

Commodity Futures Trading Commission
CEA CASES

NAME: RICE COMMODITIES, INC., AND SAM L. RICE, JR.

DOCKET NUMBER: 213

DATE: MAY 4, 1973

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Rice Commodities, Inc., and Sam L. Rice, Jr., Respondents

CEA Docket No. 213

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondents have violated sections 4f and 6(b) of the Commodity Exchange Act (7 U.S.C. 6f, 9) and sections 1.17 and 1.35 of the regulations issued thereunder (17 CFR 1.17, 1.35), and this complaint and notice of hearing is issued alleging the following.

I

Respondent Rice Commodities, Inc., an Ohio corporation, with its principal place of business at 633 North Reynolds Road, Toledo, Ohio, was at all times material herein, registered as a futures commission merchant under the Commodity Exchange Act and a member of the Chicago Board of Trade. As a futures commission merchant, Rice Commodities, Inc., was required to meet the working capital rules of the Chicago Board of Trade and if it failed to meet such requirements, it was required to meet the working capital requirements provided for in section 1.17 of the regulations under the Commodity Exchange Act (17 CFR 1.17).

II

Respondent, Sam L. Rice, Jr., an individual, whose business address is the same as that of the respondent corporation, is now, and was at all times material herein, president of Rice Commodities, Inc., and responsible for the management, direction and control of its activities.

III

On March 31, 1972, and on April 21, 1972, the respondent corporation was engaged in business as a registered futures commission merchant under the Commodity Exchange Act, notwithstanding that on both dates it failed to meet the working capital requirements prescribed by the Chicago Board of Trade and the minimum financial requirements under section 4f of the Commodity Exchange Act (7 U.S.C. 6f) and section 1.17 of regulations thereunder (17 CFR 1.17). As of March 31, 1972, the respondent corporation lacked approximately \$ 11,500 of having sufficient capital to meet such minimum financial requirements under the Act and on April 21, 1972, it lacked approximately \$ 25,500 of having sufficient capital to meet the minimum financial requirements.

IV

On April 21, 1972, the respondent corporation submitted to the Commodity Exchange Authority a financial report (Form 1-FR) as of March 31, 1972, certified by the respondent Sam L. Rice, Jr. The said respondents willfully made material false statements in such report by stating that the corporation

had an excess of adjusted working capital when in fact it failed to meet minimum financial requirements under the Commodity Exchange Act.

V

By reason of the facts alleged in this complaint, the respondents have willfully violated sections 4f and 6(b) of the Commodity Exchange Act (7 U.S.C. 6f, 9) and sections 1.17 and 1.35 of the regulations issued thereunder (17 CFR 1.17, 1.35).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the respondents and this proceeding shall be governed by sections 0.1, 0.2, 0.4(b), 0.5 through 0.22 and 0.28 of the rules of practice under the Commodity Exchange Act (17 CFR 0.1, 0.2, 0.4(b), 0.5 through 0.22, 0.28). 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 three 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 purpose 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 in Toledo, Ohio, at a place therein and date 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 appropriate order should not be issued in accordance with the Commodity Exchange Act, (1) suspending or revoking the registration of respondent Rice Commodities, Inc., as futures commission merchant, (2) prohibiting the respondents from trading on or subject to the rules of any contract market, and directing that all contract markets refuse all trading privileges to the respondents for such period of time as may be determined and (3) directing that the respondents shall cease and desist from violating the Act and regulations in the manner alleged herein.

Done at Washington, D.C.

May 4, 1973

[SEE SIGNATURE IN ORIGINAL]

CLAYTON YEUTTER

Assistant Secretary

LOAD-DATE: June 12, 2008

