

Commodity Futures Trading Commission
CEA CASES

NAME: LONGSTREET-ABBOTT AND COMPANY, ROY W. LONGSTREET, LESTER M. ABBOTT, CRAIG M. SMITH, AND F. MARTIN HILBY

DOCKET NUMBER: STIPULATION 17

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UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Longstreet-Abbott and Company, Roy W. Longstreet, Lester M. Abbott, Craig M. Smith, and F. Martin Hilby

Stipulation of Compliance under the Commodity Exchange Act No. 17

WHEREAS, the Secretary of Agriculture has reason to believe that Roy W. Longstreet, Lester M. Abbott, Craig M. Smith, and F. Martin Hilby, doing business as Longstreet-Abbott and Company, have violated the Commodity Exchange Act (7 U.S.C. 1-17a) and the orders of the Commodity Exchange Commission (17 CFR Part 150), by virtue of certain transactions involving the purchase and sale of commodities for future delivery on contract markets and the maintenance of open contract positions in such commodities, and

WHEREAS, no complaint with respect to such violations has been issued, and

WHEREAS, the said Longstreet-Abbott and Company, Roy W. Longstreet, Lester M. Abbott, Craig M. Smith, and F. Martin Hilby desire to enter into a stipulation pursuant to the provisions of section 0.4(a) of the Rules of Practice under the Commodity Exchange Act (17 CFR 0.4(a)).

NOW, THEREFORE, the said Longstreet-Abbott and Company, Roy W. Longstreet, Lester M. Abbott, Craig M. Smith, and F. Martin Hilby,

hereby stipulate and agree that the following facts are true,

1. Longstreet-Abbott and Company is a partnership composed of Roy W. Longstreet, Lester M. Abbott, Craig M. Smith, and F. Martin Hilby, and has offices located at 7 North Brentwood Boulevard, Clayton 5. Missouri. The said partnership was at all times hereinafter mentioned and is now registered with the Commodity Exchange Authority as a futures commission merchant engaged in the business of trading in commodity futures on contract markets, including the Board of Trade of the City of Chicago (hereinafter called the Chicago Board of Trade) and the Kansas City Board of Trade, duly designated contract markets under the Commodity Exchange Act. The said partnership during the times hereinafter mentioned also operated an advisory service in commodity futures and in connection therewith controlled the trading in the accounts of certain of the subscribers to this advisory service. The transactions and positions in commodity futures hereinafter mentioned include the transactions and positions of the partnership, carried in its own [ILLEGIBLE TEXT] and also transactions and positions in subscribers' or clients' accounts controlled by the partnership.

2. On January 19, 1950, the partnership sold 225,000 bushels of September 1950 rye futures on the Chicago Board of Trade, resulting in a net short speculative position in such future of \$ 20,000 bushels. Additional sales were made on January 24, 25, and 26, resulting in a net short speculative position on January 28 of 615,000 bushels.

Covering purchased were made on January 27, 28, and 30 so that at the close of business on January 30, 1960, the short speculative position had been reduced to 440,000 bushels.

3. On August 9, 1951, the partnership bought a total of 550,000 bushels and sold a total of 65,000 bushels of oats futures on the Chicago Board of Trade. As a result of these transactions, the partnership had a long position of 2,670,000 bushels and a short position of 615,000 bushels in all oats futures combined on the Chicago Board of Trade. The net long speculative position in all oats futures combined, after elimination of the 615,000-bushel spread position, was in excess of 2,000,000 bushels, to wit -- 2,055,000 bushels.

4. On August 14, 1951, the partnership bought 380,000 bushels and sold 60,000 bushels of December 1951 oats futures on the Chicago Board of Trade. As a result of these transactions, the partnership's net long speculative position in such future was in excess of 2,000,000 bushels, to wit -- 2,035,000 bushels.

5. On August 15, 1951, the partnership bought 25,000 bushels of December 1961 wheat futures on the Kansas City Board of Trade. As a result of such purchases, the partnership's net long speculative position in such future on the Kansas City Board of Trade was in excess of 2,000,000 bushels, to wit -- 2,005,000 bushels.

6. Prior to October 1, 1951, and continuously until October 3, 1951, the net long speculative position of the partnership in May 1952

soybean futures on the Chicago Board of Trade was in excess of 1,000,000 bushels. The partnership subsequently increased the aforesaid position by purchasing May 1952 soybean futures on the Chicago Board of Trade in the amounts of 15,000 bushels on October 4, 35,000 bushels on October 5, and 30,000 bushels on October 6. These purchases increased the long speculative position of the partnership by 80,000 bushels and this increased long position was held until October 8. The 1,000,000-bushel limit on speculative positions in soybean futures which became effective October 1, 1951, did not require the reduction of positions acquired prior to October 1, 1951, but did prohibit the increase of any such positions in excess of 1,000,000 bushels on or after the effective date of the order.

7. On December 7, 1951, the partnership bought 290,000 bushels of May 1952 soybean futures on the Chicago Board of Trade and sold 60,000 bushels, making a net addition to its long position of 290,000 bushels and resulting in a long speculative position of 1,225,000 bushels. Further purchases were made on December 8, 10, and 11 so that at this a close of business on December 11 the partnership was long 1,325,000 bushels of May 1950 soybean futures. Liquidating sales on December 12 and 13 reduced the position to 905,000 bushels as of the close of business on December 13.

8. On December 14, 1951, the partnership sold 70,000 bushels of March 1952 soybean futures on the Chicago Board of Trade. As a result of such sales, the partnership's net short speculative position in

March 1952 soybean futures on the Chicago Board of Trade was in excess of 1,000,000 bushels, to wit -- 1,010,000 bushels.

9. On September 17, 1952, the partnership sold 95,000 bushels of May 1953 rye futures on the Chicago Board of Trade. As a result of such sales, the partnership's net short speculative position in such future on the Chicago Board of Trade was in excess of 500,000 bushels, to wit -- 585,000 bushels.

10. No part of any of the trades or positions set forth above involved bona fide hedging transactions as described in section 4a of the Commodity Exchange Act (7 U.S.C. 6a).

11. On January 26, 1950, February 1, 1950, August 13, 1951, October 5, 1961, December 11, 1951, and December 19, 1951, officials of the Commodity Exchange Authority notified the partnership in writing that the respective trades and positions described above were in excess of the amounts permitted by law.

12. By reason of the facts act forth above, Longstreet-Abbott and Company, Roy W. Longstreet, Lester M. Abbott, Craig M. Smith, and F. Martin Hilby have violated section 4a of the Commodity Exchange Act (7 U.S.C. 6a) and the orders of the Commodity Exchange Commission establishing limits on position and daily trading in wheat and oats for future delivery (17 CFR 150.1). rye for future delivery (17 CFR 150.3), and soybeans for future delivery (17 CFR. 1951 Supp. 150.4).

In addition to admitting the foregoing facts, the said Longstreet-Abbott and Company, Roy W. Longstreet, Lester M. Abbott, Craig M. Smith,

and F. Martin Hilby, hereby agree to discontinue all such acts and practices and all other acts and practices which are in violation of the Commodity Exchange Act, the Rules and Regulations under the Commodity Exchange Act, or the orders of the Commodity Exchange Commission, and do further specifically agree that this stipulation shall be admissible as evidence of acts and practices in violation of section 4a of the Commodity Exchange Act (7 U.S.C. 6a) in any subsequent proceeding brought against the said Longstreet-Abbott and Company, Roy W. Longstreet, Lester M. Abbott, Craig M. Smith, or F. Martin Hilby, under the provisions of the said act.

Done at Clayton, Missouri, this 7th day of January, 1953.

/s/ Longstreet-Abbott & Co.

Longstreet-Abbott and Company

By /s/ Lester M. Abbott

General Partner

/s/ Roy W. Longstreet

Roy W. Longstreet

/s/ Lester M. Abbott

Lester M. Abbott

/s/ Craig M. Smith

Craig M. Smith

/s/ F. Martin Hilby

F. Martin Hilby

Witnessed by:

/s/ Helen Kruger

/s/ Catherine Stark

LOAD-DATE: June 16, 2008

