

Commodity Futures Trading Commission
CEA CASES

NAME: MCCARTHY AND SCOVILLE, JOHN G. MCCARTHY, AND WALTER A. SCOVILLE

DOCKET NUMBER: STIPULATION 14

DATE: MAY 26, 1952

DOCUMENT TYPE: STIPULATION OF COMPLIANCE

UNITED STATES OF AMERICA

BEFORE THE SECRETARY OF AGRICULTURE

In re McCarthy and Scoville, John G. McCarthy, and Walter A. Scoville 141 W. Jackson Blvd. Chicago 4, Illinois

Stipulation of Compliance under the Commodity Exchange Act No. 14

WHEREAS, the Secretary of Agriculture has reason to believe that the above-named persons have violated section 4c(A) of the Commodity Exchange Act, and

WHEREAS, no complaint has been filed with respect to such violations and the above-named persons desire to enter into a stipulation pursuant to the provisions of section 0.4(a) of the rules of practice under the Commodity Exchange Act.

NOW, THEREFORE, McCarthy and Scoville, John G. McCarthy, and Walter A. Scoville admit the following facts are true:

(1) McCarthy and Scoville during the period pertinent to this stipulation and up to and including May 15, 1952, was a partnership consisting of John G. McCarthy and Walter A. Scoville located at 141 W. Jackson Blvd., Chicago, Illinois. The partnership enjoyed membership privileges on the Board of Trade of the City of Chicago and both John G. McCarthy and Walter A. Scoville are members of the said Board of Trade. The partnership was registered as a futures commission merchant under the provisions of the Commodity

Exchange Act and both John G. McCarthy and Walter A. Scoville are registered as floor brokers under the provisions of the said act.

(2) On December 14, 1951, McCarthy and Scoville had on its books the account of a customer, E. F. Draw and Company, which account on that date had positions in soybean futures contracts on the Chicago Board of Trade as follows:

January 1952 futures - short 400,000 bushels

March 1952 futures - short 515,000 bushels

May 1952 futures - short 535,000 bushels

(3) On or about December 14, 1951, the customer, E. F. Drew and Company, telephoned to John G. McCarthy and requested him to purchase and sell 400,000 bushels of January 1952 soybean futures contracts, 250,000 bushels of March 1952 soybean futures contracts, and 250,000 bushels of May 1952 soybean futures contracts. The customer requested the opinion of John G. McCarthy as to whether such buying and selling orders to be executed at the same price would be proper. Mr. McCarthy stated that in his opinion the execution of such buying and selling orders would be proper provided they were executed in the trading pits of the Board of Trade.

(4) Pursuant to the customer's directions, said John G. McCarthy caused the purchases and sales of 400,000 bushels of January 1952 soybean futures contracts, 250,000 bushels of March 1952 soybean futures contracts, and 260,000 of May 1952 soybean futures contracts to be executed on the Chicago Board of Trade through floor brokers. It was understood by E. F. Drew and Company, John G. McCarthy and the brokers to whom McCarthy gave these orders, that the purchases and sales were to be made at the same price.

(5) Following the execution of the purchases and sales above stated, said John G. McCarthy made up and sent to his customer, E. P. Drew and Company, a purchase and sales statement reflecting the purchase of 400,000 January 1952 soybean futures contracts, 250,000 bushels of March 1952 soybean futures contracts, and 250,000 bushels of May 1952 soybean futures contracts as against the existing open position of E. F. Drew and Company which would cause the records to indicate that certain short contracts held open at the close of business on December 13 were covered by purchases on December 14 and new contracts were sold short on December 14.

(6) John G. McCarthy admits having received a circular letter sent by the Commodity Exchange Authority to all floor brokers and futures commission merchants under date of April 26, 1948, and the decision in CE-A Docket No. 38, entitled "In re Jean Goldwurm et al" which circular letter and decision concerned "fictitious" and "wash" trades.

McCarthy and Scoville, John G. McCarthy and Walter A. Scoville state that at the time of the execution of the above-mentioned trades they believed them to be legitimate trades and not in violation of the Commodity Exchange Act, and further state, that after examination of the decision and circular letter referred to in paragraph (6) above, they admit said transactions set forth in paragraphs (5) to (6) are in violation of section 4c(A) of the Commodity Exchange Act as interpreted by said decision and circular letter referred to above.

In addition to admitting the facts set forth above. McCarthy and Scoville, John G. McCarthy and Walter A. Scoville agree to discontinue all acts and practices which are in violation of the Commodity Exchange Act, and specifically agree that this stipulation shall be admissible in any proceedings brought against said McCarthy and Scoville, John G. McCarthy and Walter A. Scoville in connection with any violations of the Commodity Exchange Act and regulations thereunder.

In view of said decision and circular letter, McCarthy and Scoville, John G. McCarthy and Walter A. Scoville further agree to cancel the above-described transactions of December 14 and to withdraw and cancel the confirmations and purchase and sales statement issued to the customer, E. F. Drew and Company, in connection therewith.

Done at Chicago, Illinois, this 26th day of May 1952.

/s/ McCarthy & Scoville

McCarthy and Scoville

By /s/ John G. McCarthy

/s/ John G. McCarthy

John G. McCarthy

/s/ Walter A. Scoville

Walter A. Scoville

Witnessed by /s/ Albert W. Kibby

/s/ A. R. Grosstephan

LOAD-DATE: June 16, 2008

