

Commodity Futures Trading Commission
CEA CASES

NAME: MILLER-LANE & COMPANY, AND GEORGE C. LANE

DOCKET NUMBER: 225

DATE: APRIL 9, 1974

DOCUMENT TYPE: COMPLAINT

UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE SECRETARY OF AGRICULTURE

In re: Miller-Lane & Company, and George C. Lane, Respondents

CEA Docket No. 225

Complaint and Notice of Hearing under the Commodity Exchange Act

There is reason to believe that the respondents have violated the Commodity Exchange Act (7 U.S.C. 1 et seq.), and the regulations made pursuant thereto, and this Complaint and Notice of Hearing is issued alleging the following:

I

Respondent Miller-Lane & Company, an Illinois corporation with its principal office and place of business at 343 South Dearborn Street, Chicago, Illinois 60604, is now, and was at all times material herein, a registered futures commission merchant under the Commodity Exchange Act, engaged in trading in commodities for future delivery.

II

Respondent George C. Lane, an individual whose business address is the same as the corporate respondent, is now, and was at all times material herein, president and sole stockholder of Miller-Lane & Company and registered as a floor broker under the Commodity Exchange Act. At all such times, respondent Lane had responsibility for the operation and management of the corporate respondent.

III

At all times material herein, the respondents Miller-Lane & Company and George C. Lane were required to separately account for and segregate all money, securities, and property received to margin, guarantee, or secure the trades or contracts of commodity customers in accordance with the requirements of section 4d(2) of the Commodity Exchange Act (7 U.S.C. 6d) and section 1.20 of the regulations issued thereunder (17 CFR 1.20).

IV

The segregation records of the respondent Miller-Lane & Company disclose that the respondent Miller-Lane & Company failed to keep funds in segregated accounts sufficient to pay the equities due all regulated commodity customers as of the respective dates as follows:

Date	Amount of Undersegregation
August 22, 1973	\$ 138,330.25
August 23, 1973	173,801.27
August 24, 1973	200,899.10
August 27, 1973	84,459.88
August 28, 1973	59,939.01
August 29, 1973	67,980.83

V

On April 30, 1973, and July 31, 1973, the respondent corporation was engaged in business as a registered futures commission merchant under

the Commodity Exchange Act, notwithstanding that on both dates it failed to meet the minimum financial requirements under section 4f of the Commodity Exchange Act (7 U.S.C. 6f) and section 1.17 of the regulations issued thereunder (17 CFR 1.17). As of April 30, 1973, the respondent corporation lacked approximately \$ 86,000 of having sufficient capital to meet such minimum financial requirements under the Act, and on July 31, 1973, it lacked approximately \$ 77,000 of having sufficient capital to meet the minimum financial requirements.

VI

On June 21, 1973, the respondent corporation submitted to the Commodity Exchange Authority a financial report (Form 1-FR) as of January 31, 1973, certified by the respondent George C. Lane to reflect the true financial position of the corporation. The said respondents made material false statements in such report by overstating the amount of adjusted excess working capital by approximately \$ 44,000. On October 31, 1973, respondent corporation submitted to the Commodity Exchange Authority a financial report (Form 1-FR) as of July 31, 1973, certified by the respondent George C. Lane to reflect the true financial position of the corporation. The said respondents wilfully made material false statements in such report by stating that the corporation had an excess of adjusted working capital when in fact it failed to meet minimum financial requirements under the Commodity Exchange Act by approximately \$ 77,000.

VII

Under the regulations issued pursuant to the Commodity Exchange Act

(17 CFR 1.10), the respondent corporation was obligated at all times material herein to prepare a written computation of its net worth at least once each month. Further, whenever such computation showed, or the respondent knew or had reason to believe, that its net worth had declined 20 percent or more from its net worth as shown in the previous report of its financial condition, the respondent corporation was obligated to immediately notify the Commodity Exchange Authority. The dates of examination of records of respondent corporation and the months the respondent corporation failed to prepare the net worth computation are as follows:

Date of Examination	Months Net Worth Computation Not Prepared
May 22, 1973	March and April, 1973
June 7, 1973	April, 1973
July 9, 1973	May, 1973
August 28, 1973	July, 1973
November 5, 1973	August and September, 1973
December 11, 1973	August, September, and October, 1973
January 10, 1974	October and November, 1973

The months respondent corporation failed to notify the Commodity Exchange Authority of the reduction in net worth of 20 percent or more from the January 31, 1973 financial statement and the percentage decreases are as follows:

Month	Approximate Percentage Decrease
February, 1973	23%

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Month	Approximate Percentage Decrease
March, 1973	34%
April, 1973	43%
May, 1973	55%
June, 1973	62%

VIII

Section 1.35 of the regulations promulgated under the Commodity Exchange Act (17 CFR 1.35) obligated respondent corporation to keep "Full, complete, and systematic records . . . relating to his business of dealing in commodity futures Included among such records shall be all . . . ledgers." As of April 17, 1973, the respondent corporation had failed to post its general ledger for December 1972 through March 1973. As of August 27, 1973, the general ledger had not been posted for July 1973. As of December 11, 1973, the general ledger had not been posted for August through November 1973. As of January 10, 1974, the general ledger had not been posted for November or December 1973.

IX

By reason of the facts alleged in this Complaint, the respondents have wilfully violated sections 4d, 4f, 4g, and 6(b) of the Commodity Exchange Act (7 U.S.C. 6d, 6f, 6g, and 9) and sections 1.10, 1.17, 1.20, and 1.35 of the regulations issued thereunder (17 CFR 1.10, 1.17, 1.20, and 1.35).

WHEREFORE, it is hereby ordered that this Complaint and Notice of Hearing be served upon the respondents and this proceeding shall be

governed by sections 0.1, 0.2, 0.4(b), 0.5 through 0.22 and 0.28 of the rules of practice under the Commodity Exchange Act (17 CFR 0.1, 0.2, 0.4(b), 0.5 through 0.22, 0.28). The respondents 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. A filing of an answer in which all of the material allegations of fact contained in the Complaint are admitted likewise shall constitute a waiver of hearing unless a hearing is requested. The respondents are hereby notified that unless such hearing is waived, a hearing will be held in Chicago, Illinois, at a place therein and date to be specified later, before an Administrative Law Judge designated to conduct such hearing. At such hearing, the respondents will have the right to appear and show cause, if any there be why an appropriate order should not be issued in accordance with the Commodity Exchange Act, (1) suspending or revoking the registration of respondent Miller-Lane & Company as futures commission merchant, (2) suspending or revoking the registration of respondent Lane as floor broker, (3) prohibiting the respondents from trading on or subject to

the rules of any contract market, and directing that all contract markets refuse all trading privileges to the respondents for such period of time as may be determined, and (4) directing that the respondents shall cease and desist from violating the Act and regulations in the manner alleged herein.

Done at Washington, D. C.

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[SEE SIGNATURE IN ORIGINAL]

Acting Secretary

LOAD-DATE: June 12, 2008

