

Commodity Futures Trading Commission
CEA CASES

NAME: SECRETARY OF AGRICULTURE V. PARIS G. HUGHER

DOCKET NUMBER: 13

DATE: JULY 13, 1939

DOCUMENT TYPE: COMPLAINT

UNITED STATES OF AMERICA

BEFORE THE SECRETARY OF AGRICULTURE

C. E. A. DOCKET NO. 13

Secretary of Agriculture, Complainant, v. Paris G. Hughes, Respondent.

Complaint and Notice of Hearing Under the Commodity Exchange Act.

There being reason to believe that the respondent hereinafter named has violated and is violating the Commodity Exchange Act (7 U. S. C., 1934 ed., and Supp. IV, § 1-17a), and the rules and regulations promulgated pursuant thereto, this complaint is issued allaging the following:

1.

Paris G. Hughes is an individual trading and doing business under the firm name and style of Hughes and Company at Great Falls, Montana, and has been continously registered with the Secretary of Agriculture as a futures commission merchant since June 1, 1938.

2.

From June 1, 1938, to April 30, 1939, the respondent acting by and through the means of Hughes and Company, a sole proprietorship owned by the respondent, has engaged as a futures commission merchant in

soliciting orders for the purchase and sale of commodities for future delivery involving contracts of sale of such commodities for future delivery, on or subject to the rules of the Board of Trade of the City of Chicago, a contract market designated by the Secretary of Agriculture pursuant to the provisions of the Commodity Exchange Act, and while so engaged failed to keep proper records of commodity futures transactions as required by Section 4g of the Commodity Exchange Act and Sections 32, 33 and 34 of the Rules and Regulations promulgated pursuant thereto.

3.

The respondent was a correspondent of Louis N. Ritten and Company, Minneapolis, Minnesota; Winthrop, Mitchell and Company, Chicago, Illinois; and Moore, McLean and McDermott, Chicago, Illinois, member firms of contract markets, from June 1, 1938, to April 30, 1939, and during that period, in connection with orders to make and the making of futures contracts for the commodities named in the Commodities Exchange Act on contract markets, which contracts may be used for hedging or determining the price basis of transactions in interstate commerce in the commodities involved, attempted to and did cheat and defraud persons for whom such contracts were made, wilfully made and caused to be made misleading and false reports and statements concerning such contracts to such persons, and wilfully attempted

to and did deceive such persons in regard to such contracts and acts of agency performed with respect to such contracts by reporting to such persons the execution of such contracts by or through a clearing member of the Board of Trade of the City of Chicago, when, in fact, such contracts were not so executed, and falsely reporting the prices at which orders were executed, and falsely reporting the prices at which orders were executed, all in violation of the Commodity Exchange Act and the Rules and Regulations promulgated pursuant thereto.

4.

The respondent, while a correspondent of member firms of contract markets, in connection with orders to make and the making of futures contracts for commodities named in the Commodity Exchange Act on contract market, which contracts may be used for hedging or determining the price basis of transactions in interstate commerce in commodities involved, between June 1, 1938, and April 30, 1939, and on various dates, including June 14, 15, 21, 22, and 24, 1938; August 1, 23, 24, 25, and 26, 1938; September 15, 1938; December 6, 7, 9, and 29, 1938; January 3, 9, 14, 21, and 25, 1939, bucketed such orders by confirming the execution thereof to various customers, including Deardorff and Lewis, Brady, Montana; Henry Kampsnider, Great Falls, Montana; T. A. Warren and/or Helen Warren, Great Falls, Montana; R. Winger, Carter, Montana, when, in fact, the orders were not executed on a contract market but were held by the respondent for his own

account, in violation of Section 4b, subsection D of the Commodity Exchange Act.

5.

The respondent, from June 1, 1938, to April 30, 1939, conducted an office or place of business at Great Falls, Montana, for the purpose of soliciting or accepting orders for the purchase or sale of commodities for future delivery, and conducting dealings in commodities for future delivery that could be used for hedging or determining the price basis for such transaction in interstate commerce, and executed or consummated such orders, contracts, or dealings otherwise than by or through a member of a contract market, in violation of Section 4h, subsection (1) of the Commodity Exchange Act.

6.

The respondent, during the times hereinbefore mentioned, delivered for transmission through the mails or in interstate commerce by other means of communication, confirmations of the execution of and reports of the price of contracts of sale of commodities for future delivery on or subject to the rules of the Board of Trade of the City of Chicago when such contracts were not made by or through a member of a board of trade which had been designated by the Secretary of Agriculture as a contract market, all in violation of Section 4 of the Commodity Exchange Act.

THEREFORE, the respondent is hereby notified to be and appear before a referee to be appointed by the Secretary of Agriculture at a hearing to be held at 10:00 a.m. on July 26, 1939, in Room 1831, South Building, Department of Agriculture, Washington, D. C., or at such other times and places as may be determined by the referee, and then and there show cause, if any there be, why an order shall not be made revoking the registration of the respondent as a futures commission merchant, and directing that all contract markets, until further notice of the Secretary of Agriculture, refuse all trading privileges to the respondent.

IT IS ORDERED that this complaint and notice of hearing be served on the named respondent, by delivery of a true copy hereof to him by an employee of the Department of Agriculture or by registered mail, at least three days prior to the date herein set for hearing.

Done at Washington, D. C., this 13th day of July, 1939. Witness my hand and the seal of the Department of Agriculture.

[SEE SIGNATURE IN ORIGINAL]

Acting Secretary of Agriculture.

LOAD-DATE: June 11, 2008

