

Commodity Futures Trading Commission  
CEA CASES

**NAME:** MILLER-LANE & CO., AND GEORGE C. LANE

**DOCKET NUMBER:** 171

**DATE:** APRIL 23, 1970

**DOCUMENT TYPE:** COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Miller-Lane & Co., and George C. Lane, Respondents

CEA Docket No. 171

Complaint and Notice of Hearing Under the Commodity Exchange Act

There is reason to believe that the respondents have violated the Commodity Exchange Act (7 U.S.C. 1964 ed., Chapter 1, as amended, Supp. IV, 1969) and the regulations made pursuant thereto. Therefore, this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Miller-Lane & Co., an Illinois corporation with its principal offices at 343 South Dearborn Street, Chicago, Illinois 60604, is now, and was at all times when it is mentioned herein, a registered futures commission merchant under the Commodity Exchange Act, with membership privileges on the Chicago Open Board of Trade, a duly designated contract market under the Commodity Exchange Act.

II

Respondent George C. Lane, an individual whose business address is the same as that of the respondent corporation, is now, and was at all times material herein, the president of the respondent corporation.

At all such times, the operations of the respondent corporation were under the direction and control of respondent George C. Lane.

III

a. At the times hereinafter stated, the respondent corporation, in the regular course of its business as futures commission merchant, carried accounts of customers who traded in commodity futures on contract markets subject to the provisions of the Commodity Exchange Act and regulations. Such accounts, the trading therein, and the handling and disposition of funds in connection therewith, were subject to the provisions of the said act and regulations. At all such times, the respondent corporation had to its credit with banks or other depositories sums of money in varying amounts, held in segregated accounts and identified as customers' funds, representing deposits of margin by and trading profits accruing to such customers.

b. On September 30, 1969, the respondent corporation was undersegregated in the amount of \$ 18,887.60 -- that is, the total amount of customers' funds held in segregation as above described, was insufficient, by the aforesaid sum, to pay all credits and equities due to such customers.

c. On the daily segregation record that was prepared and kept by the respondent corporation to meet the requirements of the regulations issued under the Commodity Exchange Act, the said respondent showed that on September 30, 1969, it had excess funds in segregation in the amount of \$ 5,047.19, whereas, in truth and in fact, it was undersegregated as specified above.

d. On each business day between January 15 and January 23, 1970, both inclusive, the respondent corporation was undersegregated in amounts ranging from \$ 4,553.58 on January 16 to \$ 6,606.99 on January 20 -- that is, the total amount of customers' funds held in segregation as above described, was insufficient, by the aforesaid sums, to pay all credits and equities due to such customers.

#### IV

As of September 30, 1969, the respondent corporation, while engaged in business as a registered futures commission merchant under the Commodity Exchange Act, failed to meet the minimum financial requirements prescribed by section 1.17 of the regulations (34 F.R. 599) issued by the Secretary of Agriculture under the said act. Examination of the respondent corporation's books and records by the Commodity Exchange Authority as of September 30, 1969, revealed a deficiency in adjusted working capital of \$ 17,671.21, when computed in accordance with the above-cited section of the regulations. The analysis is as follows:

See original document--page 3  
Unadjusted Working Capital

Current Assets	\$ 168,975.31
Current Liabilities	127,027.49
Unadjusted Working Capital	41,947.82

Adjusted Working Capital

Total charges against Unadjusted Working Capital	356.44
Adjusted Working Capital	41,591.38

Minimum Adjusted Working Capital Required	59,262.59
--	-----------

Deficiency in Adjusted Working Capital	17,671.21
---	-----------

#### V

During the period from August 1 through September 30, 1969, the respondent corporation failed to prepare and maintain a monthly computation of its net worth, as required by section 1.10 of the regulations issued under the Commodity Exchange Act (34 F.R. 599). Prior to September 30, 1969, examination of the books and records of Roberts, Lane & Co., a predecessor firm to the corporate respondent, by the Commodity Exchange Authority as of March 28, 1969, disclosed that the said firm was not preparing and maintaining such a computation and this failure was called to the attention of the firm in writing on August 20, 1969, and to the attention of respondent George C. Lane in a letter dated August 25, 1969.

#### VI

By reason of the facts alleged in this Complaint, the respondents violated sections 4d, 4f, and 4g of the Commodity Exchange Act (7 U.S.C. 6d, 6f, 6g, Supp. IV, 1969) and sections 1.10, 1.17 (34 F.R. 599), 1.20, 1.21, 1.22, 1.23, 1.32 and 1.35 of the regulations (17 CFR 1.20, 1.21, 1.22, 1.23, 1.32 and 1.35).

WHEREFORE, it is hereby ordered that this Complaint and notice of hearing be served upon the respondents and this proceeding shall be governed by sections

0.1, 0.2, 0.4(b), 0.5 through 0.22, and 0.28 of the rules of practice under the Commodity Exchange Act (17 CFR 0.1, 0.2, 0.4(b), 0.5 through 0.22, 0.28). The respondents will have twenty (20) days after the receipt of this Complaint in which to file with the Hearing Clerk, United States Department of Agriculture, Washington, D.C. 20250, an answer with an original and four 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 the 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 June 3, 1970, in Chicago, Illinois, 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 the respondents shall cease and desist from violating the Commodity Exchange Act and the regulations thereunder in the manner described herein.

It is ordered that this complaint and notice of hearing be served on the respondents at least twenty (20) days prior to the date set for hearing.

Done at Washington, D.C.

April 23, 1970

[SEE SIGNATURE IN ORIGINAL]

Richard E. Lyng

Assistant Secretary

**LOAD-DATE:** June 16, 2008

