

Commodity Futures Trading Commission
CEA CASES

NAME: WALKER & CO.

CITATION: 31 Agric. Dec. 1361

DOCKET NUMBER: 201

DATE: NOVEMBER 3, 1972

DOCUMENT TYPE: DECISION AND ORDER

(No. 14,846)

In re WALKER & CO. CEA Docket No. 201. Decided November 3, 1972.

Customers' funds -- Undersegregation of -- Stipulation -- Consent -- Cease and desist

Where the stipulation of respondent has been accepted and respondent has consented to the issuance of the order herein, the order is issued as set forth herein.

Darrold A. Dandy, for complainant.

Respondent *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 September 11, 1972, under section 6(c) of the Act (7 U.S.C. 13b). The respondent is charged with violating sections 4d and 4g of the Commodity Exchange Act (7 U.S.C. 6d, 6g), and sections 1.20, 1.21, 1.22, 1.32 and 1.35

of the regulations thereunder (17 CFR 1.20, 1.21, 1.22, 1.2, 1.35).

No hearing has been held in this proceeding. The respondent has filed a stipulation under section 0.4(b) of the rules of practice (17 CFR 0.4(b)) in which it (1) admits the facts hereinafter set forth in paragraphs 1 and 2 of the Findings of Fact, (2) admits, for the purposes of this proceeding and for such purposes only, the facts hereinafter set forth in paragraph of the Findings of Fact, (3) waives hearing and report of the referee, and (4) consents to the entry of the order contained herein.

FINDINGS OF FACT

1. Respondent Walker & Co., a partnership with offices at 470 Atlantic Avenue, Boston, Massachusetts, is now, and was at all times material herein, a registered futures commission merchant under the Commodity Exchange Act.

2. At all times material herein, the respondent, 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 said Act and regulations. At all such times, the respondent 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.

3. Examination of the records of the respondent by the Commodity Exchange Authority disclosed as shown in the tabulation below, (1) that during the period from March 31 through May 26, 1971, the respondent was undersegregated on eight days in amounts within the range of \$ 10,524.27 on April 1 to \$ 158,236.56 on May 26 -- that is, the total amount of customers' funds held in segregation as described above was insufficient, by the aforesaid sums, to pay all credits and equities due to such customers; and (2) that on nine days during that period 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 respondent's segregated condition:

Date	Respondent's	
	Segregation Record	Per CEA Examination
	(Undersegregation)	(Undersegregation)
	Oversegregation	Oversegregation
March 31	(39,676.42)	(11,309.35)
April 1	(48,871.02)	(10,524.27)
April 26	(53,475.04)	(24,782.78)
April 27	(51,119.99)	(22,344.61)
April 28	(49,870.43)	(21,343.84)
April 29	(174,059.03)	(145,545.21)
May 5	(3,445.64)	23,689.21
May 25	(197,550.49)	(145,493.80)
May 26	115,874.89	(158,236.54)

CONCLUSIONS

By reason of the facts set forth in the Findings of Fact, it is concluded that, as alleged in the complaint, the respondent violated sections 4d and 4g of the Commodity Exchange Act (7 U.S.C. 6d, 6g), and sections 1.20, 1.21, 1.22, 1.32 and 1.35 of the regulations thereunder (17 CFR 1.20, 1.21, 1.22, 1.23, 1.32, 1.35). The complainant states that the administrative officials of the Commodity Exchange Authority have carefully considered this stipulation submitted by the respondent. The administrative officials believe that the prompt entry of the proposed order would constitute a satisfactory disposition of this case, serve the public interest and effectuate the purposes of the Act. The complainant recommends, therefore, that the stipulation be accepted and the proposed order be issued. It is concluded that the complainant's recommendation should be adopted.

ORDER

Effective upon the date of service of this order upon the respondent Walker & Co., it 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); and (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.

A copy of this Decision and Order shall be served on each of the parties.

LOAD-DATE: June 9, 2008

