

Commodity Futures Trading Commission
CEA CASES

NAME: SYDNEY MADUFF, ROY SIMMONS, JOSEPH SIEGEL, AND THE SIEGEL TRADING CO., INC.

CITATION: 24 Agric. Dec. 1456

DOCKET NUMBER: 125

DATE: NOVEMBER 4, 1965

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(No. 10,216)

In re SYDNEY MADUFF, ROY SIMMONS, JOSEPH SIEGEL, AND THE SIEGEL TRADING CO., INC. CEA Docket No. 125. Decided November 4, 1965.

Manipulation of futures commodity -- Suspension of registrations and denial of trading privileges -- Stipulation

The activities of respondents in attempting to manipulate the price of a commodity for future delivery are violations of the act for which suspension of their registrations under the act and denial of trading privileges on the contract markets are ordered, except that the suspension of the corporate respondent as a future commission merchant is held in abeyance.

Mr. Earl L. Saunders for Commodity Exchange Authority.

Mr. Harry H. Fortes, Chicago, Ill., for respondent Sydney Maduff.

Arvey, Hodes & Mantynband, Chicago, Ill., for respondent Roy Simmons.

Max & Herman Chill, Chicago, Ill., for respondents Joseph Siegel and The Siegel Trading Co., Inc.

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 section 6(b) of the act (7 U.S.C. 9). The complaint charges the respondents with attempting to manipulate the price of the January 1964 frozen whole egg future on the Chicago Mercantile Exchange in violation of sections 6(b) and 9 of the Commodity Exchange Act (7 U.S.C. 9 and 13).

No hearing has been held with respect to this proceeding. Each of the respondents has filed a stipulation under section 0.4 (b) of the rules of practice (17 CFR 0.4 (b)) in which such respondent withdraws the answer previously filed, admits for the purposes of this proceeding and for such purposes only the facts contained herein under "Findings of Fact," waives hearing on the charges, and consents to the entry of the order hereinafter set forth.

FINDINGS OF FACT

1. Respondent Sydney Maduff, an individual whose address is 110 North Franklin Street, Chicago, Illinois, is now and was at all times material herein a member of the Chicago Mercantile Exchange and a registered floor broker under the Commodity Exchange Act.

2. Respondent Roy Simmons, an individual whose address is 141 West Jackson Boulevard, Chicago, Illinois, is now and was at all times material herein a

member of the Chicago Mercantile Exchange and a registered floor broker under the Commodity Exchange Act.

3. Respondent Joseph Siegel, an individual whose address is 141 West Jackson Boulevard, Chicago, Illinois, is now and was at all times material herein a member of the Chicago Mercantile Exchange, a registered floor broker under the Commodity Exchange Act, and president of respondent The Siegel Trading Co., Inc.

4. Respondent The Siegel Trading Co., Inc., a corporation with offices at 141 West Jackson Boulevard, Chicago, Illinois, is now and was at all times material herein a clearing member of the Chicago Mercantile Exchange and a registered futures commission merchant under the Commodity Exchange Act.

5. The Chicago Mercantile Exchange, hereinafter 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.

6. The futures transactions referred to herein relate to the January 1964 frozen whole egg future on the Chicago Mercantile Exchange. A frozen whole egg futures contract on the exchange is a contract for 30,000 pounds of frozen whole eggs.

7. On January 23, 1964, the respondents entered into an agreement, arrangement or understanding among themselves whereby they were to take action designed to cause artificial or arbitrary prices in the January 1964 frozen whole egg future on the exchange. As part of the action to be taken under such agreement, arrangement or understanding, the respondents, acting through respondent Maduff, were to purchase on the exchange on January 24, 1964, the number of contracts of the January 1964 frozen whole egg future which they considered to be sufficient to enable them to cause an artificial or arbitrary price in such future.

8. On January 24, 1964, respondent Maduff, acting for and on behalf of the respondents, pursuant to, and in furtherance of, the agreement, arrangement or understanding referred to in paragraph 7 above, purchased in transactions on the exchange 74 contracts of the January 1964 frozen whole egg future at a price of 30.25 cents per pound.

CONCLUSIONS

The facts admitted by the respondents are *verbatim* the factual allegations contained in the complaint, and these have been adopted as the findings of fact in this proceeding. From these findings it is obvious that the respondents attempted to manipulate the price of a commodity for future delivery on or subject to the rules of a board of trade in violation of sections 6(b) and 9 of the Commodity Exchange Act (7 U.S.C. 9 and 13).

The complainant states that the administrative officials of the Commodity Exchange Authority have carefully considered the stipulations and waivers, and the terms of the suggested order, and that they believe that the proposed sanctions are adequate, and that the prompt entry, without further proceedings, of the order to which the respondents have consented will constitute a satisfactory disposition of this case, serve the public interest, and effectuate the purposes of the Commodity Exchange Act. The complainant recommends, therefore, that the stipulations and waivers submitted by the respondents be accepted, and that the proposed order be issued. It is so concluded.

Respondents Sydney Maduff, Joseph Siegel and The Siegel Trading Co., Inc. have requested that any order which may be entered against them be made effective as soon as possible, and the complainant has no objection to granting this request. Respondent Roy Simmons has not so requested. There appears to be no reason why the sanctions should run concurrently, and the sanctions as to respondents Sydney Maduff, Joseph Siegel and The Siegel Trading Co., Inc. will be made effective on the fifteenth day after the date of the order, while the sanctions as to respondent Simmons will take effect after the customary period.

ORDER

Effective on the fifteenth day after the date of this order, the registration of respondent Sydney Maduff as a floor broker under the act is suspended for a period of thirty (30) days and all contract markets shall refuse all trading privileges to respondent Sydney Maduff during this period, such refusal to apply to all trading done and all positions held by the said respondent directly or indirectly, *Provided, However*, that the final ten (10) days of said period of suspension of registration and refusal of trading privileges shall be held in abeyance and shall not become effective unless, after a complaint and hearing in accordance

with established procedure, respondent Sydney Maduff shall be found to have violated the Commodity Exchange Act within one year from the date of the entry of this order, in which event the Secretary of Agriculture may, without further notice to respondent Sydney Maduff, issue a supplemental order making effective forthwith the ten (10) day remainder of the said period of suspension of registration and refusal of trading privileges.

Effective on the thirtieth day after the date of this order, the registration of respondent Roy Simmons as a floor broker under the act is suspended for a period of thirty (30) days and all contract markets shall refuse all trading privileges to respondent Roy Simmons during this period, such refusal to apply to all trading done and all positions held by the said respondent directly or indirectly.

Effective on the fifteenth day after the date of this order, the registration of respondent Joseph Siegel as a floor broker under the act is suspended for a period of thirty (30) days and all contract markets shall refuse all trading privileges to respondent Joseph Siegel during this period, such refusal to apply to all trading done and all positions held by the said respondent directly or indirectly.

Effective on the fifteenth day after the date of this order, all contract markets shall refuse all trading privileges to respondent The Siegel Trading Co., Inc., in connection with the said firm's own account, for a period of thirty (30) days, such refusal to apply to all trading done and positions held by the said The Siegel Trading Co., Inc., for its own account directly or indirectly, and effective on the same date, the registration of respondent The Siegel Trading Co., Inc. as a futures commission merchant is hereby suspended for a period of thirty (30) days, *Provided, However*, that the aforesaid suspension of registration as futures commission merchant shall not become effective unless, after a complaint and hearing in accordance with established procedure, respondent The Siegel Trade Co., Inc. should be found to have violated the Commodity Exchange Act within one year from the date of entry of this order, in which event the Secretary of Agriculture may, without further notice to respondent The Siegel Trading Co., Inc., issue a supplemental order making effective forthwith the aforeside suspension of registration as futures commission merchant.

A copy of this Decision and Order shall be served on each of the respondents and on each contract market.

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