

Commodity Futures Trading Commission
CEA CASES

NAME: L. RUDOLF COMPANY, INC. AND WILLIAM SCHAFFER

DOCKET NUMBER: 57

DATE: MARCH 7, 1953

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re L. Rudolf Company, Inc. and William Schaffer Respondents

CE-A Docket No. 57

Complaint and Notice of Hearing under the Commodity Exchange Act

The Secretary of Agriculture has reason to believe that the respondents, L. Rudolf Company, Inc., and William Schaffer, have violated the Commodity Exchange Act (7 U.S.C., Chapter 1) and the rules and regulations one made pursuant to its requirements. In accordance with the provisions of section 6(b) of the Commodity Exchange Act (7 U.S.C. 9), this complaint and notice of hearing is issued alleging as follows:

I

L. Rudolf Company, Inc. is a corporation organized under the laws of the State of New York, with offices located at 141 Reade Street, New York, New York. The said corporation trades in eggs on the New York Mercantile Exchange through one of its officers, as hereinafter described.

II

William Schaffer, whose business address is 141 Feade Street, New York, New York, is treasurer of L. Rudolf Company, Inc. The said William Schaffer is a member of the New York Mercantile Exchange and he buys and sells eggs for the account and benefit of the said corporation.

III

The New York Mercantile Exchange is an interstate market, and eggs bought and sold on the said exchange move in interstate commerce.

IV

On or about July 8, 1952, respondent William Schaffer made a series of bids in rapid succession near the close of trading on the New York Mercantile Exchange, and thereby caused the recording of progressively advancing price quotations for a grade of eggs commonly known to the trade as "Checks." These bids were as follows 25 cases at 36 cents per dozen, 100 cases at 36 cents per dozen; 100 cases at 37 cents per dozen; 50 cases at 37 1/2 cents per dozen; and 50 cases at 38 cents per dozen. The only other bid for the said grade of eggs on that day was made shortly before the bidding by respondent William Schaffer and was a bid for 25 cases at 34 cents per dozen.

V

The bids made by respondent William Schaffer, as described in paragraph IV above, were openly posted on the New York Mercantile Exchange and they served as the basis for market price quotations for "Check" eggs and thereby determined the price of such eggs in interstate commerce.

VI

The bids made by respondent William Schaffer, as described in paragraph IV above, were made for the purpose and with the intent of raising the price of "Check" eggs, and they represented unwarranted increases in the price quotations for such eggs not justified by conditions of supply and demand. As a result of such bids, the price for "Check" eggs in interstate commerce rose to an artificial and manipulated level.

VII

The bids made by respondent William Schaffer, as described above, were within the scope of his duties as an officer of, and were made for the account and benefit of, respondent L. Rudolf Company, Inc.

VIII

By reason of the acts described above, the said respondents, L. Rudolf Company, Inc. and William Schaffer, attempted to manipulate and did in fact manipulate the price of a commodity in interstate commerce, in willful violation of section 6(b) of the Commodity Exchange Act (7 U.S.C. 9), and offered to enter into a transaction which was used to cause a price to be reported, registered, or recorded which was not a true and bona fide price, in willful violation of section 4e of the Commodity Exchange Act (7 U.S.C. 6c).

Therefore, the said respondents, L. Rudolf Company, Inc. and William Schaffer, are hereby notified to be and appear at a hearing to be held at 10:00 a.m., eastern standard time, on the 14th day of April 1953, in room 602, Cotton Exchange Building, 60 Beaver Street, New York, New York, 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 respondents for such period of time as may be determined by the Secretary of Agriculture.

The respondents 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 respondents 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, D. C. this 7 day of Mar., 1953.

/s/ True D. Morse

Acting Secretary of Agriculture

LOAD-DATE: June 12, 2008

