

Commodity Futures Trading Commission  
CEA CASES

**NAME:** WEBSTER E. COLLINS

**CITATION:** 24 Agric. Dec. 3

**DOCKET NUMBER:** 121

**DATE:** JANUARY 14, 1965

**DOCUMENT TYPE:** DECISION AND ORDER

(No. 9564)

*In re WEBSTER E. COLLINS. CEA Docket No. 121. Decided January 14, 1965.*

**Denial of trading privileges -- Consent**

Order entered denying for a period of 30 days all trading privileges to respondent on all contract markets on basis of admitted facts conferring jurisdiction upon the Secretary and by stipulation of the parties in proceeding dealing with May 1963 wool futures on the Wool Associates of the New York Cotton Exchange, Inc.

*Mr. Earl L. Saunders for Commodity Exchange Authority. Mr. Philip J. Ryan, of Springfield, Mass., for respondent.*

*Decision by Thomas J. Flavin, Judicial Officer*

**PRELIMINARY STATEMENT**

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. § 1 et seq.), instituted by a complaint and notice of hearing issued under § 6 (b) of the Act (7 U.S.C. § 9) on October 7, 1964, by the Assistant Secretary of Agriculture. The complaint charges that the respondent attempted to manipulate and did in fact manipulate the prices of wool futures on the Wool Associates of the New York Cotton Exchange, Inc., in violation of §§ 6(b) and 9 of the Act (7 U.S.C. §§ 9 and 13).

No hearing has been held with respect to this proceeding. On January 14, 1965, the respondent filed a stipulation under § 0.4(b) of the rules of practice (17 CFR § 0.4(b)) in which he admits the facts hereinafter set forth, waives hearing on the charges, and consents to the entry of the order contained herein.

**FINDINGS OF FACT**

1. The respondent, Webster E. Collins, an individual whose business address is 170 Lyman Street, Springfield, Massachusetts, is now, and was at all times material herein, a member of the Wool Associates of the New York Cotton Exchange, Inc.

2. The Wool Associates of the New York Cotton Exchange, Inc., hereinafter sometimes referred to as the exchange, is now, and was at all times material herein, a board of trade duly designated as a contract market under the Commodity Exchange Act.

3. The futures transactions referred to herein relate to the May 1963 wool future on the Wool Associates of the New York Cotton Exchange, Inc. A wool futures contract on the exchange is a contract for the grease equivalent of 6,000 pounds (clean weight) of wool. The last day for trading in the May 1963 wool future on the exchange was May 23, 1963, and that was also the last day on which notice could be given of intention to deliver wool in satisfaction of positions in such future. In order to give notice of intention to deliver wool

in satisfaction of such futures positions, the person making delivery was required to have the amount of wool referred to in the delivery notice, and such wool must have been inspected and certificated in accordance with the rules of the exchange and be located in a warehouse (in the Greater Boston, Massachusetts area) approved by the exchange for delivery.

4. On April 23, 1963, the day prior to the first day for issuing notices of intention to deliver wool on short futures contracts in the May 1963 wool future on the exchange, the respondent owned or controlled a net long position of 210 contracts in such future, which position constituted approximately 48.9 percent of the total long open interest on that day.

5. On May 10, 1963, on which day the respondent owned or controlled a net long position of 207 contracts in the May 1963 wool future, the respondent contracted to sell to a wool merchant an amount of certificated wool equivalent to 161 futures contracts at a price of 128.0 cents per pound. On the same day, May 10,

1963, the price of the May 1963 wool future ranged from 132.4 cents per pound to 132.5 cents per pound, closing at 132.5 cents per pound.

6. By the close of business on May 21, 1963, the day prior to the penultimate day for trading in the May 1963 wool future, the net long position owned or controlled by the respondent in the May 1963 wool future amounted to 196 contracts, an amount representing approximately 79.4 percent of the total long open interest in such future. By the close of business on May 22, 1963, next to the last day of trading in the May 1963 wool future, the net long position owned or controlled by the respondent in the May 1963 wool future amounted to 186 contracts, an amount representing approximately 95.4 percent of the total long open interest in such future.

7. At the close of business on May 21, 1963, the total stocks of certificated wool were sufficient to liquidate 332 futures contracts by delivery and at the close of business on May 22, 1963, the total stocks of certificated wool were sufficient to liquidate 341 futures contracts by delivery. Of such certificated stocks the respondent held an amount of certificated wool equivalent to 196 futures contracts at the close of business on May 21, 1963, and to 201 futures contracts at the close of business on May 22, 1963. One hundred sixty one lots of the certificated wool which the respondent held on May 21 and 22, 1963, were being held by him to be applied on the sales contract referred to in paragraph 5 above.

8. On May 21, 1963, the price of the May 1963 wool future ranged from 133.3 cents per pound to 134.4 cents per pound, and closed at 134.0 cents per pound bid and 134.4 cents per pound asked. On May 22, 1963, the price of the May 1963 wool future opened at 134.0 cents per pound bid and 134.8 cents per pound asked, and ranged from 134.4 cents per pound to 137.9 cents per pound, closing at 137.9 cents per pound. On May 23, 1963, the last day for trading in the May 1963 wool future, the price of the future opened at 139.4 cents per pound and ranged from 139.0 cents per pound to 140.4 cents per pound and closed at 140.4 cents per pound.

9. On May 22, 1963, the respondent sold 10 contracts at a price of 137.5 cents per pound. On May 23, 1963, the respondent sold 69 contracts, 25 contracts at a price of 139.4 cents per pound and 44 contracts at a price of 140.4 cents per pound. The respondent's sales were made pursuant to orders which set forth the price limits below which such futures could not be sold.

#### **CONCLUSIONS**

Section 0.4(b) of the rules of practice under the Commodity Exchange Act (17 CFR § 0.4(b)) provides as follows:

(b) *Consent Order.* At any time after the issuance of the complaint and prior to the hearing in any proceeding, the Secretary, in his discretion, may allow the respondent to consent to an order. In so consenting, the respondent must submit, for filing in the record, a stipulation or statement in which he admits at least those facts necessary to the Secretary's jurisdiction and agrees that an order may be entered against him. Upon a record composed of the complaint and the stipulation or agreement consenting to the order, the Secretary may enter the order consented to by the respondent, which shall have the same force and effect as an order made after oral hearings.

The facts admitted by the respondent and set forth in the findings of fact are sufficient to subject him to the jurisdiction of the Secretary of Agriculture under the provisions of the above section.

The complainant has filed a recommendation which recites that it has carefully considered the stipulation and the terms of the proposed order. It is the view of the complainant that the proposed sanction would be adequate, and that the prompt entry of such an order without further proceedings would constitute a satisfactory disposition of this case, serve the public interest, and effectuate the purposes of the Commodity Exchange Act. The complainant therefore recommends that the stipulation and waiver be accepted and that the proposed order be issued, terminating this proceeding. It is so concluded.

**ORDER**

Effective on the thirtieth day after the date of entry of this order, all contract markets shall refuse all trading privileges to the respondent, Webster E. Collins, for a period of thirty days, such refusal to apply to all trading done and positions held by the said Webster E. Collins directly or indirectly.

A copy of this decision and order shall be served upon the respondent and upon each contract market.

**LOAD-DATE:** June 8, 2008

