

Business

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Melamed, Chapman join SEC panel on E. Europe

Leo Melamed, special counsel to the Chicago Mercantile Exchange, and Alger Chapman, chairman of the Chicago Board Options Exchange, are among officials of stock and commodity exchanges, academia and Wall Street firms named to a Securities and Exchange Commission committee to promote development of financial markets in Eastern Europe. Separately, officials of Poland's Ministry of Finance said they hope to have an SEC-like agency in place by the end of the year.

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Author: Greg BurnsSusan Chandler
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Page: 57

A defense attorney in the Japanese yen case has subpoenaed the trading records of Chicago Mercantile Exchange leader Leo Melamed, after charging that everyone "from the top on down" routinely ignores trading rules.

The subpoena was served Thursday on Dellsher Investment Co., the trading firm headed by Melamed, who is chairman of the Merc's executive committee and the exchange's best-known official. It requests Dellsher documents relating to "all out-trades, price adjustments, errors or customer complaints" on yen futures contracts traded directly or indirectly by Melamed. The subpoena also asks for copies of any checks, journals or ledgers "reflecting the receipt of checks from floor brokers" to settle trading discrepancies.

Fourteen Merc yen traders are standing trial on charges they systematically cheated customers, in part to evade responsibility for mismatched buy and sell orders known as out-trades.

Attorney Thomas A. Durkin, who represents trader Sam Cali, sent the subpoena for Melamed's records, as well as a separate subpoena for more general records from the exchange and other top officials, including the Merc's board of governors.

In an opening statement two weeks ago, Durkin said the rules of the Merc bear little resemblance to what actually happens on the trading floor and violations are pervasive. "Two of the most influential members of the CME . . . would routinely come down on the floor and insist on price changes, of course in violation of the rules," said Durkin, who didn't identify the members.

Durkin declined comment Tuesday on how he intended to use the Dellsher documents he requested. Melamed could not be reached for comment.

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Page: 57