U.S. SECURITIES AND EXCHANGE COMMISSION

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***SEC v. WG Trading Investors, L.P., et al.*, Civil Action No. 09-1750 (SDNY)**

SEC CHARGES TWO NEW YORK RESIDENTS FOR MISAPPROPRIATING MORE THAN $500 MILLION IN INVESTMENT SCHEME

The Securities and Exchange Commission today took emergency action and obtained an asset freeze against two New York residents and their three affiliated entities, who orchestrated a brazen investment fraud involving the misappropriation of as much as $554 million in investor assets.

The SEC alleges that Paul Greenwood and Stephen Walsh promised investors that their money would be invested in a stock index arbitrage strategy. Instead, Greenwood and Walsh essentially treated their clients' investments as their personal piggy bank to purchase multi-million dollar homes, a horse farm and horses, luxury cars, and rare collectibles such as Steiff teddy bears. The SEC has obtained an emergency court order freezing the assets of Greenwood and Walsh as well as their companies: WG Trading Investors, L.P. (WGTI), which is an unregistered investment vehicle; WG Trading Company, Limited Partnership (WGTC), which is a registered broker-dealer located in Greenwich, Conn.; and Westridge Capital Management, Inc. (Westridge), which is a registered investment adviser located in Santa Barbara, Calif.

According to the SEC's complaint, filed in federal court in Manhattan, the SEC alleges that Greenwood and Walsh have been orchestrating the fraudulent investment scheme through their affiliated entities since at least 1996. The SEC alleges that they solicited a number of institutional investors, including educational institutions and public pension and retirement plans, by promising to invest their money in an "enhanced equity index" strategy that involves purchasing and selling equity index futures and engaging in equity index arbitrage trading. However, Greenwood and Walsh have been misappropriating hundreds of millions of dollars of investor funds for their personal use instead of investing the money in the enhanced equity index strategy. In fact, Greenwood and Walsh misappropriated as much as $554 million of the $667 million that Westridge clients invested in WGTI. Greenwood and Walsh have provided some of the investors' money to their spouse and ex-spouse, respectively, who are also named as relief defendants in the SEC's complaint.

The SEC's complaint charges violations of the anti-fraud provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940. Judge George B. Daniels of the U.S. District Court for the Southern District of New York entered an order temporarily restraining the defendants, freezing their assets, and ordering accountings and approving the appointment of a receiver over WGTI, WGTC and Westridge. The SEC's complaint also seeks a final judgment permanently enjoining the defendants from future violations of the federal securities laws and ordering them to pay financial penalties and disgorge ill-gotten gains with prejudgment interest.

The U.S. Attorney's Office (USAO) for the Southern District of New York announced parallel criminal charges against Greenwood and Walsh earlier today, and the U.S. Commodity Futures Trading Commission (CFTC) filed related charges against Greenwood, Walsh and their affiliated entities.

The SEC's investigation is ongoing. The SEC acknowledges the assistance and cooperation of the USAO, the Federal Bureau of Investigation, the CFTC and the National Futures Association.