated June 1, 1945, giving him authority to make purchases and sales, but not to withdraw funds from the account. On a number of occasions, in withdrawing funds from the account, in the form of the broker's check payable to Edith Adelson, respondent endorsed her name to the check and then arranged with the broker to endorse it "Please pay cash to bearer," thus enabling him to cash it easily. On November 15, 1945, when he closed the account, he forged the name Edith Adelson to instructions authorizing deposit of the credit balance of \$ 19,500 in the account to Louis J. Burnstein, and on the following day he opened a new account for himself, with the same broker, using the name of Burnstein, and deposited therein the \$ 19,500. On November 20, 1945, he made out and signed a customer's card with the broker, using the name of Burnstein, but dated the card July 20, 1939, and gave the non-existent address of 140 St. Pauls Place, Brooklyn. On November 23, 1945, the Burnstein account was closed out by the issuance of the broker's check for \$ 17,162.75 payable to Burnstein. The Lawyers Trust Company, a New York bank, refused

to accept this check for deposit because the endorser Burnstein was unknown to it. On November 27, in opening a new account for himself with the same broker, this time using the name of Reuben McGuigan, respondent deposited this check and other funds. He continued to trade in this account until December 5, 1945.

#### **CONCLUSIONS**

Manipulating the price of commodity futures, as respondent successfully did, violated section 6(b) of the act (7 U.S.C. 9), authorizing suspension of trading privileges on contract markets. No elaboration of respondent's methods of operating, shown in the Findings, is necessary to demonstrate that the suspension in this instance should not be for a short period. While it seems ordinarily preferable to suspend for some particular number of days or years, complainant's recommendation of a suspension until further notice should be ordered here.

#### **ORDER**

Effective on the 30th day after this date, all contract markets shall refuse respondent all trading privileges thereon until further notice by the Secretary of Agriculture. Copies of this decision shall be served on the parties or their counsel of record, and on each contract market.

**LOAD-DATE:** December 15, 2008

