

Commodity Futures Trading Commission  
CEA CASES

**NAME:** ARTHUR N. ECONOMOU, AND ARTHUR N. ECONOMOU & CO., INC.

**DOCKET NUMBER:** 167

**DATE:** JUNE 20, 1970

**DOCUMENT TYPE:** AMENDED COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Arthur N. Economou, and Arthur N. Economou & Co., Inc., Respondents

CEA Docket No. 167

Amended 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. 1964 ed., Chapter 1, as amended, Supp. IV, 1969), and the regulations of the Secretary of Agriculture thereunder, and that respondent Arthur N. Economou & Co., Inc., does not meet the minimum financial requirements of the said act and regulations. In accordance with the provisions of sections 6(b), 6(c) and 8a of the Commodity Exchange Act (7 U.S.C. 9, 13b, 12a, Supp. IV, 1969), this amended complaint and notice of hearing is issued alleging as follows:

I

Respondent Arthur N. Economou is an individual whose business address is 286 Fifth Avenue, New York, New York 10001.

II

Respondent Arthur N. Economou & Co., Inc., a Delaware corporation with its office and place of business at 286 Fifth Avenue, New York, New York 10001, is now and was at all times material herein, registered as a futures commission merchant under the Commodity Exchange Act. At all times material herein, respondent Arthur N. Economou was in complete control of the respondent corporation and initiated and carried out the acts, dealings and transactions of the corporation. At all such times up to on or about March 31, 1970, the corporate respondent, acting in the capacity of futures commission merchant under the Commodity Exchange Act, held for its customers sums of money, representing deposits of margin by and trading profits accruing to such customers.

III

The respondent corporation presently fails to meet the minimum financial requirements prescribed by section 1.17 of the regulations (34 F.R. 599) issued by the Secretary of Agriculture under section 4f of the Commodity Exchange Act (7 U.S.C. 6f, Supp. IV, 1969), and at all times during the period from on or about March 31, 1969 through on or about March 31, 1970, while engaged in business as futures commission merchant under the Commodity Exchange Act, failed to meet such requirements:

(A) Respondents submitted financial reports on Form 1-FR to the Commodity Exchange Authority as of March 31, 1969, June 30, 1969, and December 31, 1969, respectively, which included among the "current assets" the following:

Report as of March 31, 1969

(1) Due from Arthur N. Economou . . . \$ 2,000.00 (Secured by pledge of GTO Pontiac automobile valued at \$ 2,500.00)

(2) Due from the American Association of Commodity Traders . . . \$ 9,626.81 (Secured by inventory of Association publications value appraised conservatively at \$ 15,000.00)

(3) OTHER CURRENT ASSETS . . . 'acquisition cost', in the Economou Precious Metals Futures Trading Syndicate . . . \$ 6,016.80

Report as of June 30, 1969

(1) Due from American Board of Trade \$ 846.00

(2) Due from Arthur N. Economou (Secured by pledge of GTO Pontiac automobile valued at \$ 2,500.00) \$ 2,000.00

(3) Due from the American Association of Commodity Traders (Secured by inventory of Association publications, value appraised conservatively at \$ 15,000.00) \$ 7,080.81

(4) Contract acquisition:

Economou Precious Metals Futures Trading Syndicate \$ 9,304.97

Economou Grain Futures Trading Syndicate \$ 23.00

Report as of December 31, 1969

(1) Due from Arthur N. Economou \$ 1,000.00 (Secured by pledge of GTO Pontiac automobile valued at 1,500)

(2) Due from the American Association of Commodity Traders (Secured by inventory of Association publications, value appraised conservatively at \$ 18,000) \$ 4,477.31

(3) Contract acquisition:

Economou Precious Metals Futures Trading Syndicate \$ 8,089.53

Economou Grain Futures Trading Syndicate \$ 1,881.28

In truth and in fact, none of the items specified above qualified as current assets within the meaning of that term as used in section 1.17 of the regulations (34 F.R. 599) issued under the Commodity Exchange Act. When such items are deducted from the respondents' "current assets", they lacked approximately \$ 6,000,00 as of March 31, 1969, \$ 700.00 as of June 30, 1969, and \$ 13,000 as of December 31, 1969, of having enough funds to meet the minimum financial requirements prescribed by the above-cited section of the regulations.

(B) Examination of the respondent corporation's books and records by the Commodity Exchange Authority as of March 31, 1970, revealed that the corporation's current liabilities exceeded its current assets by \$ 14,893.38, and that it lacked \$ 24,893.38 of having enough funds to meet the minimum financial requirements prescribed by the above-cited section of the regulations. The examination revealed that as of March 31, 1970, the respondent corporation's current assets and current liabilities were as follows:

| Current Assets      |              | Current Liabilities |              |
|---------------------|--------------|---------------------|--------------|
|                     |              | Accounts payable    | \$ 1,103.49  |
|                     |              | Payroll taxes       | 245.73       |
| Cash                | \$ 603.31    | Due Economou        |              |
| Interest receivable | 75.00        | Financial and       |              |
| Funds in            |              | Development Corp.   | 13,621.51    |
| segregation         | \$ 10,954.94 | Due customers       | 11,555.90    |
| Totals              | \$ 11,633.25 |                     | \$ 26,526.63 |

By reason of the facts alleged in this complaint, the respondent corporation does not meet the minimum financial requirements under section 4f of the Commodity Exchange Act (7 U.S.C. 6f, Supp. IV, 1969), and the respondents willfully violated section 4f of the Act and section 1.17 of the regulations issued thereunder (34 F.R. 599).

WHEREFORE, it is hereby ordered that this amended 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 amended complaint in which to file with the Hearing Clerk, United States Department of Agriculture, Washington, D. C. 20250, an answer with an original and four 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 purposes of this proceeding. Failure to file an answer will constitute an admission of all the allegations of this amended complaint and a waiver of hearing. The filing of an answer in which all of the material allegations of fact contained in the amended 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 August 5, 1970, in New York, New York, 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 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, (2) directing that the respondents shall cease and desist from violating the Commodity Exchange Act and regulations in the manner alleged herein, and (3) suspending or revoking the registration of respondent Arthur N. Economou & Co., Inc., as futures commission merchant.

It is ordered that this amended 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.

June 20, 1970

[SEE SIGNATURE IN ORIGINAL]

**LOAD-DATE:** June 16, 2008

