

Commodity Futures Trading Commission
CEA CASES

NAME: ANDCO, INC. AND GLEN H. ANDERSEN

CITATION: 31 Agric. Dec. 1356

DOCKET NUMBER: 203

DATE: NOVEMBER 3, 1972

DOCUMENT TYPE: DECISION AND ORDER

(No. 14,844)

In re ANDCO, INC. and GLEN H. ANDERSEN. CEA Docket No. 203. Decided November 3, 1972.

Undersegregation of funds -- Stipulation -- Cease and desist

Where respondents violated the Act and regulations as found herein and have filed a stipulation herein, respondents are ordered to cease and desist from such violations as stated in the Order herein.

Darrold A. Dandy, for complainant.

Respondents *pro se*.

Decision by Donald A. Campbell, Judicial Officer

DECISION AND ORDER

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. Chapter 1), instituted by a complaint and notice of hearing issued on October 5, 1972. The respondents are charged with violating sections 4d and 4g of the Commodity Exchange Act (7 U.S.C. 6d, 6g) and sections 1.20, 1.21, 1.23, 1.32, and 1.35 of the regulations thereunder (17 CFR 1.20, 1.21, 1.23, 1.32, and 1.35).

No hearing has been held in this proceeding. The respondents have filed a stipulation under section 0.4(b) of the rules practice (17 CFR 0.4(b)) in which they:

(1) admit the facts hereinafter set forth in paragraphs 1 through 3 of the Findings of Fact,

(2) admit, for the purpose of this proceeding and for such purposes only, the facts hereinafter set forth in paragraph 4 of the Finding of Fact,

(3) waive oral hearing on the allegations in the complaint and the report of the referee and

(4) consent to the entry, without further proceedings, of the order contained herein.

FINDINGS OF FACT

1. Respondent Andco, Inc., an Illinois corporation with its place of business at 110 North Franklin Street, Chicago, Illinois, was at all times material herein a registered futures commission merchant under the Commodity Exchange Act and so engaged in business.

2. Respondent Glenn H. Andersen, whose business address is the same as that of the respondent corporation, is now and was at all times material herein,

Chairman of the Board of Directors of respondent Andco, Inc. At all such times Glenn H. Andersen had responsibility for the management, direction, and control of the corporation.

3. At all times material herein, respondent Andco, Inc., in the regular course of its business as futures commission merchant, carried accounts of customers who traded in commodity futures on contract markets subject to the provisions of the Commodity Exchange Act and the regulations thereunder. Such accounts, the trading therein, and the handling and disposition of funds in connection therewith, were subject to the provisions of the Act and regulations. At all such times, the respondent Andco, Inc., had to its credit with banks or other depositories, money and securities in varying amounts, held in segregated accounts and identified as customers' funds, representing deposits of margin by and trading profits accruing to such customers.

4. Examination of the records of the respondent corporation by the Commodity Exchange Authority disclosed, as shown in the tabulation below, (1) that on January 29, 1971, the respondent corporation was undersegregated by over \$ 910,000.00 and (2) that on January 29, 1971, and April 8, 1971, the daily computation and record that was prepared and kept by the respondent to meet the requirements of section 1.32 of the regulations under the Commodity Exchange Act (17 CFR 1.32) contained errors which resulted in gross misstatements of the respondents' segregated condition:

See original document-page 2

| Date | Respondent's Segregation Record For CEA Examination | |
|------------------|--|---------------------------------------|
| | (Undersegregation) Oversegregation | (Undersegregation) Oversegregation |
| January 29, 1971 | \$ 393,500.82 | (\$ 910,596.82) |
| April 8, 1971 | \$ 682,248.45 | \$ 154,851.34 |

ORDER

Effective upon the date of service of this order upon the respondents, each of them shall cease and desist from (1) failing to treat and deal with customers' funds as belonging to such customers as required by section 4d of the Commodity Exchange Act (7 U.S.C. 6d); (2) failing to prepare and maintain (a) an accurate record as of the close of the market on each business day of the amount of money, securities and property which must be in segregated account in order to comply with the requirements of section 4d of the Commodity Exchange Act (7 U.S.C. 6d) and the regulations thereunder, and (b) such other books and records relating to dealing in commodity futures in such form and manner and for such period as may be required by the Secretary of Agriculture; and (3) causing, aiding, counseling, commanding or inducing any person to engage in any act or practice from which the respondents are directed to cease and desist by this order. A copy of this Decision and Order shall be served on each of the parties and on each contract market.

LOAD-DATE: June 9, 2008

