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CFTC Obtains \$7.6 Million Asset Freeze in New York Fraud Matter

Court freezes funds held by Janet Schaberg, the ex-wife of the alleged operator of \$1.3 billion investment scam

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) announced today that it obtained an order freezing \$7.6 million in assets held by **Janet Schaberg**, the ex-wife of **Stephen Walsh** of Sands Point, New York.

The order, entered by the U.S. District Court for the Southern District of New York on August 4, 2009, stems from CFTC charges filed on February 25, 2009, against Walsh and Paul Greenwood of North Salem, NY, and entities they owned and controlled (see CFTC Press Release 5621-09, February 25, 2009). The CFTC complaint charged Walsh and Greenwood with fraud and misappropriating at least \$553 million from commodity pool participants in connection with entities they owned or controlled. The CFTC also alleged that Walsh and Greenwood fraudulently solicited approximately \$1.3 billion from individuals and entities through Westridge Capital Management, Inc. and other entities.

On the same day the complaint was filed, the federal district court entered an asset freeze order, which froze the defendants' assets and preserved records.

August 4 Order Modifies the Scope of the Asset Freeze to Include \$7.6 Million of Assets Held by Walsh's Ex-Wife, Janet Schaberg

The August 4 order modifies the scope of the asset freeze imposed at the outset of the litigation and rules that \$7.6 million in assets held by Walsh's ex-wife, Janet Schaberg, remain subject to the earlier court-ordered asset freeze. The court found that Walsh, during the period of the alleged fraud, regularly transferred funds from WG Trading Investors, LP, an entity he controlled, to Schaberg. The court concluded that the CFTC is likely to prevail on the merits of its claim that the funds transferred to Schaberg constitute fraudulent proceeds. The court also found that Schaberg likely did not have a legitimate claim to the assets; thus, the court enlarged the scope of its preliminary injunction to include \$7.6 million in assets controlled by Schaberg.

Criminal Complaints Filed in this Action

The office of the U.S. Attorney for the Southern District of New York filed a criminal complaint against Walsh and Greenwood, and the Securities and Exchange Commission filed a civil action against Walsh, Greenwood and others. Recently, Walsh and Greenwood were indicted in the Southern District of New York. Deborah Duffy, WG Trading's compliance officer, pled guilty to a criminal information in the same matter.

The CFTC greatly appreciates the assistance of the National Futures Association, the office of the United States Attorney for the Southern District of New York, the Federal Bureau of Investigation and the Securities and Exchange Commission.

The following CFTC Division of Enforcement staff members are responsible for this matter: Patricia Gomersall, JonMarc Buffa, Joseph Rosenberg, Peter Haas, Paul Hayeck and Joan Manley.

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