

Commodity Futures Trading Commission  
CEA CASES

**NAME:** FREDERICK G. UHLMANN, JOHN F. BENJAMIN, AND ROBERT L. DAVID

**CITATION:** 20 Agric. Dec. 176

**DOCKET NUMBER:** 97

**DATE:** MARCH 16, 1961

**DOCUMENT TYPE:** DECISION AND ORDER

(No. 7040)

*In re* FREDERICK G. UHLMANN, JOHN F. BENJAMIN, AND ROBERT L. DAVID. CEA Docket No. 97. Decided March 16, 1961.

**Denial of Trading Privileges -- Consent Order**

The respondents consented to an order requiring all contract markets to refuse trading privileges to respondents for a 10-day period.

*Mr. Benj. M. Holstein*, for Commodity Exchange Authority. *Mr. Leo F. Tierney*, of Chicago, Illinois, for respondents.

*Decision by Thomas J. Flavin, Judicial Officer*

**PRELIMINARY STATEMENT**

The complaint in this administrative proceeding, issued January 13, 1961, charges the respondents, members of the Chicago Board of Trade, with making transactions in wheat futures on a contract market otherwise than by open and competitive methods, in willful violation of section 1.38 of the regulations under the act (17 CFR 1.38).

No hearing has been held. On March 8, 1961, the respondents, by way of answer to the complaint, filed a document under section 0.4(b) of the rules of practice (17 CFR 0.4(b)), in which they admit the facts hereinafter set forth, waive hearing on the charges, and consent to the entry of the order contained herein. The respondents also represent that they do not ordinarily execute trades personally, and that each of them was under an unusual strain because of the fact that the day on which the transactions occurred was the final day of trading in the May 1960 future.

**FINDINGS OF FACT**

1. The Board of Trade of the City of Chicago, hereinafter called the Chicago Board of Trade, is now and was at all times material herein a duly designated contract market under the Commodity Exchange Act.

2. Respondent Frederick G. Uhlmann is now and was at all times material herein a member of the Chicago Board of Trade and a representative of the Uhlmann Grain Company, a registered futures commission merchant.

3. Respondent John F. Benjamin was at all times material

herein a registered floor broker under the Commodity Exchange Act, and is now and was at all such times a member of the Chicago Board of Trade. Respondent John F. Benjamin is not registered as a floor broker under the act for the calendar year of 1961.

4. Respondent Robert L. David is now and was at all times material herein a member of the Chicago Board of Trade.

5. On May 19, 1960, respondent Frederick G. Uhlmann, in his capacity as a representative of the aforesaid Uhlmann Grain Company, had received and had in his possession an order to sell 25,000 bushels of May 1960 wheat futures on the Chicago Board of Trade for the account of a customer of the said Uhlmann Grain Company. Respondent Uhlmann filled the said order after the close of the trading session by means of direct and non-competitive negotiations with respondents John F. Benjamin and Robert L. David. Pursuant thereto, respondent Benjamin, also acting for the account of a customer of the said Uhlmann Grain Company, purchased 20,000 bushels of May 1960 wheat futures from respondent Frederick G. Uhlmann at \$ 1.93 per bushel, and respondent Robert L. David purchased 5,000 bushels of such future for his own account from respondent Frederick G. Uhlmann at \$ 1.93 per bushel.

#### **CONCLUSIONS**

With exceptions not here pertinent, section 1.38 of the regulations under the Commodity Exchange Act (17 CFR 1.38) provides as follows:

"Sec. 1.38 *Execution of transactions* -- (a) *Competitive execution required; exceptions.* All purchases and sales of any commodity for future delivery on or subject to the rules of a contract market shall be executed openly and competitively as to price by open outcry or posting of bids and offers or by other equally open and competitive methods, in the trading pit or ring or similar place provided by the contract market, during the regular hours prescribed by the contract market for trading in such commodity . . . ."

A transaction made as a result of direct negotiations between seller and purchaser after the trading session has ended is clearly non-competitive and constitutes a willful violation of section 1.38 of the regulations.

The complainant states that it has carefully considered the proposed stipulation and order, and it believes that the proposed denial of trading privileges would be adequate and that the prompt entry of such an order without further proceedings would constitute a satisfactory disposition of this case, serve the public interest, and effectuate the purposes of the act. The complainant therefore recommends that the stipulation and waiver submitted by the respondents be accepted and that the proposed order be issued. It is so concluded.

#### **ORDER**

Effective 30 days after the entry of this order, all contract markets shall refuse all trading privileges to John F. Benjamin, Robert L. David, and Frederick G. Uhlmann for a period of 10 days, such refusal to apply to all trading done and all positions held by the said John F. Benjamin, Robert L. David, or Frederick G. Uhlmann, directly or indirectly.

A copy of this decision and order shall be served on the respondents and on each contract market.

**LOAD-DATE:** June 8, 2008

