

Commodity Futures Trading Commission
CEA CASES

NAME: MAURICE J. LEGARDEUR

CITATION: 3 Agric. Dec. 467

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AGRICULTURE DECISIONS

(A. D. 662)

In re MAURICE J. LEGARDEUR. CEA Doc. No. 33. Decided June 9, 1944.

Taking Other Side of Customers' Trades -- Suspension of Registration as Floor Broker

A registered floor broker having admitted taking the other side of his customers orders for cotton futures contracts on a contract market without their consent, and having consented to an order of suspension, a consent order is entered suspending his registration for ten days.

Mr. Howard Rooney for complainant. *Messrs. Rosen, Kammer, Wolff, Hopkins & Burke*, of New Orleans, Louisiana, for respondent. *Mr. Charles W. Bucy*, Referee.

Decision by Thomas J. Flavin, Assistant to the War Food Administrator.

PRELIMINARY STATEMENT

This is a disciplinary proceeding under the Commodity Exchange Act (7 U.S.C. Chapter 1), instituted by a complaint issued on February 10, 1944, by Ashley Sellers, Assistant War Food Administrator. The respondent, Maurice J. LeGardeur, a registered floor broker, was charged with taking the other side of customers' trades on the New Orleans Cotton Exchange in two instances in November 1943, and a hearing was set for March 15, 1944, in Washington, D. C. Respondent answered on March 1 and requested that the hearing be held in New Orleans, Louisiana. He admitted the transactions but denied that he had made them willfully, knowingly, and without the prior consent of his customers, in violation of the act. He said he sold one futures contract to a customer to rectify his mistake in failing to execute the customer's order during market fluctuations, and bought a contract from another customer to discharge the obligation he had incurred by selling the first contract. On March 8 the referee wrote respondent that the hearing would be adjourned to a time and place of which he would be notified, and that consideration would be given to holding it in New Orleans.

On April 29 respondent filed a document stipulating that the allegations against him were true and consenting to a suspension of his registration for ten days. On June 1 the Office of Distribution filed a statement that its investigation had revealed that the violations were isolated instances, that respondent had a good reputation, and that a ten-day suspension, which it recommended, seemed commensurate with the violations. Thereafter the record was sent to this office, where this order has been prepared.

FINDINGS OF FACT

1. At all times material herein respondent was a member of the New Orleans Cotton Exchange, a contract market. He was registered under the act as a floor broker for the year 1943 and is so registered for the year 1944.

2. Contracts for future delivery of cotton on the New Orleans Cotton Exchange may be used for hedging and for fixing the price basis of transactions in cotton in interstate commerce.

3. On November 1, 1943, Beer & Company, a registered futures commission merchant, gave respondent an open order to purchase one May cotton futures contract on the New Orleans Cotton Exchange at at 19.44 cents per pound, and on November 3, 1943, it gave respondent an order including an order to sell one May cotton futures contract on the New Orleans Cotton Exchange at the market. Beer & Company had received these orders from two different customers.

4. Respondent filled these orders on November 3, 1943, by becoming the seller, for his own account, of one contract at 19.44 cents per pound, and the buyer, for his own account, of one contract at 19.34 cents per pound.

5. Respondent so filled these orders willfully and knowingly and without the prior consent of his customer, Beer & Company, or of either of its customers.

CONCLUSIONS

Taking the other side of customers' trades constituted violations of section 4b(D) of the act. *Secretary v. Nelson*, 1 Agric. Dec. 362, 371 (1 A.D. 362, 371) (1942). In view of respondent's admissions and the recommendation of the Office of Distribution, it is not necessary to deny respondent trading privileges on contract markets, and a suspension of registration for ten days should be entered as a consent order under the rules of practice (17 CFR, Cum. Supp., 0.4).

ORDER

Respondent's registration as a floor broker for 1944 is suspended for ten days, beginning on the twentieth day after the date of this order.

Copies hereof shall be served on respondent by registered mail or in person, and on the Office of Distribution.

LOAD-DATE: March 12, 2008

