

Commodity Futures Trading Commission  
CEA CASES

**NAME:** PROFESSIONAL COMMODITY SERVICE, INC., AND THEODORE W. LORD, SR.

**DOCKET NUMBER:** 193

**DATE:** JULY 24, 1972

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE  
BEFORE THE SECRETARY OF AGRICULTURE

In re: Professional Commodity Service, Inc., and Theodore W. Lord, Sr.,  
Respondents

CEA Docket No. 193

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that respondent Professional Commodity Service, Inc., has not established that it meets the financial requirements of the Commodity Exchange Act (7 U.S.C., Chapter I) and the regulations thereunder (17 CFR, Chapter I), that it does not now meet such requirements, that both respondents have wilfully violated the Act, and that under the provisions of section 8a of the Act (7 U.S.C. 12a) the respondent firm's application for registration as futures commission merchant under the Act should be denied. Therefore, this complaint and notice of hearing is issued alleging the following:

I

Respondent Professional Commodity Service, Inc., a Colorado corporation with offices at 1776 South Jackson, Denver, Colorado 80210 has applied for registration as futures commission merchant under the Commodity Exchange Act, but registration has not been granted.

II

Respondent Theodore W. Lord, Sr., whose business address is the same as that of the corporate respondent, is now, and was at all times material herein, president of the corporation. At all such times, respondent Lord had responsibility for the management of the corporate respondent.

III

The respondent corporation has not established that it meets the minimum financial requirements under section 4f of the Commodity Exchange Act (7 U.S.C. 6f ) and section 1.17 of the regulations issued pursuant to the Act (17 CFR 1.17), and, in fact, the respondent corporation does not now meet such minimum financial requirements. The respondent corporation's current liabilities exceeded its current assets by approximately \$ 9,000.00 on November 17, 1971, and it lacked approximately \$ 5,000.00 on July 23, 1971, \$ 19,000.00 on November 17, 1971, \$ 2,800.00 on March 31, 1972, and \$ 5,000.00 on April 10, 1972, of having enough working capital to meet such minimum financial requirements.

IV

The respondents, in connection with the respondent corporation's application for registration as futures commission merchant, filed with the Commodity Exchange Authority a financial report on Form 1-FR, which purported to show the firm's financial condition as of July 23, 1971.

The respondents wilfully omitted to state in such report material facts required to be stated therein. Such omitted material facts were as follows:

a. On July 23, 1971, the respondents drew a check to the order of respondent Theodore W. Lord, Sr., for \$ 15,000.00 on the respondent firm's general funds bank account, which check was subsequently negotiated by respondent Lord.

b. On July 23, 1971, the respondent corporation obtained a loan from the Security National Bank, Denver, Colorado, in the amount of \$ 5,000.00 which, by the terms of the promissory note signed by the respondent corporation, was due and payable on October 21, 1971 with interest at the rate of 7% per annum.

V

By reason of the facts alleged in this complaint, (1) the respondent corporation has not established that it meets the minimum financial requirements under section 4f of the Commodity Exchange Act (7 U.S.C. 6f) and section 1.17 of the regulations (17 CFR 1.17), (2) the respondent corporation does not now meet such minimum financial requirements, (3) the respondents wilfully omitted to state in a report filed with the Commodity Exchange Authority a material fact required to be stated therein, in violation of section 6(b) of the Act (7 U.S.C. 9), (4) the respondent corporation is unfit to engage in the business of futures commission merchant, and

(5) the respondent corporation's application for registration as futures commission merchant should be denied under the provisions of section 8a of the Act (7 U.S.C. 12a).

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 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 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 August 24, 1972, in Denver, Colorado, 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) refusing to register the respondent corporation as futures commission merchant, (2) 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 (3) directing that the respondents 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.

July 24, 1972.

[SEE SIGNATURE IN ORIGINAL]

Philip C. Olsson

Acting Assistant Secretary

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

