

Commodity Futures Trading Commission  
CEA CASES

**NAME:** INTERNATIO (WOOL) INC., AND ALBERT T. ALADJEM

**CITATION:** 22 Agric. Dec. 1325

**DOCKET NUMBER:** 109

**DATE:** DECEMBER 5, 1963

**DOCUMENT TYPE:** DECISION AND ORDER

(No. 8816)

*In re* INTERNATIO (WOOL) INC., AND ALBERT T. ALADJEM. CEA Docket No. 109.  
Decided December 5, 1963.

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

Consent denial of trading privileges in proceeding dealing with trading in May 1962 wool futures on the Wool Associates of the New York Cotton Exchange, Inc.

*Mr. Earl L. Saunders*, for Commodity Exchange Authority.

*Mr. Marcien Jenckes*, of Boston, Massachusetts, for respondents.

*Decision by Thomas J. Flavin, Judicial Officer*

**PRELIMINARY STATEMENT**

This is an administrative proceeding under the Commodity Exchange Act. (7 U.S.C. § 1 *et seq.*), instituted by a complaint and notice of hearing issued under § 6(b) of the Act (7 U.S.C. § 9) on November 9, 1962, by the Assistant Secretary of Agriculture. The complaint was amended on July 12, 1963. The complaint, as amended, charges that the respondents attempted and did in fact manipulate the prices of wool futures on the Wool Associates of

the New York Cotton Exchange, Inc., in violation of §§ 6(b) and 9 of the Act (7 U.S.C. §§ 9 and 13).

No hearing has been held with respect to this proceeding. On November 6, 1963, the respondents filed a stipulation under § 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.

**FINDINGS OF FACT**

1. The respondent Internatio (Wool), Inc., hereinafter sometimes referred to as the respondent corporation, is a Massachusetts corporation, with offices and a place of business at 263 Summer Street, Boston, Massachusetts. The respondent corporation is now and was at all times material to the complaint engaged in the wool merchandising business. At all such times the respondent corporation enjoyed membership trading privileges on the Wool Associates of the New York Cotton Exchange, Inc., by virtue of the membership on the exchange of the respondent Albert T. Aladjem.

2. The respondent Albert T. Aladjem, an individual, whose office address is the same as that of the respondent corporation, is now and was at all times material to the complaint President and Treasurer of the respondent corporation, and a member of the Wool Associates of the New York Cotton Exchange, Inc.

3. The Wool Associates of the New York Cotton Exchange, Inc., hereinafter sometimes referred to as the exchange, is now and was at all times material to the complaint a board of trade duly designated as a contract market under the Commodity Exchange Act.

4. The transactions hereinafter described were carried out under the direction and supervision and by means of the acts of the respondent Albert T. Aladjem in his capacity as an officer of the respondent corporation.

5. The futures transactions referred to in the complaint relate to the May 1962 wool future on the Wool Associates of the New York Cotton Exchange, Inc. A wool futures contract on the exchange is a contract for the grease equivalent of 6,000 pounds (clean weight) of wool. The last day for trading in the May 1962 wool future on the exchange was May 23, 1962, and that was also the last day on which notice could be given of intention to deliver

wool in satisfaction of positions in such future. In order to give notice of intention to deliver wool in satisfaction of such futures positions, the person making delivery was required to have the amount of wool referred to in the delivery notice, and such wool must have been inspected and certificated in accordance with the rules of the exchange and be located in a warehouse (in the Greater Boston, Massachusetts area) approved by the exchange for delivery.

6. The respondent corporation increased its net long position in the May 1962 wool future from 3 contracts on March 23, 1962, to 118 on May 2, 1962, which constituted 20.4 percent of the total open interest on that date. By the close of business on May 22, 1962, the day prior to the last day for trading in the May 1962 wool future on the exchange, the respondent corporation had reduced its net long position in the May 1962 wool future but still held 77 contracts (including 11 contracts against which notices of delivery had been stopped and were outstanding), an amount representing 59.2 percent of the total long open interest of 130 contracts in such future on the exchange.

7. On May 22, 1962, as published on that day, the total stocks of wool certificated as of that time were sufficient to liquidate 203 futures contracts by delivery. The respondent corporation owned or controlled an amount of this wool equivalent to 186 1/2 contracts, leaving an amount of such wool not owned or controlled by the respondent corporation sufficient to liquidate 16 futures contracts by delivery. However, of this amount of certificated wool not owned or controlled by the respondent corporation, an amount sufficient to liquidate 11 contracts had been allocated to fulfill outstanding notices of delivery which had been received by the respondent corporation, giving the respondent corporation control of such wool and resulting in the respondent corporation's ownership or control of certificated wool equivalent to 197 1/2 contracts. Of the amount of the certificated wool equivalent to 186 1/2 contracts owned or controlled by the respondent corporation at the close of business on May 22, 1962, ownership or control of an amount equivalent to 130 contracts was acquired by the respondent corporation on or about April 9, 1962, by means of a spot transaction.

8. On May 22, 1962, the price of the May 1962 wool future on the exchange ranged from 127.5 cents per pound to 128.9 cents per pound, and closed at 128.6 cents per pound. On May 23, 1962,

the last day for trading in the May 1962 wool future, the price of the future ranged from 129.8 cents per pound to 133.0 cents per pound, and closed at 133.0 cents per pound.

9. On May 23, 1962, the respondent corporation sold 66 contracts on the exchange at prices ranging from 131.0 cents per pound to 133.0 cents per pound, including 8 contracts at the latter price, with an average for all 66 contracts of 132.2 cents per pound.

**CONCLUSIONS**

Section 0.4(b) of the rules of practice under the Commodity Exchange Act (17 CFR 0.4(b)) provides as follows:

(b) *Consent Order*. At any time after the issuance of the complaint and prior to the hearing in any proceeding, the Secretary, in his discretion, may allow the respondent to consent to an order. In so consenting, the respondent must submit, for filing in the record, a stipulation or statement in which he admits at least those facts necessary to the Secretary's jurisdiction and agrees that an order may be entered against him. Upon a record composed of the complaint and the stipulation or agreement consenting to the order the Secretary may enter the order consented to by the respondent, which shall have the same force and effect as an order made after oral hearings.

The facts admitted by the respondents and set forth in the findings of fact are sufficient to subject each of them to the jurisdiction of the Secretary of Agriculture under the provisions of the above section.

The complainant has filed a recommendation which recites that it has carefully considered the stipulation and the terms of the proposed order. It is the view of the complainant that the proposed sanctions 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 Commodity Exchange Act. The complainant therefore recommends that the stipulation and waiver be accepted and that the proposed order be issued, terminating this proceeding. It is so concluded.

**ORDER**

Effective January 13, 1964, all contract markets are hereby directed to refuse all trading privileges to Internatio (Wool), Inc., and Albert T. Aladjem for a period of 20 days, such refusal to apply to all trading done and positions held by the said Inter-natio (Wool), Inc., and Albert T. Aladjem directly or indirectly.

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

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

