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UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:

Multigrain SA and
Agricola Xingu SA,

Respondents.

CFTC Docket No. 14-06

ORDER INSTITUTING PROCEEDINGS PURSUANT TO
SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT, AS AMENDED,
MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS

I.

The Commodity Futures Trading Commission (“CFTC” or “Commission”) has reason to believe that Multigrain SA and Agricola Xingu SA (“Respondents”), subsidiaries of Mitsui Corp., violated Commission Regulation (“Regulation”) 19.02, 17 C.F.R. § 19.02 (2013), approximately 24 times between January 1, 2013 and October 31, 2013 (the “Relevant Period”). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondents engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

II.

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondents consent to the entry of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, as Amended, Making Findings and Imposing Remedial Sanctions (“Order”) and acknowledge service of this Order.¹

¹ Respondents consent to the entry of this Order and to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that Respondents do not consent to the use of the Offer, or the findings or conclusions in this Order consented to in the Offer, as the sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce the terms of this Order. Nor do Respondents consent to the use of the Offer or this Order, or the findings or conclusions in this Order consented to in the Offer, by any other party in any other proceeding.

III.

The Commission finds the following:

A. Summary

Cotton merchants and dealers that hold or control reportable cotton futures positions under Regulation 15.00(p)(1)(i), 17 C.F.R. § 15.00(p)(1)(i) (2013), are required to file a CFTC Form 304 reporting their call cotton purchases and sales² weekly, as of the close of business on Friday, and no later than two business days following the date of the report, pursuant to Regulations 19.00(a)(2) and 19.02, 17 C.F.R. §§ 19.00(a)(2), 19.02 (2013). On at least 24 occasions during the Relevant Period, Respondents failed to comply with this requirement.

B. Respondents

Multigrain SA produces and trades agricultural products, including cotton, and has a business address in São Paulo, Brazil. It has never been registered with the Commission in any capacity.

Agricola Xingu SA produces and trades agricultural products, including cotton, and has a business address in São Paulo, Brazil. It has never been registered with the Commission in any capacity.

C. Facts

Respondents are cotton merchants or dealers. Whenever they hold or control at least 100 cotton futures positions, they are required by Commission Regulations to file weekly Form 304 reports with the Commission setting forth their call cotton purchases and sales as of the close of business Friday, and they are required to submit their Form 304 reports within two business days. On at least 24 occasions during the Relevant Period, Respondents held or controlled at least 100 cotton futures positions but failed to file Form 304 reports as required, either by failing to file Form 304 reports or by filing Form 304 reports late.

IV.

LEGAL DISCUSSION

Cotton merchants and dealers that hold or control reportable cotton futures positions under Regulation 15.00(p)(1)(i), 17 C.F.R. § 15.00(p)(1)(i) (2013), are required to file series '04 reports. 17 C.F.R. § 19.00(a)(2) (2013). Specifically, they must file "CFTC Form 304 reports showing the quantity of call cotton bought or sold on which the price has not been fixed, together with the respective futures on which the purchase or sale is based." 17 C.F.R. § 19.02(a) (2013). Each Form 304 report must be "made weekly as of the close of business on Friday and

² Call cotton refers to physical cotton bought or sold, or contracted for purchase or sale, at a price to be fixed later based on a specified delivery month's futures price. The Commission uses information it gathers from Form 304 reports in its weekly Cotton On-Call Reports, published at www.cftc.gov/MarketReports/CottonOnCall/index.htm.

filed...not later than the second business day following the date of the report.” 17 C.F.R. § 19.02(b) (2013). Regulation 15.00(p)(1)(i), in relevant part, defines a reportable position as any open contract position that meets or exceeds the level set forth in Regulation 15.03, 17 C.F.R. § 15.03 (2013), in any one futures contract on any reporting market at the close of the market on any business day. For cotton futures positions, Regulation 15.03 establishes 100 contracts as the reporting level. The filing of a Form 304 is required even if a reportable trader’s cotton futures position does not change from one week to the next, provided that the trader holds or controls at least 100 cotton futures positions.

By failing to file Form 304 reports with the Commission as of the close of business on Friday and within two business days when they held or controlled at least 100 cotton futures positions at least 24 times during the Relevant Period, Respondents violated Regulation 19.02.

V.

FINDINGS OF VIOLATION

Based on the foregoing, the Commission finds that Respondents violated Regulation 19.02, 17 C.F.R. § 19.02 (2013), during the Relevant Period.

VI.

OFFER OF SETTLEMENT

Respondents have submitted the Offer in which they, without admitting or denying the findings and conclusions herein:

- A. Acknowledge receipt of service of this Order;
- B. Admit the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- C. Waive:
 - 1. the filing and service of a complaint and notice of hearing;
 - 2. a hearing;
 - 3. all post-hearing procedures;
 - 4. judicial review by any court;
 - 5. any and all objections to the participation by any member of the Commission’s staff in the Commission’s consideration of the Offer;
 - 6. any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or the rules promulgated

by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. §§ 148.1-30 (2013), relating to, or arising from, this proceeding;

7. any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this proceeding; and
 8. any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief;
- D. Stipulate that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondents have consented in the Offer; and
- E. Consent, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. makes findings by the Commission that Respondents violated Regulation 19.02, 17 C.F.R. § 19.02 (2013);
 2. orders Respondents to cease and desist from violating Regulation 19.02, 17 C.F.R. § 19.02 (2013);
 3. orders Respondents, jointly and severally, to pay a civil monetary penalty in the amount of \$500,000, plus post-judgment interest; and
 4. orders Respondents and their successors and assigns to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VII of this Order.

Upon consideration, the Commission has determined to accept the Offer.

VII.

ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Respondents shall cease and desist from violating Regulation 19.02, 17 C.F.R. § 19.02 (2013).
- B. Respondents, jointly and severally, shall pay a civil monetary penalty in the amount of five hundred thousand dollars (\$500,000) within ten (10) days of the date of entry of this Order (the "CMP Obligation"). If the CMP Obligation is not paid in full within ten (10) days of the date of entry of this Order, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2012). Respondents shall pay the CMP Obligation by electronic funds

transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
ATTN: Accounts Receivables --- AMZ 340
E-mail Box: 9-AMC-AMZ-AR-CFTC
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: (405) 954-5644

If payment is to be made by electronic funds transfer, Respondents shall contact Linda Zurhorst or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the CMP Obligation with a cover letter that identifies Respondents and the name and docket number of this proceeding. Respondents shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581, and to Stephanie Reinhart, Senior Trial Attorney, Commodity Futures Trading Commission, 525 W. Monroe Street, Suite 1100, Chicago, IL 60661.


- C. Respondents and their successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:
1. **Representations and Undertakings:** In their Offer, Respondents represent to the Commission that they have adopted enhanced written procedures regarding future compliance with Regulation 19.02, 17 C.F.R. § 19.02 (2013). Respondents undertake to adopt internal controls that are reasonably designed to ensure that the agents and employees under their authority and control comply fully with those enhanced written compliance procedures.
 2. **Public Statements:** Respondents and their successors and assigns agree that neither they nor any of their agents or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondents': (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents and their successors and assigns shall undertake all steps necessary to ensure that all of their agents and employees under their authority or control understand and comply with this agreement.
 3. **Partial Satisfaction:** Respondents understand and agree that any acceptance by the Commission of partial payment of Respondents' CMP Obligation shall not be

deemed a waiver of their obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

4. Change of Address/Phone: Until such time as Respondents satisfy in full their CMP Obligation as set forth in this Order, Respondents shall provide written notice to the Commission by certified mail of any change to their telephone numbers or mailing addresses within ten (10) calendar days of the change.

The provisions of this Order shall be effective as of this date.

By the Commission.


Melissa D. Jurgens
Secretary of the Commission
Commodity Futures Trading Commission

Dated: January 15, 2014