

Commodity Futures Trading Commission
CEA CASES

NAME: RALPH W. MOORE

DOCKET NUMBER: 47

DATE: MAY 27, 1948

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re Ralph W. Moore, Respondent

CE-A Docket No. 47

Complaint and notice of hearing under the Commodity Exchange Act

The Secretary of Agriculture has reason to believe that the respondent, Ralph W. Moore, 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, and has attempted to manipulate the market price of a commodity in interstate commerce or for future delivery on or subject to the rules of a board of trade. 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 respondent, Ralph W. Moore, is an individual whose business address is 1707 N Street, N. W., Washington, D. C.

2.

The Board of Trade of the City of Chicago, hereinafter called the Chicago Board of Trade, and the New York Cotton Exchange were, prior to the time of the transactions described in this complaint, duly designated as contract markets under the provisions of the Commodity Exchange Act and have been contract markets continuously since that time.

3.

Merrill Lynch, Pierce, Fenner & Beane (hereinafter referred to as Merrill Lynch), Daniel F. Rice & Company, Gerstenberg & Company, Harriss & Vose, Bache and Company, and Laidlaw & Company, were at all times mentioned in this complaint registered futures commission merchants under the provisions of the Commodity Exchange Act,

4.

During the period from January 2, 1946 to October 31, 1947, the respondent traded actively in commodity futures on and subject to the rules of boards of trade by means of accounts in his own name or under coded numbers to indicate his ownership, carried with Harriss & Vose, Daniel F. Rice & Company, Gerstenberg & Company, and Merrill Lynch. During the said period, extensive purchases and sales of commodities for future delivery, including approximately 28,000 bales of cotton, 1,000,000 bushels of wheat, 3,900,000 bushels of oats, and 3,800,000 pounds of lard, were executed for the said accounts of the respondent with a resulting net profit in excess of \$ 360,000.

5.

During the period from January 2, 1946 to October 31, 1947, the respondent also traded actively in commodity futures on and subject to the rules of boards

of trade by means of other accounts which he owned, in whole or part, or in which he controlled or directed trading,

carried in the names of various persons and organizations, including Martin H. Heflin, Elizabeth H. Anderson, Marvin H. Colbert, Mrs. Alva Howell, Bertha Davis, Nina W. Laing, James E. McDonald, Carolyn McIntosh, Lois A. Moore, Lelia Moore, Ruth B. Aspinwall, Glenn Blackshear, William J. Goodwin, Harold B. McDonald, Carl Wilkens, and Farm Products Company. These accounts were carried by Daniel F. Rice & Company, Bache & Company, Laidlaw & Company, Harriss & Vose, and Merrill Lynch. During the said period, extensive purchases and sales of commodities for future delivery, including approximately 3,900 bales of cotton, 135,000 bushels of wheat, 1,250,000 bushels of oats, and 3,500,000 pounds of lard were executed for the said accounts, with a resulting net profit of approximately \$ 95,000.

6.

The respondent operated the accounts described in paragraphs 4 and 5, above, for the purpose and with the intent of evading the reporting requirements of the Commodity Exchange Act and the rules and regulations thereunder, in that, on the dates hereinafter set forth, accounts carried in the respondent's own name or under coded numbers designating his ownership, as described in paragraph 4 above, either alone or in combination with accounts carried in the names of other persons or organizations, as described in paragraph 5 above, reached open contract positions which were required to be reported but which the respondent, with knowledge of the reporting requirements of the Commodity Exchange Act and in furtherance of the aforesaid purpose of evading such requirements, failed or refused to report.

7.

On October 1, 1947, the respondent was the owner of a commodity futures account carried in his own name on the books of Merrill Lynch. At the same time the respondent owned or had an interest in, or controlled or directed trading in, other commodity futures accounts carried by Laidlaw & Company and Merrill Lynch in the names of Ruth B. Aspinwall, Nina W. Laing, Elizabeth Anderson, Jerry Lesikar, James E. McDonald, Carolyn McIntosh, and Carl Wilkens, and influenced or advised trading in other commodity futures accounts carried by Merrill Lynch in the names of E. Arline Hilyard and Edward L. Traylor. On or about October 1, 1947, when the net long position in lard futures contracts in the respondent's own account was 670,000 pounds, and when the aggregate net long position in lard futures contracts in all of the aforesaid accounts was 1,900,000 pounds, the respondent prepared and circulated, or caused to be prepared and circulated, among representatives of the press, commodity brokerage firms, and other persons, a document purporting to be a memorandum to the press emanating from, or issued under the sponsorship or endorsement of, or from information furnished by, responsible officials of the Government of the United States, stating that the Government of the United States was about to undertake a heavy lard export program and that, as a consequence thereof, large purchases of lard by the United States Department of Agriculture were imminent, whereas, in truth and in fact, no such export program or purchases were planned or intended. The said document was not authorized,

sponsored, or endorsed by any officer or employee of the United States Government nor based upon any information furnished to the respondent by any such officer or employee, out was false, misleading, and deceptive, and was issued by the respondent for the purpose and with the intent of causing an advance in the market price of lard, for the profit and enrichment of the respondent. By reason of such acts, the respondent attempted to manipulate the market price of lard in interstate commerce or for future delivery on or subject

to the rules of a board of trade, and knowingly caused to be delivered for transmission in interstate commerce false, misleading, and knowingly inaccurate reports concerning market information or conditions that tended to affect the price of lard in interstate commerce, all in violation of Sections 6(b) and 9 of the Commodity Exchange Act (7 U.S.C. 9, 13).

8.

On October 3, 1947, as the result of a purchase of November lard futures contracts executed on the Chicago Board of Trade by Merrill Lynch for the respondent's account, his net long position in November lard futures contracts on the Chicago Board of Trade reached 250,000 pounds, and remained at 250,000 pounds continuously until October 14, 1947. On October 4, 6, 8, and 9, 1947, on which dates the respondent was in reporting status by reason of his position in November lard, purchases and sales of March and December lard futures contracts were executed on the Chicago Board of Trade by Merrill Lynch for the respondent's account. On October 14, 1947, as the result of a sale

of November lard futures contracts executed on the Chicago Board of Trade by Merrill Lynch for the respondent's account, his net long position in November lard futures contracts on the Chicago Board of Trade was reduced to 200,000 pounds. The respondent, although called upon to do so by representatives of the Commodity Exchange Authority, failed and refused to report to the Commodity Exchange Authority with respect to such purchases and sales and the open contracts held by him on the said dates, in violation of Section 4i of the Commodity Exchange Act and Sections 9.10, 9.11, and 9.21 of the rules and regulations.

9.

On August 21, 1947, as the result of a purchase of December wheat futures contracts executed on the Chicago Board of Trade by Gerstenberg & Company for the respondent's account, his net long position in December wheat futures contracts on the Chicago Board of Trade, as reflected on the books of Daniel F. Rice & Company and Gerstenberg & Company, reached 210,000 bushels and remained at 210,000 bushels continuously until September 2, 1947. On August 23, 26, 27, and 29, 1947, on which dates the respondent was in reporting status by reason of his position in December wheat, purchases and sales of September and May wheat futures contracts were executed on the Chicago Board of Trade by Daniel F. Rice & Company for the respondent's account. On September 2, 1947, as the result of a

sale of December wheat futures contracts executed on the Chicago Board of Trade by Gerstenberg & Company for the respondent's account, his net long position in December wheat futures contracts on the Chicago Board of Trade was reduced to 185,000 bushels. The respondent failed to report to the Commodity Exchange Authority with respect to such purchases and sales and the open contracts held by him on the said dates, in violation of Section 4i of the Commodity Exchange Act and Sections 2.10, 2.11 and 2.21 of the rules and regulations.

10.

On February 9, 1948, as the result of a sale of September wheat futures contracts executed on the Chicago Board of Trade by Gerstenberg & Company for the respondent's account, his net short position in September wheat futures contracts on the Chicago Board of Trade, as reflected on the books of Daniel F. Rice & Company and Gerstenberg & Company, reached 210,000 bushels and remained at 210,000 bushels continuously through February 11, 1948. On February 10, and 11, 1948, on which dates the respondent was in reporting status by reason of his position in September wheat, purchases and sales of May and July wheat futures contracts were executed on the Chicago Board of Trade by Daniel F. Rice & Company and Gerstenberg & Company for the respondent's account. The respondent

failed to report to the Commodity Exchange Authority with respect to such purchases and sales and the open contracts held by him on the said dates, in violation of Section 4i of the Commodity Exchange Act and Sections 2.10, 2.11 and 2.21 of the rules and regulations.

11.

On August 22, 1947, as the result of a purchase of December oats futures contracts executed on the Chicago Board of Trade by Daniel F. Rice & Company for the respondent's account, his net long position in December oats futures contracts on the Chicago Board of Trade, as reflected on the books of Daniel F. Rice & Company, Gerstenberg & Company, and Merrill Lynch, reached 200,000 bushels and remained at 200,000 bushels until August 23, 1947. On August 23, 1947, on which date the respondent was in reporting status by reason of his position in December oats, purchases and sales of May, September, and December oats futures contracts were executed on the Chicago Board of Trade by Gerstenberg & Company and Merrill Lynch for the respondent's account, and his net long position in December oats futures contracts on the Chicago Board of Trade was reduced to 190,000 bushels. The respondent failed to report to the Commodity Exchange Authority with respect to such purchases and sales and the open contracts held by him on the said dates, in violation of Section 4i of the Commodity Exchange Act and Sections 2.10, 2.11, and 2.21 of the rules and regulations.

12.

From July 31, 1947, to August 22, 1947, the respondent was the owner of commodity futures accounts carried in his own name on the books of Daniel F. Rice & Company, Gerstenberg & Company, and Merrill Lynch, and owned or had an interest in, or controlled or directed

trading in, the commodity futures account of Elizabeth Anderson, carried on the books of Merrill Lynch. On July 31, 1947, as the result of a purchase of September oats futures contracts executed on the Chicago Board of Trade by Gerstenberg & Company for the respondent's account, the aggregate net long position in September oats futures contracts on the Chicago Board of Trade in the accounts of the respondent and the said Elizabeth Anderson reached 200,000 bushels and remained at 200,000 bushels continuously until August 4, 1947. On August 1, August 2, and August 4, 1947, on which dates the respondent was in reporting status by reason of his position in September oats, purchases and sales of September and December oats futures contracts were executed on the Chicago Board of Trade by Daniel F. Rice & Company and Merrill Lynch for the accounts of the respondent and of the said Elizabeth Anderson, and on August 4, 1947, the aggregate net long position in September oats futures contracts on the Chicago Board of Trade in such accounts was reduced to 170,000 bushels. On August 20, 1947, as the result of a purchase of December oats futures contracts executed on the Chicago Board of Trade by Daniel F. Rice & Company for the respondent's account, the aggregate net long position in December oats futures contracts on the Chicago Board of Trade in the accounts of the respondent and the said Elizabeth Anderson reached 205,000 bushels. The respondent failed to report to the Commodity Exchange Authority with respect to such purchases and sales and the open contracts held or controlled

by him on the said dates, in violation of Section 4i of the Commodity Exchange Act and Sections 2.10, 2.11, and 2.21 of the rules and regulations.

13.

From July 11, 1947, through October 18, 1947, the respondent was the owner of a commodity futures account carried in his own name on the books of Merrill Lynch, and owned or had an interest in, or controlled or directed trading in,

the Commodity futures accounts of Lois Moore, Elizabeth Anderson, William J. Goodwin, James E. McDonald, Ruth B. Aspinwall, and Glenn Blackshear, carried on the books of Laidlaw & Company and Merrill Lynch.

(a) On July 11, July 26, August 8, and September 2, 1947, respectively, as the result of purchases of lard for future delivery executed on the Chicago Board of Trade for the respondent's account or for the account of one or more of the persons above named, or both, the aggregate net long position in lard futures contracts on the Chicago Board of Trade in such accounts was increased from a quantity less than 250,000 pounds in a particular future to a quantity equal to or in excess thereof. On July 24, August 1, August 29, and October 18, 1947, respectively, as the result of purchases and sales of lard for future delivery executed on the Chicago Board of Trade for the respondent's account or for the account of one or more of the persons above named, or both, the aggregate net long or net short position in lard futures contracts on the Chicago Board of Trade

in such accounts was reduced from a quantity equal to or in excess of 250,000 pounds in a particular future to a lesser quantity. The respondent failed to report to the Commodity Exchange Authority with respect to such purchases and sales and the open contracts held or controlled by him on the said dates, in violation of Section 4i of the Commodity Exchange Act and Sections 9.10, 9.11, and 9.21 of the rules and regulations.

(b) By reason of the aforesaid purchases and sales and the resulting increases or decreases in position, the respondent was in reporting status from July 11 through July 24, 1947, from July 26 through August 1, 1947, from August 8 through August 29, 1947, and from September 2 through October 18, 1947. On July 31, August 14, 23, 25, 26, 27, 28, September 4, 6, 8, 9, 10, 12, 1[ILLEGIBLE TEXT], 19, 20, 22, 23, 25, 29, 30, and October 1, 2, 17, & 18, 1947, on each of which dates the respondent was in reporting status as above described, additional purchases and sales of lard for future delivery were executed on the Chicago Board of Trade for the respondent's account or for the account of one or more of the persons above named, or both. The respondent failed to report to the Commodity Exchange Authority with respect to such purchases and sales and the open contracts held or controlled by him on the said dates, in violation of Section 4i of the Commodity Exchange Act and Sections 9.10, 9.11, and 9.21 of the rules and regulations.

14.

On December 18, 1947, the respondent had a commodity futures account in his own name, owned or had an interest in, or controlled or directed trading in, the Commodity futures account of Lois Moore, his wife, and also owned an interest in the commodity futures account of the Farm products Company, all of which accounts were carried by Harriss & Vose. On the said date, as the result of sales of December cotton futures contracts executed on the New York Cotton Exchange by Harriss & Vose for the respondent's account and for the account of the said Lois Moore, the aggregate net short position in December cotton futures contracts on the New York Cotton Exchange in the accounts of the respondent and the said Lois Moore reached 7400 bales, by reason of which the respondent became subject to the requirement that he report to the Commodity Exchange Authority with respect to the open contracts in all cotton futures in his own account, in the account of the said Lois Moore, and in the account of the said Farm Products Company, to the extent of his interest in or control of such accounts, as required by Section 4i of the Commodity Exchange Act and Sections 3.10, 3.11, and 3.21 of the rules and regulations. The respondent failed to make such report to the Commodity Exchange Authority, in violation of the aforesaid sections of the Commodity Exchange Act and of the rules and regulations.

Therefore, the said respondent, Ralph W. Moore, is hereby notified to be and appear at a hearing to be held at 10 o'clock, a.m., e.d.s.t., on the 7th day of July, 1948, in Room 144-[ILLEGIBLE TEXT], Administration Building, United States Department of Agriculture, 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 until further notice 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, Do C., this 27th day of May 1948.

/s/ N. E. Dodd

Acting Secretary of Agriculture

LOAD-DATE: June 16, 2008

