



U.S. SECURITIES AND EXCHANGE COMMISSION

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SEC v. WG Trading Investors, L.P., 09-CV-1750 (GBD) (S.D.N.Y.)

Former Principal of Registered Broker-Dealer WG Trading Company, Limited Partnership, Settles Charges Arising From Massive Misappropriation of Investor Assets

The Securities and Exchange Commission announced that on July 29, 2010, the Honorable George B. Daniels of the United States District Court for the Southern District of New York entered a judgment against Paul Greenwood, a former principal of registered broker-dealer WG Trading Company, Limited Partnership, in ***SEC v. WG Trading Investors, L.P., 09-CV-1750 (GBD)*** (S.D.N.Y.). In February 2009, the SEC filed an emergency action and obtained an asset freeze against Greenwood and the other principal of WG Trading Company, Stephen Walsh, and their three affiliated entities, to halt a brazen investment fraud involving the misappropriation of as much as \$554 million in investor assets.

The SEC's complaint alleges that, since at least 1996, Greenwood and 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's complaint also named as defendants: WG Trading Company; WG Trading Investors, L.P., an unregistered investment vehicle; and Westridge Capital Management, Inc., a registered investment adviser of which Greenwood was also a principal.

Greenwood agreed to settle the SEC's charges by consenting to the entry of the judgment. The judgment provides for a permanent injunction against violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and violating or aiding and abetting violations of Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder. In addition, the judgment provides for the payment of disgorgement plus prejudgment interest, and the imposition of civil monetary penalties, in amounts to be determined at a later date.

The U.S. Attorney's Office for the Southern District of New York announced yesterday that Greenwood pled guilty to the charges in the indictment in ***United States v. Paul Greenwood, 09 Cr. 722 (MGC)*** (S.D.N.Y.), and the U.S. Commodity Futures Trading Commission (CFTC) announced today that Greenwood agreed to settle the CFTC's charges in ***CFTC v. Stephen Walsh, 09-CV-1749 (GBD)*** (S.D.N.Y.).