

Commodity Futures Trading Commission
CEA CASES

NAME: P. J. TAGGARES COMPANY, CHEF-REDDY FOODS, PETER J. TAGGARES, KENNETH L. RAMM, IDAHO POTATO PACKERS CORP., IDAHO POTATO PACKERS OF IDAHO, INC., ROBERT H. ABEND, HAROLD ABEND, SAN JACINTO PACKING CO., AGRI-EMPIRE, INC., JAMES MINOR, UNIVERSAL LAND-SNAKE RIVER, EDWARD SPIEGEL, MODIE J. SPIEGEL, AND J. R. SIMPLOT COMPANY INC., SIMPLOT EASTERN IDAHO PRODUCE COMPANY, INC., AND JACK R. SIMPLOT

DOCKET NUMBER: 200

DATE: SEPTEMBER 6, 1972

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re: P. J. Taggares Company, a corporation; Chef-Reddy Foods, a corporation; Peter J. Taggares, an individual; Kenneth L. Ramm, an individual; Idaho Potato Packers Corp., a corporation; Idaho Potato Packers of Idaho, Inc., a corporation; Robert H. Abend, an individual; Harold Abend, an individual; San Jacinto Packing Co., a proprietorship; Agri-Empire, Inc., a corporation; James Minor, an individual; Universal Land -- Snake River, a partnership; Edward Spiegel, an individual; Modie J. Spiegel, an individual; J. R. Simplot Company, Inc., a corporation; Simplot Eastern Idaho Produce Company, Inc., a corporation; Jack R. Simplot, an individual; Respondents

CEA Docket No. 200

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondents attempted to manipulate the market price of a commodity for future delivery on or subject to the rules of a contract market, in wilful violation of the Commodity Exchange Act (7 U.S.C. 1 et seq.). In accordance

with the provisions of section 6(b) and 6(c) of the said Act (7 U.S.C. 9 and 13b), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondents P. J. Taggares Company and Chef-Reddy Foods are corporations organized under the laws of the State of Washington with their principal offices and places of business at Othello, Washington. The said P. J. Taggares Company is now and was at all times material to this complaint engaging in the potato growing business and operating as a procurement agent for the said Chef-Reddy Foods, its wholly owned subsidiary engaging in the potato processing business. At all such times, respondent Peter J. Taggares, whose business address is 1016 S. Broadway, Othello, Washington, was the owner and president of the said P. J. Taggares Company and the owner of the said Chef-Reddy Foods; traded in potato futures on the Chicago Mercantile Exchange for the said P. J. Taggares Company; and directed, controlled, and was responsible for the said firms' transactions herein involved.

II

Respondent Kenneth L. Ramm, whose business address is P. O. Box Q, Othello, Washington, is the owner and lessor of certain potato farmland in the Othello, Washington area. At all times material

to this complaint, the said Kenneth L. Ramm engaged in speculative trading in potato futures on the Chicago Mercantile Exchange for his own account.

III

Respondent Idaho Potato Packers Corp. is a corporation organized under the laws of the State of New York with its principal office and place of business at 999 E. 149th St., Bronx, New York. Respondent Idaho Potato Packers of Idaho, Inc., is an affiliate corporation organized under the laws of the State of Idaho with its principal office and place of business at Blackfoot, Idaho. The said corporations are now and were at all times material to this complaint engaging in the potato growing and distributing business. At all such times, respondents Robert H. Abend, whose business address is 999 E. 149th St., Bronx, New York, and Harold Abend, whose business address is Box 747, Blackfoot, Idaho, were the owners of the said corporations; speculatively traded in potato futures on the Chicago Mercantile Exchange for the corporate accounts and two other controlled accounts; and in their capacities as president and vice-president, respectively, of the said corporations, directed, controlled, and were responsible for their transactions herein involved.

IV

Respondent San Jacinto Packing Co. is a proprietorship and respondent Agri-Empire, Inc., is a corporation, both of which are organized

under the laws of the State of California with their principal offices and places of business at San Jacinto, California. The said firms are now and were at all times material to this complaint engaging in the potato growing and merchandising business. At all such times, respondent James Minor was the owner and president of the said firms; speculatively traded in potato futures on the Chicago Mercantile Exchange in the name of the said San Jacinto Packing Co; and directed, controlled, and was responsible for the said firms' transactions herein involved.

V

Respondent Universal Land- Snake River is a partnership organized under the laws of the State of Washington with its principal office and place of business at Pasco, Washington. The said partnership is now and was at all times material to this complaint engaging in the potato growing business. At all such times, respondent Edward Spiegel was a partner in the said partnership; speculatively traded in potato futures on the Chicago Mercantile Exchange in the name of the said partnership; and directed, controlled, and was responsible for the said partnership's transactions herein involved.

VI

Respondent Modie J. Spiegel, whose business address is 2511 West 23rd St., Chicago, Illinois, was at all times material to this complaint engaged in speculative trading in potato futures on the Chicago Mercantile Exchange for his own account.

VII

Respondents J. R. Simplot Company, Inc., and Simplot Eastern Idaho Produce Company, Inc., are corporations organized under the laws of the State of Idaho with their principal offices and places of business at Boise and Blackfoot, Idaho, respectively. The said J. R. Simplot Company, Inc., is now and was at all times material to this complaint engaging in the potato growing, processing, and shipping business, much of which was handled by the said Simplot Eastern Idaho Produce Company, Inc., its wholly owned subsidiary. At all such times, respondent Jack R. Simplot, whose business address is Simplot Bldg., Boise, Idaho, was the owner and president of the said corporations; traded in potato

futures on the Chicago Mercantile Exchange in the name of the said Simplot Eastern Idaho Produce Company, Inc.; and directed, controlled, and was responsible for the said corporations' transactions herein involved.

VIII

The Chicago Mercantile Exchange is now and has been at all times material to this complaint a board of trade duly designated as a contract market under the Commodity Exchange Act.

IX

The futures transactions referred to in this complaint relate to the May 1971 potato future on the Chicago Mercantile Exchange.

Trading in such future commenced on May 11, 1970, and continued until its termination on May 10, 1971. A potato futures contract on the exchange is a contract for 50,000 pounds of Idaho Russet Burbank potatoes.

X

At all times material to this complaint, respondent Jack R. Simplot, trading in the manner specified in paragraph VII hereof, sold May 1971 Idaho potato futures contracts on the Chicago Mercantile Exchange and obtained, held and controlled a "short" position in such future. At all such times, respondents Peter J. Taggares, Kenneth L. Ramm, Robert H. Abend, Harold Abend, James Minor, Edward Spiegel and Modie J. Spiegel, trading in the manner specified in paragraphs I through VI hereof, purchased May 1971 Idaho potato futures contracts on the Chicago Mercantile Exchange and obtained, held and controlled "long" positions in such future [this group of respondents, as distinguished from respondent Jack R. Simplot, shall hereinafter be referred to as the "long" respondents].

XI

Beginning some time subsequent to the commencement of trading in the May 1971 Idaho potato future on the Chicago Mercantile Exchange, the "long" respondents entered into a combination, conspiracy, agreement, arrangement or understanding among themselves whereby

they were to take action designed for the purpose and with the intent of raising the price of such future to arbitrary and artificial levels. As part of the action to be taken pursuant to such combination, conspiracy, agreement, arrangement or understanding, the "long" respondents were to purchase in transactions on the exchange a substantial amount of contracts of the May 1971 Idaho potato future, and to establish, maintain and keep open increasingly large "long" positions in such future, which they considered to be sufficient to enable them to cause an arbitrary and artificial rise in the price of such future. In connection therewith, the "long" respondents were also to solicit or influence various other individuals to purchase in transactions on the Exchange a number of contracts of the May 1971 Idaho potato future, and such other individuals were to establish, maintain and keep open in increasing amounts "long" positions in such future.

XII

Respondent Peter J. Taggares, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding referred to in paragraph XI hereof, purchased in transactions on the Chicago Mercantile Exchange over a period of time beginning on or about August 13, 1970, and continuing until on or about May 7, 1971, numerous contracts of the May 1971 Idaho potato future for the account of respondent P. J. Taggares Company, and established, maintained

and kept open in increasing quantities over a period of time from on or about August 13, 1970, through the expiration of trading on May 10, 1971, a "long" position in such future which advanced to as much as approximately 487 open contracts by on or about April 30, 1971, and which amounted to approximately 402 open contracts at the close of trading on May 10, 1971. In addition, respondent Peter J. Taggares, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding in question, solicited or influenced at least 13 other individuals to purchase in transactions on the Exchange over a period of time beginning on or about August 14, 1970, and continuing until on or about May 7, 1971, various numbers of contracts of the May 1971 Idaho potato future, and these individuals established, maintained and kept open in increasing quantities over a period of time from on or about August 14, 1970, through the expiration of trading on May 10, 1971, "long" positions in such future which amounted in the aggregate to approximately 452 open contracts at the close of trading on May 10, 1971.

XIII

Respondent Kenneth L. Ramm, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding referred to in paragraph XI hereof, purchased in transactions on the Chicago Mercantile Exchange over a period of time beginning on or about October 22, 1970, and continuing until on or about March 9,

1971, numerous contracts of the May 1971 Idaho potato future for his own account, and established, maintained and kept open in increasing quantities over a period of time from on or about October 22, 1970, through the expiration of trading on May 10, 1971, a "long" position in such future which advanced to the maximum permissible speculative limit of 150 open contracts by on or about March 9, 1971, and which remained at such level through the close of trading on May 10, 1971. In addition, respondent Kenneth L. Ramm, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding in question, solicited or influenced at least two other individuals to purchase in transactions on the Exchange over a period of time beginning on or about December 14, 1970, and continuing until on or about May 6, 1971, various numbers of contracts of the May 1971 Idaho potato future, and these individuals established, maintained and kept open in increasing quantities over a period of time from on or about December 14, 1970, through the expiration of trading on May 10, 1971, "long" positions in such future which amounted in the aggregate to approximately 124 open contracts at the close of trading on May 10, 1971.

XIV

Respondents Robert H. Abend and Harold Abend, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding referred to in paragraph XI hereof, purchased in

transactions on the Chicago Mercantile Exchange over a period of time beginning on or about March 3, 1971, and continuing until on or about April 29, 1971, numerous contracts of the May 1971 Idaho potato future for the accounts of respondents Idaho Potato Packers Corp., Idaho Potato Packers of Idaho, Inc., and two other controlled accounts, and established maintained and kept open in increasing quantities over a period of time from on or about March 3, 1971, through the expiration of trading on May 10, 1971, a "long" position in such future which advanced to the maximum permissible speculative limit of 150 open contracts by on or about April 29, 1971, and which amounted to approximately 126 open contracts at the close of trading on May 10, 1971. In addition, respondents Robert H. Abend and Harold Abend, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding in question, solicited or influenced at least two other individuals to purchase in

transactions on the Exchange over a period of time beginning on or about March 3, 1971, and continuing until on or about April 30, 1971, various numbers of contracts of the May 1971 Idaho potato future, and these individuals established, maintained and kept open in increasing quantities over a period of time from on or about March 3, 1971, through the expiration in trading on May 10, 1971, "long" positions in such future which amounted in the aggregate to approximately 33 open contracts at the close of trading on May 10, 1971.

XV

Respondent James Minor, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding referred to in paragraph XI hereof, purchased in transactions on the Chicago Mercantile Exchange over a period of time beginning on or about October 29, 1970, and continuing until on or about April 30, 1971, numerous contracts of the May 1971 Idaho potato future for the account of respondent San Jacinto Packing Co., and established, maintained and kept open in increasing quantities over a period of time from on or about October 29, 1970, through the expiration of trading on May 10, 1971, a "long" position in such future which advanced to the maximum permissible speculative limit of 150 open contracts by on or about April 27, 1971, and which amounted to approximately 121 open contracts at the close of trading on May 10, 1971.

XVI

Respondent Edward Spiegel, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding referred to in paragraph XI hereof, purchased in transactions on the Chicago Mercantile Exchange over a period of time beginning on or about January 8, 1971, and continuing until on or about April 30, 1971, numerous contracts of the May 1971 Idaho potato future for the account of respondent Universal Land-Snake River, and established, maintained and kept open in increasing quantities over a period of

time from on or about January 8, 1971, through the expiration of trading on May 10, 1971, a "long" position in such future which advanced to the maximum permissible speculative limit of 150 open contracts by on or about April 30, 1971, and which remained at such level through the close of trading on May 10, 1971.

XVII

Respondent Modie J. Spiegel, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding referred to in paragraph XI hereof, purchased in transactions on the Chicago Mercantile Exchange over a period of time beginning on or about April 21, 1971, and continuing until on or about May 4, 1971, numerous contracts of the May 1971 Idaho potato future for his own account, and established, maintained and kept open in increasing quantities over a period of time from on or about April 21, 1971, through the expiration of trading on May 10, 1971, a "long" position in such future which advanced to the maximum permissible speculative limit of 150 open contracts by on or about May 4, 1971, and which remained at such level through the close of trading on May 10, 1971.

XVIII

Respondents Edward Spiegel and Modie J. Spiegel, acting in furtherance of the combination, conspiracy, agreement, arrangement

or understanding referred to in paragraph XI hereof, solicited or influenced at least three other individuals to purchase in transactions on the Chicago Mercantile Exchange over a period of time beginning on or about April 28, 1971, and continuing until on or about May 6, 1971, various numbers of contracts of

the May 1971 Idaho potato future, and these individuals established, maintained and kept open over a period of time from on or about April 28, 1971, through the expiration of trading on May 10, 1971, "long" positions in such future which amounted in the aggregate to approximately 112 open contracts at the close of trading on May 10, 1971.

XIX

At the expiration of trading on May 10, 1971, the open interest on the Chicago Mercantile Exchange in the May 1971 Idaho potato future amounted to approximately 2,034 contracts. As a result of the "long" respondents' trading activities described in paragraphs XII through XVIII hereof, the "long" respondents held, controlled or influenced at such time "long" positions in such future which amounted in the aggregate to approximately 1,820 contracts. The positions of the "long" respondents at the close of trading comprised, therefore, approximately 90% of the total open interest in the May 1971 Idaho potato future.

XX

In the belief that their combined "long" open positions were in excess of the "deliverable" supply of potatoes, the "long" respondents, acting in furtherance of the combination, conspiracy, agreement, arrangement, or understanding referred to in paragraph XI hereof, failed and refused to liquidate or offset their "long" positions in such future prior to the expiration of trading on May 10, 1971. In addition, the "long" respondents, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding in question, solicited or influenced most of the individuals referred to in paragraphs XII, XIII, XIV, and XVIII hereof to refrain from liquidating or offsetting their "long" positions in the May 1971 Idaho potato future prior to the expiration of trading on May 10, 1971.

XXI

Beginning some time subsequent to the termination of trading in the May 1971 Idaho potato future on the Chicago Mercantile Exchange, the "long" respondents, acting in furtherance of the combination, conspiracy, agreement, arrangement or understanding referred to in paragraph XI hereof, and for the purpose and with the intent of diminishing the total available supply of "deliverable" potatoes, induced many of the "short" traders in question to desist from

packing and shipping actual carlots of the requisite potatoes in satisfaction of their outstanding open commitments in such future by offering to sell to such "short" traders actual carlots of potatoes which were to be "retendered," or redelivered, to the "long" respondents in settlement of the "short" traders' outstanding open commitments; and thereafter, by withdrawing such offer despite the "short" traders' reliance thereon.

XXII

By reason of the acts and transactions described in paragraphs XI through XXI hereinabove, the "long" respondents attempted to manipulate the market price of a commodity for future delivery on or subject to the rules of a contract market, in wilful violation of sections 6(b), 6(c), and 9 of the Commodity Exchange Act (7 U.S.C. 9, 13b, and 13).

XXIII

Respondent Jack R. Simplot sold in transactions on the Chicago Mercantile Exchange over a period of time beginning on or about March 22, 1971, and continuing until on or about April 30, 1971, numerous contracts of the May 1971 Idaho potato future for the account of respondent Simplot Eastern Idaho Produce Company, Inc., and established, maintained and kept open in increasing quantities over a period of time from on or about March 22, 1971, through the

expiration of trading on or about May 4, 1971, a "short" position in such future which advanced to 260 open contracts by on or about April 30, 1971, and which remained at such level through the close of trading on or about May 4, 1971. Beginning on or about May 5, 1971, and continuing until on or about May 7, 1971, respondent Jack R. Simplot, acting for the purpose and with the intent of depressing or preventing a rise in the market price of the May 1971 Idaho potato future, increased the "short" position of the respondent Simplot Eastern Idaho Produce Company, Inc., to approximately 783 open contracts by selling in transactions on the Exchange approximately 523 contracts of such future. Thereafter, and through the expiration of trading on May 10, 1971, respondent Jack R. Simplot maintained and kept open, failing and refusing to liquidate or offset, the respondent Simplot Eastern Idaho Produce Company's "short" position in the May 1971 Idaho potato future of approximately 783 open contracts.

XXIV

By reason of the acts and transactions described in paragraph XXIII hereinabove, respondent Jack R. Simplot attempted to manipulate the market price of a commodity for future delivery on or subject to the rules of a contract market, in wilful violation of sections 6(b), 6(c), and 9 of the Commodity Exchange Act (7 U.S.C. 9, 13b, and 13).

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 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 this complaint are admitted likewise shall constitute a waiver of hearing unless a hearing is requested. The respondents are hereby notified that unless a hearing is waived, a hearing will be held in Chicago, Illinois, 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) 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 (2) directing that the respondents shall cease and desist from violating the Commodity Exchange Act 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.

September 6, 1972

[SEE SIGNATURE IN ORIGINAL]

Richard E. Lyng

Assistant Secretary

LOAD-DATE: June 16, 2008

