

Commodity Futures Trading Commission
CEA CASES

NAME: VOLKART BROTHERS, INC., VOLKART BROTHERS COMPANY, ALFRED BOEDTKER, AND KURT MULLER

DOCKET NUMBER: 82

DATE: APRIL 24, 1958

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SECRETARY OF AGRICULTURE

In re: Volkart Brothers, Inc., Volkart Brothers Company, Alfred Boedtke, and Kurt Muller, Respondents

CEA Docket No. 82

Complaint and Notice of Hearing under Section 6(b) of the Commodity Exchange Act

There is reason to believe that the respondents, Volkart Brothers, Inc., Volkart Brothers Company, Alfred Boedtke, and Kurt Muller, attempted to manipulate and did manipulate the price of a commodity in interstate commerce and for future delivery on or subject to the rules of a board of trade, in violation of the Commodity Exchange Act (7 U.S.C. 1952 ed., §§ 9, 13), and in accordance with the provisions of section 6(b) of the said act (7 U.S.C. 1952 ed., § 9) this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

Respondent Volkart Brothers, Inc., a New York corporation with offices and a place of business at 1539 Jackson Avenue, New Orleans 13, Louisiana, is now and was at all times material to this complaint

engaged in the cotton merchandising business. At all such times the said corporation enjoyed membership trading privileges on the New York Cotton Exchange and the New Orleans Cotton Exchange.

II

Respondent Volkart Brothers Company, a partnership with offices and a place of business at 120 Wall Street, New York 5, New York, is now and was at all times material to this complaint a registered futures commission merchant under the Commodity Exchange Act and a clearing member of the New York Cotton Exchange. At all such times the said partnership enjoyed membership trading privileges on the New Orleans Cotton Exchange.

III

Respondent Alfred Boedtke, an individual whose address is 139 East 39th Street, New York, New York, is now and was at all times material to this complaint president of Volkart Brothers, Inc., a partner in Volkart Brothers Company, a member of the New York Cotton Exchange, a member of the New Orleans Cotton Exchange, and a registered floor broker under the Commodity Exchange Act.

IV

Respondent Kurt Muller, an individual whose address is 5231 St. Charles Avenue, New Orleans, Louisiana, is now and was at all times material to this complaint a vice president of Volkart Brothers, Inc., a partner in Volkart Brothers Company, and a member of the New Orleans Cotton Exchange.

V

The transactions hereinafter described were carried out under the direction and supervision and by means of the acts of respondents Alfred Boedtker and Kurt Muller in their capacities as officers or partners of the respondent firms.

VI

The New York Cotton Exchange and the New Orleans Cotton Exchange are now and were at all times material to this complaint duly designated contract markets under the Commodity Exchange Act.

VII

October 15, 1957, was the last day for trading in the October 1957 cotton future on the New York Cotton Exchange and the New Orleans Cotton Exchange, and also the last day on which notice could be given

of intention to deliver cotton in satisfaction of such future. At the close of business on October 14, 1957, respondent Volkart Brothers, Inc., held a long position in the October 1957 cotton future in the amount of 10,400 bales (104 contracts) on the New York Cotton Exchange through respondent Volkart Brothers Company, and a long position in such future in the amount of 1,700 bales (17 contracts) on the New Orleans Cotton Exchange through a clearing member of that exchange, representing approximately 89 percent and 97 percent of the total open interest in such future on the respective exchanges. The October 1957 cotton future on the said exchanges required the delivery of certificated cotton, and at the close of business on October 14, 1957, there were in existence approximately 5,000 bales of certificated cotton owned and held by persons other than the respondents.

VIII

On October 15, 1957, prior to the opening of the trading session on the New York Cotton Exchange, respondent Volkart Brothers Company ordered its agent and broker to sell 2,000 bales of October 1957 cotton futures at 35.17 cents per pound on the said exchange for the account of respondent Volkart Brothers, Inc., and to sell the balance of the said respondent's long position in such future, less any delivery notices which might be received, at 35.27 cents per pound. Pursuant to such orders, the said agent and broker sold 2,000 bales of such

future at 35.17 cents per pound and 3,400 bales at 35.27 cents per pound, and during the day respondent Volkart Brothers, Inc., received notices of delivery of approximately 5,000 bales.

IX

On October 15, 1957, prior to the opening of the trading session on the New Orleans Cotton Exchange, respondent Volkart Brothers, Inc., ordered a registered floor broker on the said exchange to liquidate its long position of 1,700 bales in the October future by sales at not less than 35.38 cents per pound, and to take delivery of any part of the said position which could not be sold at this price or better. Pursuant to such order, the said floor broker sold 1,600 bales of such future at prices ranging from 35.40 to 35.48 cents per pound, and during the day respondent Volkart Brothers, Inc., received notice of delivery of approximately 100 bales.

X

On October 22, 1957, respondent Volkart Brothers, Inc., received approximately 5,000 bales of certificated cotton pursuant to the delivery notices of October 15, 1957, described above, and on December 19, 1957, the said respondent redelivered approximately 3,700 bales of the said cotton on December futures contracts which it held on the New Orleans Cotton Exchange.

XI

The respondents initiated and carried out the transactions described above for the purpose and with the intent of causing increases in the prices of October 1957 cotton futures on the New York and New Orleans Cotton Exchanges, and enabling respondent Volkart Brothers, Inc., to liquidate its positions in the future at such increased prices. In furtherance of such purpose and intent, and with knowledge of the fact that there was an insufficient supply of certificated cotton in existence to satisfy the long contracts which they held, the respondents demanded and received fixed and arbitrary prices which were in excess of the true market value of October 1957 cotton futures or of spot cotton, thereby causing increases in the prices of such future which were not justified by supply and demand. By reason thereof, the respondents, Volkart Brothers, Inc., Volkart Brothers Company, Alfred Boedtke, and Kurt Muller, attempted to manipulate and did in fact manipulate the price of a commodity for future delivery on or subject to the rules of a board of trade, in willful violation of sections 6(b) and 9 of the Commodity Exchange Act (7 U.S.C. 1952 ed., §§ 9, 13).

Therefore, the said respondents are hereby notified to be and appear at a hearing to be held at 10:00 a.m., local time, on the 9th day of July 1958, in Room 308, New Orleans Cotton Exchange Building, New Orleans, Louisiana, 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 respondents for such period of time as may be determined, and suspending or revoking the registration of respondent Alfred Boedtke as a floor broker and the registration of respondent Volkart Brothers Company as a futures commission merchant. The respondents will have twenty (20) days after the receipt of this notice of hearing in which to file with the Hearing Clerk, United States Department of Agriculture, Washington 25, D. C., an answer with an original and seven copies, 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 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 at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C., this 24th day of April, 1958.

/s/ Don Paarlberg

Don Paarlberg

Assistant Secretary

LOAD-DATE: June 16, 2008

