

Commodity Futures Trading Commission
CEA CASES

NAME: THOMAS C. WILLIS

CITATION: 34 Agric. Dec. 577

DOCKET NUMBER: 237

DATE: APRIL 9, 1975

DOCUMENT TYPE: DECISION AND ORDER

(No. 16,381)

In re THOMAS C. WILLIS. CEA Docket No. 237. Decided April 9, 1975.

Floor broker -- Orders and trading cards -- failure to execute in accordance with regulations -- Orders -- offsetting of, in violation of Act -- Sanction

The stipulation of respondent has been accepted and the order herein is issued against him for violations of the Act in connection with his operations as a floor broker in the execution of orders and trading cards and offsetting of orders as found herein. Respondent's registration as a floor broker under the Act is suspended for a period of 30 days and respondent is denied trading privileges on all contract markets for a period of 30 days.

Michael D. Weiner, for complainant.

James L. Fox, Chicago, Ill., for respondent.

Decision by John A. Campbell, Administrative Law Judge.

DECISION AND ORDER

PRELIMINARY STATEMENT

This is an administrative proceeding under the Commodity Exchange Act (7 U.S.C. 1 *et seq.*), instituted by a Complaint and Notice of Hearing, alleging that the respondent, Thomas C. Willis, is now and was at all times material herein a registered floor broker under the Commodity Exchange Act, and a clearing member of the MidAmerica Commodity Exchange. The Complaint charges that on various dates the respondent unlawfully offset customers' buy and sell orders. Such acts were alleged to have been willful and in violation of section 4b(D) of the Commodity Exchange Act (7 U.S.C. 6b(D)) and section 1.39 of the regulations issued thereunder (17 CFR 1.39).

Prior to hearing the respondent agreed to a stipulation under section 0.4(b) of the rules of practice (17 CFR 0.4(b)) in which he (1) admits the facts hereunder as set forth in paragraphs 1 through 5 of the Findings of Fact, (2) waives oral hearing on the charges in the Complaint, and (3) consents to the entry, without further proceedings, of a Decision and Order containing the facts admitted in such stipulation as the Findings of Fact for the purposes of this proceeding only, conclusions of law based on such findings, and the Order contained herein.

FINDINGS OF FACT

1. Respondent Thomas C. Willis, whose principal place of business is at 175 West Jackson Boulevard, Chicago, Illinois 60604, is now, and was at all times material herein, a registered floor broker under the Commodity Exchange Act, and a clearing member of the MidAmerica Commodity Exchange, a duly designated contract market under the Commodity Exchange Act.

2. All futures transactions referred to herein relate to wheat and corn futures contracts executed in July 1973 by the respondent in his capacity as floor broker on the MidAmerica Commodity Exchange for customers of Miller-Lane & Company, a registered futures commission merchant under the Commodity Exchange Act and a clearing member of the MidAmerica Commodity Exchange. Such contracts for future delivery are or may be used for (a) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof.

3. Section 4b(D) of the Commodity Exchange Act (7 U.S.C. 6b(D)), in pertinent part, prohibits the filling of orders on any contract market "by offset against the order or orders of any other person."

Section 1.39 of the regulations issued pursuant to the Commodity Exchange Act (17 CFR 1.39) requires that:

A member of a contract market who shall have in hand at the same time both buying and selling orders of different principals for the same commodity for future delivery in the same delivery month may execute such orders for and directly between such principals at the market price, if, in conformity with written rules of such contract market

(3) Such member executes such orders in the presence of an official representative of such contract market designated to observe such transactions and, by appropriate descriptive words or symbol, clearly identifies all such transactions on his trading card or other similar record, made at the time of execution, and notes thereon the exact time of execution and promptly presents said record to such official representative for verification and initialing.

4. Rule 406 of the MidAmerica Commodity Exchange, in conformity with Section 1.39 of the regulations issued pursuant to the Commodity Exchange Act (17 CFR 1.39), permits the execution of simultaneous buying and selling orders from different principals for the same commodity in the same delivery month provided that the execution is in the presence of a

designated official who shall verify and initial the trading card or other record, and the transactions are clearly identified, and the time of execution is noted.

5. On various dates, specified below, respondent Willis unlawfully offset customers' buy and sell orders. He had in hand at the same time both buying and selling orders of different principals for the same commodity for future delivery in the same delivery month and failed to execute such orders in the presence of a designated Exchange official, failed to have such official verify and initial respondent's trading card or other record, and failed to identify and note on such record the time of execution.

Offset Trades Made By Thomas C. Willis

Date	Quantity n1	Future	Commodity	Price	Miller-Lane & Co. Customer	
					Buying	Selling
7/ 2/73	5	March	Corn	203	59093	63062
7/ 3/73	5	December	Corn	202 3/4	61009	80006
7/ 5/73	10	July	Corn	220	28001	10452
	5	December	Corn	192 3/4	38034	25025
	5	December	Corn	194	44020	20014
	5	December	Corn	200	20014	44020
7/ 6/73	2	September	Corn	202 1/2	54062	11025
	3	September	Corn	202 1/2	54062	25017
	1	December	Corn	193 5/8	80006	44020
	5	December	Corn	194	42030	44042
	4	December	Corn	194 7/8	80006	59158

Date	Quantity	n1	Future	Commodity	Price	Miller-Lane & Co.	
						Customer	
						Buying	Selling
	2		December	Corn	194 7/8	59000	59158
7/ 9/73	5		March	Wheat	260 1/4	60092	30072
	5		March	Wheat	260 1/4	60092	30072
	5		December	Corn	196 5/8	59126	10050
	10		December	Corn	196 3/4	44020	28001
7/10/73	5		March	Corn	194 1/2	59126	60065
	1		December	Corn	192	33099	18034
	2		December	Corn	192 1/2	59093	80006
	1		December	Corn	193 7/8	42060	80006
7/11/73	2		March	Corn	201 1/8	10514	59126
	1		December	Corn	200 1/8	60096	10312
	10		December	Corn	203	25072	62014
	5		December	Corn	203	25043	59078
	2		December	Corn	203	25030	59078
	3		December	Corn	203	25032	59078
7/12/73	10		March	Corn	214	28001	27006
	2		September	Corn	217 3/4	00222	37016
	2		September	Corn	217 3/4	00222	37018
	1		December	Corn	206 1/2	80006	26042
	5		December	Corn	209 1/4	25090	30012
	1		December	Corn	209 1/2	29011	61010
	4		December	Corn	211	28040	44020

n1 Quantities are in '000's of bushels.

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Date	Quantity	n1	Future	Commodity	Price	Miller-Lane & Co.	
						Customer	
						Buying	Selling
7/16/73	3		March	Wheat	276 1/2	33003	54023
	1		March	Wheat	278 1/4	42114	80018
	5		December	Wheat	279	20658	59090
	5		December	Wheat	282 3/4	50951	60089
7/17/73	5		December	Wheat	272 1/2	42116	18035
	1		December	Wheat	275	62036	20658
7/18/73	5		September	Corn	220 3/4	60092	20019
	3		December	Corn	213 1/2	18075	80006
	1		December	Corn	215 1/2	60096	80006
	10		December	Corn	215 1/2	63062	62014
	5		December	Corn	215 1/2	60073	42114
	2		December	Corn	216	63084	62012
	5		December	Corn	216	63070	18075
7/20/73	5		September	Corn	246 7/8	95011	28040
	10		December	Corn	232 1/2	95001	59134
	5		December	Corn	233	20019	26044
	1		March	Corn	229 1/2	80009	25026

n1 Quantities are in '000's of bushels.

CONCLUSIONS

By reason of the facts set forth above, Thomas C. Willis has willfully violated section 4b(D) of the Commodity Exchange Act (7 U.S.C. 6b(D)) and section 1.39 of the regulations issued thereunder (17 CFR 1.39) by unlawfully offsetting customers' buy and sell orders.

The complainant states that Administrative Officials of the Commodity Exchange Authority have carefully considered the 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.

ORDER

1. Effective upon the date of service of this Order upon respondent Thomas C. Willis, the respondent shall cease and desist from unlawfully offsetting customers' buy and sell orders by failing to execute both buying and selling orders of different

principals for the same commodity for future delivery in the same delivery month in the presence of a designated Exchange Official, by failing to have such official verify and initial respondent's trading card or other record, or by failing to identify and note on such record the time of execution.

2. Effective on the twentieth day after the date of entry of this Order:

(a) The registration of respondent Thomas C. Willis as floor broker is hereby suspended for a period of thirty (30) days, and

(b) Respondent Thomas C. Willis is prohibited from trading on or subject to the rules of any contract market for a period of thirty (30) days, and all contract markets shall refuse all trading privileges to the respondent during this period, such prohibition and refusal to apply to all trading done and all positions held by the respondent, directly or indirectly.

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

LOAD-DATE: June 16, 2008

