

THE COTTONSEED OIL FUTURES ACT

Senator Mayfield has introduced a bill (S.4498) called "The Cottonseed Oil Futures Act" which is of very direct interest and concern to this industry. The purpose of the act is stated to be to prevent manipulation and unreasonable fluctuation in the price of cottonseed oil and to provide for establishing official grades and qualities of oil and for buying and selling through contract exchanges which operate under supervision and regulation of the Secretary of Agriculture.

Sections 4 and 5 of this bill are printed here, as they contain the gist of the measure. Those desiring to be more fully informed of the proposed legislation should obtain a printed copy from their Congressman. S.4498 was read twice and referred to the Committee on Agriculture and Industry.

SEC. 4. It shall be unlawful for any person to deliver for transmission through the mails, or in interstate commerce, by telegraph, telephone, wireless, or other means of communication, any offer to make or execute, or any confirmation of the execution of, or any quotation or report of the price of, any contract of sale of cottonseed oil for future delivery on or subject to the rules of any exchange in the United States, or for any person to make or execute such contract of sale, which is or may be used for

(a) hedging any transaction in interstate commerce, or (b) determining the price basis of any such transaction in interstate commerce, or (c) delivering cottonseed oil sold, shipped, or received in interstate commerce for the fulfillment thereof, except—

(a) Where the seller is at the time of the making of such contract the owner of the actual physical property covered thereby; or

(b) Where such contract is made by or through a member of an exchange which has been designated by the Secretary of Agriculture as a "contract exchange," as hereinafter provided and if such contract is evidenced by a record in writing which shows the date, the parties to such contract, and their addresses, the property covered and its price, and the terms of delivery: *Provided*, (1) That each exchange member shall keep such record for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, which record shall at all times be open to the inspection of any representative of the United States Department of Agriculture or the United States Department of Justice; (2) that the Secretary of Agriculture may fix and prescribe grades, classes and other qualities of cottonseed oil, to be known as the official standards of the United States for cottonseed oil, one of which said official standards, when established, shall be made the basis grade of all such contracts, and the Secretary of Agriculture may prescribe the means and methods and agencies by which cottonseed oil may be classified or graded for delivery on or in settlement of any such contract, and the form of certificate or memorandum by which such classification shall be evidenced, and no cottonseed oil shall be delivered on or in settlement of any such contract unless it be of or within said official standards; and (3) that in case any cottonseed oil of grade, class, or quality other than the basis grade, class, or quality specified in such contract be tendered or delivered in settlement thereof, the difference above or below the contract price which the receiver shall pay for such grades, classes, or qualities other than the basis grade, class, or quality shall be the actual commercial differences determined under the direction of the Secretary of Agriculture and in accordance with regulations to be prescribed by him.

SEC. 5. The Secretary of Agriculture is hereby authorized and directed to designate any exchange as a "contract exchange" when, and only when, such exchange complies with and carries out the following conditions and requirements:

(a) When the governing board thereof provides for the making and filing by the exchange or any member thereof, as the Secretary of Agriculture may direct, of reports in accordance with the regulations, and in such manner and form and at such times as may be prescribed by the Secretary of Agriculture, showing the details and terms of all transactions entered into by the exchange or the members thereof, either

in cash or spot transactions consummated at, on, or in an exchange, or transactions for future delivery, and when such governing board provides, in accordance with such regulations, for the keeping of a record by the exchange or the members thereof, as the Secretary of Agriculture may direct, showing the details and terms of all cash or spot and future transactions entered into by them, consummated at, on, or in an exchange, such record to be in permanent form, showing the parties to all such transactions, including the persons for whom made, any assignments or transfers thereof, with the parties thereto, and the manner in which such transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture or the United States Department of Justice.

(b) When the governing board thereof provides for the prevention of dissemination by the exchange, or any member thereof, of false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of cottonseed oil in interstate commerce.

(c) When the governing board thereof provides for the prevention of manipulation of prices or the cornering of any cottonseed oil by the dealers or operators upon such exchange.

(d) When the governing board thereof does not exclude from membership in, and all privileges on, such exchange any duly authorized representative of any lawfully formed and conducted cooperative association having adequate financial responsibility, which is engaged in the production or handling of cottonseed, cottonseed oil, or the products and by-products thereof, if such association has complied, and agrees to comply, with such terms and conditions as are or may be imposed lawfully on other members of such exchange, and when membership in the exchange is open to all persons who agree to and do comply with such terms and conditions as may be lawfully imposed on members: *Provided*, that no rule of a contract exchange shall forbid, or be construed to forbid, the return on a patronage basis by such co-operative association to its bona fide members of moneys collected in excess of the expenses of conducting the business of such association.

(e) When the governing board provides for making effective the final orders or decisions entered pursuant to the provisions of paragraphs (b) of section 7 of this Act.

ESSENTIAL OILS THE CAUSE OF FIRE

One of the most spectacular fires in recent years in New York City occurred in July when the premises of Pierre Lemoine, Inc., dealers in essential oils, was gutted. Four alarms brought twenty-three engines, five trucks, a water tower, the rescue squad, ambulances from two hospitals, and reserves from two police stations. The origin of the conflagration was believed to be the result of highly explosive fumes from the oil, which when ignited rocked the whole neighborhood and brought business to a standstill in that part of the downtown section.