

Commodity Futures Trading Commission
CEA CASES

NAME: J. MORONI STOOF AND M-S COMMODITIES, INC.

DOCKET NUMBER: 187

DATE: NOVEMBER 17, 1971

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: J. Moroni Stoof and M-S Commodities, Inc., Respondents

CEA Docket No. 187

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondents have violated the Commodity Exchange Act (7 U.S.C. 1 et seq.) and the regulations made pursuant thereto, and this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

(a) Respondent J. Moroni Stoof, whose last known address is 1180 South 4th East, Bountiful, Utah, was at all times material herein co-manager of the Salt Lake City, Utah, branch office of respondent M-S Commodities, Inc.

(b) Respondent M-S Commodities, Inc., a corporation with its principal offices at 110 North Franklin Street, Chicago, Illinois, is now, and was at all times material herein, a registered futures commission merchant under the Commodity Exchange Act.

II

During the period March 15 through March 18, 1971, respondent J. Moroni Stoof converted to his own use funds totalling \$ 51,691.44

which had been received by respondent M-S Commodities, Inc., from its customers to margin their transactions in commodities for future delivery, or accrued to such customers as the result of such transactions. Such transactions in commodities for future delivery could have been used for hedging transactions in interstate commerce in such commodities 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.

III

(a) At the times hereinafter stated, respondent M-S Commodities, Inc., in connection with its business as a futures commission merchant, had to its credit with a bank or other depository sums of money in varying amounts, held in segregated account and identified as customers' funds, representing deposits of margin by and trading profits accruing to such customers.

(b) As a result of the conversion of customers' funds by respondent J. Moroni Stoof as described in paragraph II above, and the commingling by the respondent corporation of the trades, and the funds pertaining thereto, of respondent Stoof with those of the ordinary customers of the firm, the respondent corporation was

under-segregated in the amounts of \$ 1,204.54, \$ 51,691.44 and \$ 50,403.88 on March 15, 17 and 18, 1971, respectively, that is, the

total amount of customers, funds held in segregation was insufficient, by the aforesaid sums, to pay all credits and equities due to such customers.

IV

By reason of the facts described in this complaint, respondent J. Moroni Stoof wilfully violated sections 4b and 9 of the Commodity Exchange Act (7 U.S.C. 6b and 13), and respondents Stoof and M-S Commodities, Inc., wilfully violated section 4d of the said act and sections 1.20, 1.21 and 1.22 of the regulations thereunder (17 CFR 1.20, 1.21 and 1.22).

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 five 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 at 10:00 a.m., local time, on January 26, 1972, in Salt Lake City, Utah, 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 appropriate order should not be issued in accordance with the Commodity Exchange Act (1) prohibiting the respondent J. Moroni Stoof from trading on or subject to the rules of any contract market, and directing that all contract markets refuse all trading privileges to him for such period of time as may be determined and (2) directing that J. Moroni Stoof and M-S Commodities, Inc. shall cease and desist from violating the Act and regulations in the manner alleged herein.

It is ordered that this complaint and notice of hearing be served on the respondents at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C.

November 17, 1971

[SEE SIGNATURE IN ORIGINAL]

Richard E. Lyng

Assistant Secretary

LOAD-DATE: June 16, 2008

