

Commodity Futures Trading Commission
CEA CASES

NAME: J. H. KENT, THE KENT CO., AND EDWARD C. EPPERSON

DOCKET NUMBER: 137

DATE: NOVEMBER 4, 1966

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UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: J. H. Kent, The Kent Co., and Edward C. Epperson, Respondents

CEA Docket No. 137

Amended Complaint and Notice of Hearing

There is reason to believe that the respondents, J. H. Kent, The Kent Co., and Edward C. Epperson, have violated the provisions of the Commodity Exchange Act (7 U.S.C. 1 et seq.), and the rules and regulations issued thereunder (17 CFR, Part I), and in accordance with the provisions of section 6(b) of the said act (7 U.S.C. 9), this amended complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent J. H. Kent is an individual whose mailing address is Post Office Box 157, Greenville, Mississippi. He was at all times material herein the managing partner in a partnership doing business under the firm name of The Kent Co., whose mailing address is the same as that of respondent J. H. Kent. At all such times respondent J. H. Kent managed and controlled the said firm's trading in commodity futures. Respondent J. H. Kent was at all times

material herein the father-in-law of respondent Edward C. Epperson and of Robert C. Wood and Rebecca Kent, not respondents herein, and a general partner in a partnership doing business under the firm name of J. H. Kent Co., not a respondent herein. At all such times respondent J. H. Kent managed and controlled the said firm's trading in commodity futures.

II

Respondent Edward C. Epperson is an individual whose mailing address is Post Office Box 157, Greenville, Mississippi. He was at all times material herein an employee of respondent The Kent Co.

III

The Chicago Board of Trade and the New York Mercantile Exchange are now and were at all times material herein duly designated contract markets under the Commodity Exchange Act. The trades and positions in wheat and soybean futures hereinafter referred to were on or subject to the rules of the Chicago Board of Trade, The trades and positions in potato futures hereinafter referred to were on or subject to the rules of the New York Mercantile Exchange.

IV

During the period from November 22, 1965, through September 19, 1966, the respondents had an expressed or implied agreement or understanding among themselves that: (1) respondents The Kent Co.

and Edward C. Epperson would make trades and hold speculative positions in grain futures on the Chicago Board of Trade; (2) respondent J. H. Kent would finance the trading activities of respondent Edward C. Epperson with money belonging to respondent The Kent Co.; and (3) the trading done and positions held by respondent Edward C. Epperson and respondent The Kent Co. would follow a trading plan determined by respondent J. H. Kent.

V

Acting pursuant to or in accordance with the agreement or understanding referred to in paragraph IV above, respondents The Kent Co. and Edward C. Epperson: (1) during the period from December 20, 1965, through April 5, 1966, held net long speculative positions in the May 1966 wheat future which, combined, amounted to 2,150,000 bushels; (2) during the period December 20, 1965, through April 5, 1966, held net long speculative positions in various wheat futures which, combined, ranged from 2,190,000 bushels to 4,000,000 bushels; (3) on January 11, 1966, made aggregate speculative sales of 2,850,000 bushels in the August 1966 soybean future; (4) on January 11, 1966, made aggregate speculative purchases of 2,850,000 bushels in the September 1966 soybean future; (5) during the period from January 11 through July 11, 1966, held net short speculative positions in the August 1966 soybean future which, combined, ranged from 2,375,000 bushels

to 4,000,000 bushels; (6) during the period from January 11 through April 14, 1966, held net long speculative positions in the September 1966 soybean future which, combined, ranged from 2,210,000 bushels to 3,500,000 bushels; (7) during the period from June 14 through September 13, 1966, held net long speculative positions in the September 1966 soybean future which, combined, ranged from 2,375,000 bushels to 3,800,000 bushels; and (8) during the period from July 12 through September 19, 1966, held net long speculative positions in various soybean futures which, combined, ranged from 2,175,000 bushels to 3,900,000 bushels.

VI

During the period July 26 through October 12, 1966, respondents J. H. Kent and Edward C. Epperson had an expressed or implied agreement or understanding that J. H. Kent Co, and Edward C, Epperson, in conjunction with Rebecca Kent and Robert C. Wood, would make speculative trades and hold speculative positions in potato futures on the New York Mercantile Exchange in accordance with a common trading plan. Pursuant to and in accordance with such agreement or understanding: (1) on July 26, 1966, J. H. Kent Co. and Rebecca Kent made speculative purchases of 100 carlots and 85 carlots, respectively, in the May 1967 potato future which resulted in a combined net long speculative position of 185 carlots in such future;

(2) on July 29, 1966, J. H. Kent Co. and Rebecca Kent made speculative purchases of 50 carlots and 65 carlots, respectively, in the May 1967 potato future which resulted in a combined net long speculative position of 300 carlots in such future; (3) on August 1, 1966, Edward C. Epperson and Robert C. Wood made speculative purchases of 150 carlots and 144 carlots, respectively, in the May 1967 potato future which resulted in a combined net long speculative position of 594 carlots in such future; (4) from August 1 through October 12, 1966, J. H. Kent Co., Edward C. Epperson, Rebecca Kent and Robert C. Wood held net long speculative positions in the May 1967 potato future which, combined, ranged between 264 carlots and 600 carlots; (5) on August 12, 1966, J. H. Kent Co., Edward C. Epperson, Rebecca Kent and Robert C. Wood each made speculative purchases of 100 carlots in the April 1967 potato future which resulted in a combined net long speculative position of 402 carlots in such future; (6) from

August 12 through October 12, 1966, J. H. Kent Co., Edward C. Epperson, Rebecca Kent and Robert C. Wood held net long speculative positions in the April 1967 potato future which, combined, ranged between 292 carlots and 473 carlots; (7) from August 1 through October 13, 1966, J. H. Kent Co., Edward C. Epperson, Rebecca Kent and Robert C. Wood held net long speculative positions in all potato futures combined on the New York Mercantile Exchange which, in the aggregate, ranged between 556 carlots and 1,070 carlots.

VII

By reason of the facts described in this complaint, the respondents (1) traded in wheat, soybeans and potatoes for future delivery in amounts which resulted in positions in excess of the maximum permissible limit in each such commodity, and (2) exceeded the maximum permissible limit on the daily amount of speculative trading in soybeans and potatoes for future delivery, in willful violation of section 4a of the Commodity Exchange Act (7 U.S.C. 6a), and the orders of the Commodity Exchange Commission establishing limits on positions and trading in wheat, soybeans and potatoes for future delivery (17 CFR. 150.1, 150.4, 150.10).

WHEREFORE, it is hereby ordered that this amended complaint and notice of hearing be served upon the said respondents. The respondents will have twenty (20) days after the receipt of the order granting the motion to file this amended complaint, if such motion is granted, in which to file with the Hearing Clerk, United States Department of Agriculture, Washington, D. C. 20250, an answer with an original and five 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 purpose 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 this 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 the 20th day of December, in Greenville, Mississippi, 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 order should not be made directing that all contract markets refuse all trading privileges to each respondent for such period of time as may be determined.

Done at Washington, D. C.

November 4, 1966.

[SEE SIGNATURE IN ORIGINAL]

Assistant Secretary

George L. Mehren

LOAD-DATE: June 12, 2008

