

Commodity Futures Trading Commission
CEA CASES

NAME: RUBIN EHRLICH

DOCKET NUMBER: 126

DATE: MARCH 26, 1965

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Rubin Ehrlich, Respondent

CEA Docket No. 126

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

There is reason to believe that the respondent, Rubin Ehrlich, has violated the provisions of the Commodity Exchange Act (7 U.S.C. 1 et seq.), and in accordance with the provisions of section 6(b) of the said act (7 U.S.C. 9), this complaint and notice of hearing is issued stating the charges in that respect as follows:

I

The respondent, Rubin Ehrlich, is an individual whose address is 3616 Henry Hudson Parkway, Bronx, New York, New York. The respondent is now and was at all times material herein a member of the New York Mercantile Exchange. The respondent was at all times material herein a registered floor broker under the Commodity Exchange Act and President of All State Commodity Traders, Inc., a registered futures commission merchant under the Commodity Exchange Act.

II

The New York Mercantile Exchange is now and was at all times material herein a duly designated contract market under the Commodity Exchange Act.

III

The futures transactions referred to in this complaint relate to the purchase and sale of Maine-grown Irish potato futures contracts on the New York Mercantile Exchange, each of which contracts calls for the delivery of 50,000 pounds of such potatoes. Such contracts could have been used for (a) hedging transactions in interstate commerce in potatoes or the products or byproducts thereof, (b) determining the price basis of transactions in inter-state commerce in potatoes, and (c) delivering potatoes sold, shipped, or received in interstate commerce for the fulfillment of such futures contracts.

IV

During the period from March 13, 1964, through April 28, 1964, the respondent, in his capacity as floor broker, executed trades in potato futures on the New York Mercantile Exchange. During such period, the respondent allocated certain of such trades between his own account and those customers' accounts which the respondent personally handled and traded on a discretionary basis.

V

During the period from March 13, 1964, through April 28, 1964, the respondent, in allocating between himself and his customers the trades referred

to in paragraph IV above, followed the practice of usually allocating to himself contracts purchased at prices lower

than the average price of all purchases which the respondent allocated between himself and his customers on the date of such purchases, and usually allocating to himself contracts sold at prices higher than the average price of all sales which the respondent allocated between himself and his customers on the date of such sales. This practice resulted in the contracts being allocated between the respondent and his customers as follows:

| | Number of Contracts Allocated | | | |
|--|----------------------------------|-----------------|---------------|-----------------|
| | Purchases | | Sales | |
| | To Himself | To Customers | To Himself | To Customers |
| Contracts at better than average prices | 181 | 28 | 72 | 37 |
| Contracts at poorer than average prices | 40 | 118 | 30 | 159 |
| Contracts at average prices | 5 | 5 | 1 | 13 |
| Total | 226 | 151 | 103 | 209 |

VI

By reason of the facts set forth in this complaint, the respondent attempted to deceive, cheat and defraud, and did deceive, cheat and defraud his customers in violation of section 4b of the Commodity Exchange Act (7 U.S.C. 6b).

WHEREFORE, it is hereby ordered that this complaint and notice of hearing be served upon the said respondent. The respondent will have twenty (20) days after the receipt of this complaint in which to file with the Hearing Clerk, United States Department of Agriculture, Washington, D. C. 20250, an answer with an original and three copies, fully and completely stating the nature of the defense and admitting or denying specifically and in detail, each allegation of this complaint. Allegations not answered will be deemed admitted for the purpose of this proceeding. Failure to file an answer will constitute an admission of all the allegations of this complaint and a waiver of hearing. The respondent is hereby notified that unless hearing is waived, either expressly or by failure to file an answer, or by filing an answer in which all of the material allegations of fact contained in the complaint are admitted and a hearing is not requested, a hearing will be held at 10:00 a.m., local time, on the 25th day of May 1965, in New York, New York, at a place therein to be specified later, before a referee designated to conduct such hearing. At such hearing the respondent will have the right to appear and show cause, if any there be, why an order should not be made directing that all contract markets refuse all trading privileges to the respondent for such period of time as may be determined.

It is ordered that this complaint and notice of hearing be served on the respondent at least twenty (20) days prior to the date set for hearing.

Done at Washington, D. C.

March 26 1965

[SEE SIGNATURE IN ORIGINAL]

George L. Mehren

Assistant Secretary

LOAD-DATE: June 12, 2008

