

Commodity Futures Trading Commission
CEA CASES

NAME: CHARLES E. RITTEN, J. PETER RITTEN AND LOUIS N. RITTEN & CO.

CITATION: 23 Agric. Dec. 747

DOCKET NUMBER: 118

DATE: JULY 16, 1964

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(No. 9201)

In re CHARLES E. RITTEN, J. PETER RITTEN AND LOUIS N. RITTEN & Co. CEA Docket No. 118. Decided July 16, 1964.

Bucketing Orders -- Fictitious, Noncompetitive and Wash Transactions -- Denial of Trading Privileges -- Suspension of Registrations -- Consent

The activities of respondents involving bucketing customers' orders, and entering into or recording fictitious, noncompetitive and wash transactions in grain futures are violations of the act for which suspension of registrations and denial of trading privileges are ordered.

Mr. Earl L. Saunders for Commodity Exchange Authority. *Mr. Patrick F. Flaherty*, of Minneapolis, Minnesota, and *Mr. Harold P. Green*, of Washington, D.C., for respondents.

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), instituted by a complaint filed March 26, 1964, by an Assistant Secretary of Agriculture. The complaint alleges that the respondents violated sections 4b(D) and 4c(A) of the Act (7 U.S.C. §§ 6b(D) and 6c(A)), and section 1.38 of the regulations issued under the Act (17 CFR 1.38).

No hearing has been held with respect to this proceeding. On July 6, 1964, the respondents withdrew the answers which they had previously filed and submitted a stipulation under section 0.4(b) of the rules of practice (17 CFR 0.4(b)), in which they admit the facts hereinafter set forth under the "Findings of Fact," waive hearing on the charges in the complaint, and consent to the entry of the order contained herein.

FINDINGS OF FACT

1. The Minneapolis Grain Exchange, hereinafter called the exchange, is now and was at all times material herein a duly designated contract market under the Commodity Exchange Act.

2. Respondent Charles E. Ritten, an individual, whose business address is 109 Grain Exchange Building, Minneapolis, Minnesota, is now and was at all times material herein a registered floor broker under the Commodity Exchange Act, a member of

the Exchange, and president of respondent Louis N. Ritten & Co.

3. Respondent J. Peter Ritten, an individual, whose business address is 109 Grain Exchange Building, Minneapolis, Minnesota, is now and was at all times

material herein a registered floor broker under the Commodity Exchange Act, a member of the exchange, and vice-president of respondent Louis N. Ritten & Co.

4. Respondent Louis N. Ritten & Co., a corporation organized under the laws of the State of Minnesota with its principal office and place of business at 109 Grain Exchange Building, Minneapolis, Minnesota, is now and was at all times material herein a registered futures commission merchant under the Commodity Exchange Act, and a clearing member of the exchange.

5. The transactions referred to herein relate to contracts for the purchase or sale of grain futures on the exchange. Such contracts could have been used for hedging transactions in interstate commerce in such grain or the products or by-products thereof, or for determining the price basis of transactions in interstate commerce in such commodities, or for delivering such commodities sold, shipped, or received in interstate commerce.

6. On the dates hereinafter listed, respondent Charles E. Ritten prepared, and turned in to respondent Louis N. Ritten & Co. and to F. H. Peavey & Company, another clearing member of the exchange, trading cards which purported to show that respondent Charles E. Ritten had executed the following transactions in the May 1963 wheat future on the exchange, when, in truth and in fact, no such transactions actually had taken place, but rather, respondent Charles E. Ritten merely "carded" such transactions.

Date 1962	Purported Transactions for Customers of Louis N. Ritten & Co.		Opposite Side	
	Quantity Sold (Thousands of bushels)	Price (Cents per bushel)	Clearing Member	Customer
October 23	5	235 1/2	F. H. Peavey & Company	Louis N. Ritten & Co.
November 2	2	234 1/8	F. H. Peavey & Company	Louis N. Ritten & Co.
November 21	10	233 3/4	F. H. Peavey & Company	Louis N. Ritten & Co.

7. On the dates hereinafter listed, respondent Charles E. Ritten prepared, and turned in to respondent Louis N. Ritten & Co. and to the said F. H. Peavey & Company, trading cards which purported to show that respondent Charles E. Ritten had executed the following transactions in wheat futures on the exchange when in truth and in fact, no such transactions actually had taken place, but, rather, respondent Charles E. Ritten merely "carded" such transactions for the purpose of enabling respondent Louis N. Ritten & Co. to give reciprocal business to the said F. H. Peavey & Company.>100> >101>

Date 1962	Future	Quantity (Thous. of bu.)	Price (Cents per bushel)	*Buying Clearing Member	Customer
Oct. 29	May '63	20	232-7/8	Louis N. Ritten & Co.	C. E. Ritten
Oct. 29	Dec. '62	10	232-1/2	Louis N. Ritten & Co.	C. E. Ritten
Nov. 15	May '63	10	233-7/8	F. H. Peavey & Company	Louis N. Ritten & Co.
Nov. 16	May '63	20	234-7/8	F. H. Peavey & Company	Louis N. Ritten & Co.
Nov. 21	Dec. '62	10	234-3/4	Louis N. Ritten & Co.	C. E. Ritten

Date 1962	Selling Clearing Member	Customer
Oct. 29	F. H. Peavey & Company	Louis N. Ritten & Co.

Date 1962	Future	Quantity (Thous. of bu.)	Price (Cents per bushel)	*Buying Clearing Member	Customer
Oct. 29	F. H. Peavey & Company	Louis N. Ritten & Co.			
Nov. 15	Louis N. Ritten & Co.	C. E. Ritten			
Nov. 16	Louis N. Ritten & Co.	C. E. Ritten			
Nov. 21	F. H. Peavey & Company	Louis N. Ritten & Co.			

8. On November 30, 1962, respondent J. Peter Ritten prepared, and turned in to respondent Louis N. Ritten & Co. and to the said F. H. Peavey & Company, trading cards which purported to show that respondent J. Peter Ritten had entered into a transaction on the exchange wherein he purchased for a customer of respondent Louis N. Ritten & Co., and sold for the account of respondent Louis N. Ritten & Co. at F. H. Peavey & Company, 4,000 bushels of May 1963 flaxseed futures at a price of \$ 3.09 per bushel, when, in truth and in fact, no such transaction actually had taken place, but, rather, respondent J. Peter Ritten merely "carded" such transaction.

9. On the dates hereinafter listed, respondents Charles E. Ritten and J. Peter Ritten entered into transactions in wheat futures with each other on the exchange, and in each such transaction, as shown in the tabulation below, one of the individual respondents purported to act for the account of respondent Louis N. Ritten & Co. at the said F. H. Peavey & Company, while the other individual respondent purported to act for the account of one of the individual respondents at respondents Louis N. Ritten & Co., when, in truth and in fact, both individual respondent were acting for the account of respondent Louis N. Ritten & Co. for

the purpose of enabling it to give reciprocal business to the said F. H. Peavey & Company.>100> >101>

Trades Made by Individual
Repondents for the Account of
Louis N. Ritten & Co. at F. H.
Peavey & Company

Date 1962	Future	Quantity Bought Sold (Thousands of bushels)	Price	Floor Broker
Oct. 4	May '63		5 233 3/4	C. E. Ritten
Oct. 9	Dec. '62		5 231	" "
Oct. 12	May '63	10	232 1/2	" "
Nov. 7	May '63		10 234 1/4	" "
Nov. 12	Dec. '62		5 235 1/4	" "
Nov. 12	May '63		5 233 7/8	" "
Nov. 13	May '63		5 234 1/4	" "
Nov. 13	Dec. '62		5 235 7/8	" "
Nov. 13	Dec. '62		5 235 3/4	" "
Nov. 16	Dec. '62		2 236 1/2	" "
Nov. 16	May '63	10	235	" "
Nov. 20	Dec. '62		20 236 1/2	J. P. Ritten
Nov. 20	Dec. '62		30 236 5/8	C. E. Ritten
Nov. 21	Dec. '62	5	234 3/8	" "
Nov. 30	May '63	5	234 1/2	" "
Dec. 5	May '63		5 234 7/8	" "
Dec. 6	May '63	5	235 1/4	J. P. Ritten

Trades Made by Individual
 Repondents for the Account of
 Louis N. Ritten & Co. at F. H.
 Peavey & Company

Date 1962	Future	Quantity		Price	Floor Broker
		Bought	Sold		
		(Thousands of bushels)			(Cents per bushel)
		Bought	Sold		
Dec. 7	May '63		5	234 3/4	C. E. Ritten
Dec. 17	May '63		10	234 1/2	" "
Dec. 19	May '63		5	233 1/8	" "
Dec. 20	May '63		4	232 3/4	" "

Date 1962	Opposite Side of Trade	
	Floor Broker	Purported Account
Oct. 4	J. P. Ritten	J. P. Ritten
Oct. 9	" "	" "
Oct. 12	" "	" "
Nov. 7	" "	" "
Nov. 12	" "	" "
Nov. 12	" "	" "
Nov. 13	" "	" "
Nov. 13	" "	" "
Nov. 13	" "	" "
Nov. 16	" "	" "
Nov. 16	" "	" "
Nov. 20	C. E. Ritten	C. E. Ritten
Nov. 20	J. P. Ritten	J. P. Ritten
Nov. 21	" "	" "
Nov. 30	" "	" "
Dec. 5	" "	" "
Dec. 6	C. E. Ritten	C. E. Ritten
Dec. 7	J. P. Ritten	J. P. Ritten
Dec. 17	" "	C. E. Ritten
Dec. 19	" "	J. P. Ritten
Dec. 20	" "	" "

10. On October 11, 1963, respondent Charles E. Ritten, acting for the account of respondent Louis N. Ritten & Co. at the clearing firm of Atwood-Larson Company, purchased and sold on the exchange in transactions with different floor brokers, 15,000 bushels of December 1963 wheat futures at a price of \$ 2.27 7/8 per bushel. Such transactions were entered into by respondent Charles E. Ritten for the account of respondent Louis N. Ritten & Co. for the sole purpose of giving reciprocal business to the said Atwood-Larson Company.

11. On October 8, 1963, respondent J. Peter Ritten, acting for the account of respondent Louis N. Ritten & Co. at the clearing firm of Benson-Quinn Company, noncompetitively sold on the exchange 10,000 bushels of December 1963 wheat futures at a price of \$ 2.30 3/4 per bushel to respondent Charles E. Ritten,

who was acting for a customer of respondent Louis N. Ritten & Co. To offset such sale, respondent J. Peter Ritten, on October 8, 1963, prepared, and turned in to the said Benson-Quinn Company, a trading card which purported to show a purchase of 10,000 bushels of December 1963 wheat futures for the account of respondent Louis N. Ritten & Co. at a price of \$ 2.31 per bushel from respondent Louis N. Ritten & Co., as opposite clearing member, and respondent Charles E. Ritten, on the same date, prepared a trading card for respondent Louis N. Ritten & Co. which purported to show that he, acting for the account of one Wallace Arnt, had entered into such a transaction with the said Benson-Quinn Company, as

the opposite clearing member, when, in truth and fact, no such trade actually had taken place.

CONCLUSIONS

By reason of the facts set forth in the Findings of Fact, it is concluded that respondents violated sections 4b(D) and 4c(A) of the Commodity Exchange Act (7 U.S.C. §§ 6b(D) and 6c(A)), and section 1.38 of the regulations issued under the Act (17 CFR 1.38).

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 sanctions are adequate and that the prompt entry, without further proceedings, of the order to which respondents have consented will constitute a satisfactory disposition of the case, serve the public interest, and effectuate the purposes of the Commodity Exchange Act. Complainant recommends, therefore, that the stipulation and waiver submitted by respondents be accepted and that the proposed order be issued. It is so concluded.

ORDER

The registration of respondent Charles E. Ritten as a floor broker is hereby suspended for a period of 30 days, effective on the 15th day after the date of entry of this order, and all contract markets shall refuse all trading privileges to the said Charles E. Ritten for the said period of 30 days, such refusal to apply to all trading done and positions held by the said Charles E. Ritten directly or indirectly.

The registration of respondent J. Peter Ritten as a floor broker is hereby suspended for a period of 20 days, effective on

the 15th day after the date of entry of this order, and all contract markets shall refuse all trading privileges to the said J. Peter Ritten for the said period of 20 days, such refusal to apply to all trading done and positions held by the said J. Peter Ritten directly or indirectly.

Effective on the 15th day after the date of entry of this order, all contract markets shall refuse all trading privileges to respondent Louis N. Ritten & Co., in connection with the said firm's own account, for a period of 30 days, such refusal to apply to all trading done and positions held by the said Louis N. Ritten & Co. for its own account directly or indirectly, and effective on the same date, the registration of respondent Louis N. Ritten & Co. as a futures commission merchant is hereby suspended for a period of 30 days, *Provided, However,* that the aforesaid suspension of registration as futures commission merchant shall not become effective unless, after complaint, and hearing in accordance with established procedure, respondent Louis N. Ritten & Co. should be found to have violated the Commodity Exchange Act within one year from the date of entry of this order, in which event the Secretary of Agriculture may, without further notice to respondent Louis N. Ritten & Co., issue a supplemental order making effective forthwith the aforesaid suspension of registration as futures commission merchant.

A copy of this Decision and Order shall be served on each of the respondents and on each contract market.

LOAD-DATE: June 8, 2008

