

Commodity Futures Trading Commission
CEA CASES

NAME: CORN PRODUCTS REFINING COMPANY

DOCKET NUMBER: 55

DATE: JULY 22, 1952

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Corn Products Refining Company, Respondent

CE-A Docket No. 55

Complaint and notice of hearing under the Commodity Exchange Act

The Secretary of Agriculture has reason to believe that the respondent corporation, Corn Products Refining Company, has violated the provisions of the Commodity Exchange Act (7 U.S.C., Chapter 1), and the rules and regulations made pursuant to its requirements. In accordance with the provisions of section 6(b) of the Commodity Exchange Act (7 U.S.C. 9), this complaint is issued alleging as follows:

1.

The Corn Products Refining Company is a corporation organized and existing under the laws of the State of New Jersey, with its office and principal place of business at 17 Battery Place, New York, New York. The said corporation is engaged in the business of manufacturing and selling corn products.

2.

The Board of Trade of the City of Chicago, hereinafter called the Chicago Board of Trade, was at all times hereinafter mentioned and is now a duly designated contract market under the provisions of the Commodity Exchange Act.

3.

On December 22, 1938, the Commodity Exchange Commission, pursuant to authority vested in it by section 4a of the Commodity Exchange Act (7 U.S.C. 6a), issued an order (17 CFR 150.1) reading, in part, as follows:

UNITED STATES OF AMERICA

Before the Commodity Exchange Commission

(Hearing Docket C. E. A. No. 3)

FINDINGS OF FACT, CONCLUSIONS, AND ORDER

IN THE MATTER OF LIMITS ON POSITION AND DAILY TRADING IN WHEAT, CORN, OATS, BARLEY, AND FLAXSEED, FOR FUTURE DELIVERY

As used herein, the word "grain" includes wheat, corn, oats, barley, and flaxseed, and the word "person" includes individuals, associations, partnerships, corporations, and trusts.

* * * *

Order

IT IS HEREBY ORDERED That the following limits on the amount of trading under contracts of sale of grain for future delivery on or subject to the rules of

contract markets which may be done by any person be, and they are hereby, proclaimed and fixed, to be in full force and effect on and after December 31, 1938.

POSITION LIMITS

1. The limit on the maximum net long or net short position which any one person may hold or control in any one grain on any one contract market, except as specifically authorized by paragraph 2 hereof, is, 2,000,000 bushels in any one future or in all futures combined.

2. To the extent that the net position held or controlled by any one person in all futures combined in any one grain on any one contract market is shown to represent spreading in the same grain between markets, the limit on net position in all futures combined set forth in paragraph 1 hereof may be exceeded on such contract market, but in no case shall the excess result in a net position of more than 3,000,000 bushels in all futures combined nor more than 2,000,000 bushels in any one future.

* * * *

The foregoing limits upon position and upon daily trading shall not be construed to apply to bona fide hedging transactions as defined in paragraph (3) of section 4a of the Commodity Exchange Act.

The said order of the Commodity Exchange Commission has been in full force and effect continuously since December 31, 1938.

4.

On April 11, 1952, as the result of transactions theretofore executed on the Chicago Board of Trade for the account of the respondent corporation, its net long position in May, July, and December corn futures contracts on the Chicago Board of Trade reached a point in excess of 2,000,000 bushels -- to wit, approximately 3,650,000 bushels. No part of such position represented spreading in the same grain between markets. Approximately 207,000 bushels of such position represented bona fide hedging transactions as defined in the Commodity Exchange Act. The balance of such position, approximately 3,443,000 bushels, represented speculative trading.

5.

On various days between April 11, 1952, and June 9, 1952, as the result of transactions executed on the Chicago Board of Trade for the

account of the respondent corporation, its net long position in May, July, and December corn futures contracts on the Chicago Board of Trade exceeded 2,000,000 bushels, exclusive of spreading in the same grain between markets and bona fide hedging transactions as defined in the Commodity Exchange Act.

6.

By reason of the facts described in paragraphs 4 and 5, the respondent, Corn Products Refining Company, has violated section 4a of the Commodity Exchange Act and the aforesaid order of the Commodity Exchange Commission.

Therefore, the said respondent, Corn Products Refining Company, is hereby notified to be and appear at a hearing to be held at 10:00 o'clock A.M., eastern standard time, on the 7th day of October, 1952, in Room 602, 60 Beaver Street, New York, New York, before a referee designated to conduct such hearing and then and there show cause, if any there be, why an order should not be made directing that all contract markets refuse all trading privileges to the said respondent for such period of time as may be determined by the Secretary of Agriculture.

The respondent will have 20 days after the receipt of this notice of hearing in which to file with the Secretary of Agriculture, in

triplicate, an answer fully and completely stating the nature of the defense and admitting or denying specifically and in detail each material and relevant allegation of this complaint. Allegations that are not answered will be deemed admitted for the purpose of this proceeding.

It is ordered that this complaint and notice of hearing be served on the respondent by delivery of a true copy thereof by an employee of the Department of Agriculture, or by registered mail, at least 20 days prior to the date set for hearing.

Done at Washington, D. C.,

this 22 day of July, 1952.

/s/ K. T. Hutchinson

Acting Secretary of Agriculture

LOAD-DATE: June 16, 2008

