

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

BOARD OF TRADE OF THE CITY
OF CHICAGO, INC.,

Defendant.

Civil Action No. 71C 2875

Filed: December 1, 1971

COMPLAINT

The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above-named defendant, and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are instituted under Section 4 of the Act of Congress of July 2, 1890, as amended, 15 U.S.C. § 4, commonly known as the Sherman Act, in order to prevent and restrain the

continuing violation by the defendant, as hereinafter alleged, of Section 1 of said Act, 15 U.S.C. § 1.

2. The defendant maintains offices, transacts business, and is found within the Northern District of Illinois, Eastern Division.

II

THE DEFENDANT

3. The Board of Trade of the City of Chicago, Inc. (hereinafter "the Board of Trade"), a corporation organized under the laws of the State of Illinois and having its principal place of business at Chicago, Illinois, is named as defendant herein. The Board of Trade is an association operating facilities in the City of Chicago for the trading of commodity futures contracts and is designated as a contract market under Section 5 of the Commodity Exchange Act (7 U.S.C. § 7).

III

MEMBERSHIP OF DEFENDANT

4. The term "member" of the Board of Trade means and includes individuals, associations, partnerships, corporations and trusts owning or holding membership in, or admitted to membership representation on, the Board of Trade or given members' trading privileges thereon. There are approximately 1400 individual members of the

Board of Trade and numerous partnerships and corporations which are members. The members of the Board of Trade are not named as defendants, but many of these members participated in the offense alleged herein and performed acts and made statements in furtherance thereof.

IV

TRADE AND COMMERCE

5. A "commodity futures contract" is a contract for the delivery of a specified quantity of a commodity at a future date and at a price determined at the time the contract is entered into. Such contracts are traded in large volume by the public generally and by persons engaged in the business of buying and selling commodities in interstate commerce. The activities of the Board of Trade and its members, as described herein, are within the flow of interstate commerce and have an effect upon that commerce.

6. The Board of Trade is the nation's largest commodity exchange in terms of the annual number of commodity futures contracts traded and in terms of the estimated value of those contracts. Listed below are the number of contracts traded on the Board of Trade

and the estimated value of those contracts for the year 1970:

<u>Commodity</u>	<u>Number of Contracts Traded</u>	<u>Estimated Value</u>
Wheat	559,514	\$ 4,364,200,000
Corn	2,140,044	15,194,300,000
Oats	91,816	330,500,000
Rye	3,957	14,200,000
Soybeans	2,031,268	28,844,000,000
Soybean Oil	1,907,436	13,928,900,000
Soybean Meal	868,413	7,220,800,000
Choice Steers	4,577	38,100,000
Iced Broilers	93,229	622,800,000
Silver	362,624	3,397,700,000
Plywood	<u>47,229</u>	<u>259,000,000</u>
Total	8,110,107	\$73,309,000,000

7. For a commission or fee many members of the Board of Trade render the service of acting as brokers for the purchase or sale of commodity futures contracts through the facilities of the Board of Trade. Some members also purchase and sell such contracts for their own accounts. Many member brokers maintain offices, transact business

and receive orders for the purchase or sale of commodity futures contracts in states other than Illinois. The orders are then transmitted to the facilities of the Board of Trade in the State of Illinois for execution.

V

OFFENSE

8. The defendant and its members are engaged in an unlawful combination to restrain the aforesaid trade and commerce in the provision of brokerage services for the trading of commodity futures contracts on the Board of Trade in violation of Section 1 of the Sherman Act. Said unlawful combination is continuing and will continue unless the relief hereinafter prayed for is granted.

9. The aforesaid combination consists of a continuing agreement and concert of action between the defendant and its members to fix and maintain minimum rates of commission, floor brokerage and other fees for the trading of commodity futures contracts on the Board of Trade.

10. In effectuating the aforesaid combination the defendant and its members have done the things which, as

hereinbefore alleged, they agreed and combined to do, including among other things, establishing minimum rates of commission, floor brokerage and other fees for the trading of commodity futures contracts on the Board of Trade. The following minimum rates of commission for the purchase and sale of the specified contract are now in effect:

<u>Contract</u>	<u>Non-Member Rates</u>	<u>Member Rates</u>
Oats (per 5000 bushels)	\$25.00	\$12.50
Wheat, Corn and Rye (per 5000 bushels)	30.00	15.00
Soybeans (per 5000 bushels)	30.00	15.00
Soybean Oil (per 60,000 lbs)	33.00	16.50
Soybean Meal (per 100 tons)	33.00	16.50
Silver and Plywood	30.00	15.00
Live Cattle (per 27,600 lbs)	30.00	15.00
Iced Broilers (per 25,000 lbs)	30.00	15.00

VI

EFFECTS

11. The aforesaid combination has had the following effects, among others:

- (a) rates of commission, floor brokerage and other fees for the trading of commodity futures contracts on the Board of Trade have been fixed and maintained at a non-competitive level;
- (b) price competition in the sale of their services between the member brokers has been eliminated; and
- (c) the public has been deprived of the right to trade commodity futures contracts on the Board of Trade at competitively determined rates of commission, brokerage and other fees..

PRAYER

WHEREFORE, plaintiff prays:

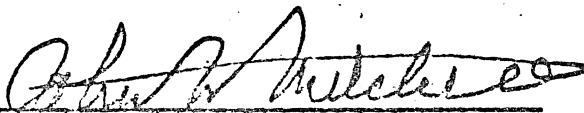
1. That the Court adjudge and decree that the defendant and its members have engaged in an unlawful combination in restraint of the aforesaid trade and commerce in the provision of brokerage services for the trading of commodity futures contracts on the Board of Trade in violation of Section 1 of the Sherman Act.


2. That the defendant, its officers, directors, agents and members and all other persons acting or claiming to act on its behalf, be enjoined and restrained from in any manner, directly or indirectly, continuing, maintaining or renewing the combination hereinbefore alleged, or from engaging in any other combination, conspiracy, contract, agreement, understanding, or concert of action having a similar purpose or effect, and from adopting or following any practice, plan, program or device having a similar purpose or effect.

3. That the defendant, its officers, directors, agents, and all other persons acting or claiming to act on its behalf, be enjoined and restrained from publishing, establishing, adopting, distributing or otherwise suggesting and from adhering to any schedule of minimum rates of commission, brokerage or other fees for the provision of brokerage services for trading commodity futures contracts on the Board of Trade.

4. That the plaintiff have such other, further, general and different relief as the case may require and the Court may deem just and proper under the circumstances.

5. That the plaintiff recover its taxable costs.


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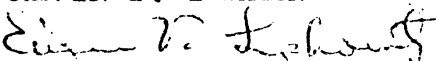

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