

Commodity Futures Trading Commission
CEA CASES

NAME: JOHN M. COX

CITATION: 33 Agric. Dec. 18

DOCKET NUMBER: 216

DATE: JANUARY 30, 1974

DOCUMENT TYPE: DECISION AND ORDER

(No. 15,615)

In re JOHN M. COX. CEA Docket No. 216. Decided January 30, 1974.

Speculative trades -- exceeding maximum limit -- Failure to properly prepare trading cards -- Suspension

Where respondent violated the Act and regulations in connection with his floor broker operations in corn futures, respondent is suspended as a registrant under the Act for a period of 60 days.

Richard W. Davis, for complainant.

Robert P. Howington, Jr., Chicago, Ill., for respondent.

Decision by John A. Campbell, Administrative Law Judge.

DECISION AND ORDER

PRELIMINARY STATEMENT

This is a disciplinary proceeding under Sections 6(b) and (c) of the Commodity Exchange Act (7 U.S.C. 9 and 13b), hereinafter referred to as the Act, instituted by a complaint and notice of hearing filed by the Assistant Secretary of Agriculture on October 2, 1973.

The complaint alleges in substance that the respondent made speculative trades in corn futures in excess of the maximum limits established by the Commodity Exchange Commission and failed to properly prepare trading cards showing his purchases of corn futures thereby wilfully violating Sections 4a and 4g of the Commodity Exchange Act (7 U.S.C. 6a and 6g), Section 150.11 of the orders of the Commodity Exchange Commission (17 CFR 150.11) and Section 1.35 of the regulations under the Commodity Exchange Act (17 CFR 1.35).

The complaint was served upon the respondent by mail on October 4, 1973. Section 0.9(a) of the rules of practice (17 CFR 0.9(a)) provides in pertinent part: "Within 20 days after service of the complaint, the respondent shall file, in triplicate, with the hearing clerk, an answer" The letter of the Hearing Clerk, United States Department of Agriculture, which transmitted the complaint, notified the respondent "You will have twenty days from the receipt of this letter within which to file with the Hearing Clerk an original and three copies of your answer." No answer has been filed.

This decision is issued in accordance with the provisions of

Section 0.9 of the rules of practice under the Commodity Exchange Act (38 F.R. 22381). n1

n1. On November 12, 1973, complainant filed a motion to adopt, pursuant to 17 CFR 0.9, a proposed decision which was filed with the motion. The

motion, together with the proposed decision, were served upon respondent in the manner provided in 17 CFR 0.22.

On December 7, 1973, respondent, by his attorney, filed a response to complainant's motion which states in part that respondent "neither objects to nor acquiescences in the motion and proposed decision but reserves any rights which he may have to appeal any decision or Order entered herein." Since this response does not constitute an answer as contemplated by Section 0.9 of the Rules of Practice under the Act the matter was referred to the undersigned Administrative Law Judge for issuance of a decision without further procedure or hearing.

FINDINGS OF FACT

1. The respondent, John M. Cox, an individual whose business address is c/o A. J. Riffel and Co., 141 West Jackson Boulevard, Room 1040, Chicago, Illinois 60604, is now and was at all times material herein, a member of the Chicago Board of Trade and a registered floor broker under the Act.
2. The Chicago Board of Trade, 141 West Jackson Boulevard, Chicago, Illinois 60604, is now and was at all times material herein a duly designated contract market under the Act.
3. The transactions referred to herein relate to the purchase and sale of corn futures contracts on the Chicago Board of Trade. Such contracts could have been used for hedging transactions in interstate commerce in corn or the products or byproducts thereof, or for determining the price basis of transactions in interstate commerce in corn, or for delivering corn sold, shipped, or received in interstate commerce.
4. On or about May 21, 1973, the respondent made speculative trades for his own account in corn futures on the Chicago Board of Trade, which were in excess of the maximum permissible limits established by the order of the Commodity Exchange Commission (17 CFR 150.11), as follows:

In Bushels		
Future	Purchases	Sales
May	795,000	545,000
July	3,455,000	4,015,000
December	1,490,000	1,255,000
Total	5,740,000	5,815,000
5. On or about May 21, 1973, respondent failed to properly prepare trading cards showing his purchases and sales of corn for future delivery. Respondent failed, on every such card, to show the commodity traded; failed, on many cards, to show the identity of the opposite floor broker; and failed, on some cards, to show the identity of the opposite clearing firm.
6. The order of the Commodity Exchange Commission (17 CFR 150.11) provides in pertinent part: "(b) *Daily trading limit*. The limit on the maximum amount which any person may buy, and on the maximum amount which any person may sell, of corn, on or subject to the rules of any one contract market during any one business day is 3,000,000 bushels in any one future or in all futures combined." This order was promulgated under the provisions of Section 4a of the Act (7 U.S.C. 6a).
7. Section 1.35 of the regulations under the Commodity Exchange Act provides in pertinent part "(d) *Members of contract markets*: Each member of a contract market who, in the place provided by the contract market for the meeting of persons similarly engaged, executes purchases or sales of any commodity for future delivery on or subject to the rules of such contract market, shall prepare regularly and promptly a trading card or other record showing such purchases and sales. Such trading card or record shall show his own name, the name of the member firm clearing the trade, the date, price, quantity, commodity and future, and shall clearly identify the opposite floor broker or floor trader with whom such transaction was executed, and the opposite clearing member (if,

in accordance with the rules or practice of the contract market such opposite clearing member is made known to him)." This regulation was promulgated under the authority of Section 4g of the Act (7 U.S.C. 6g).

CONCLUSIONS

The facts admitted by the respondent by his failure to answer the complaint clearly show that he wilfully violated Section 4a of the Act (7 U.S.C. 6a) and Section 150.11 of the orders of the Commodity Exchange Commission (17 CFR 150.11) by exceeding the maximum permissible daily trading limits by nearly 3 million bushels, and wilfully violated Section 4g of the Act (7 U.S.C. 6g) and Section 1.35 of the regulations under the Commodity Exchange Act (17 CFR 1.35) by failing to record required information on each and every trading card he prepared on May 21, 1973 for purchases and sales of nearly 6 million bushels of corn.

Accordingly, it is concluded that the following order is proper and should be issued in the circumstances.

ORDER

1. Effective immediately, respondent John M. Cox, shall cease and desist from making speculative trades in futures which are in excess of the maximum permissible limits established by the orders of the Commodity Exchange Commission.

2. Effective on the 30th day after the date this order becomes final, respondent John M. Cox is prohibited from trading in any commodity on any contract market for 60 days and all contract markets shall deny trading privileges to the said respondent for that period. Such prohibition and denial shall apply to all trading done and positions held directly by the said respondent, either for his own account, or as the agent or representative of any other person or firm, and also to all trading done and positions held indirectly through persons or firms owned or controlled by the said respondent, or otherwise.

3. Effective on the 30th day after the date this order becomes final, the registration of respondent John M. Cox as a floor broker is suspended for 60 days. *

4. Pursuant to the amended rules of practice governing proceedings under the Commodity Exchange Act, this decision and order become final without further procedure 35 days after service hereof, unless appealed to the Secretary by a party to the proceedings within 30 days after service, as provided in Section 0.16 and Section 0.18 of the amended rules of practice published in the Federal Register of August 20, 1973, (38 F.R. 22381).

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

* The Decision and Order became final January 30, 1974. -- Ed.

LOAD-DATE: June 9, 2008

