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Federal Court in Illinois Orders Approximately \$500 Million in Sanctions against Defendant Nikolai S. Battoo and His Three Companies for Committing a Global Commodity Futures and Options Fraud

Defendants ordered to pay restitution and a civil monetary penalty, disgorge profits, and are permanently barred from all commodity-related activities

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) today announced that Judge Edmond E. Chang of the U.S. District Court for the Northern District of Illinois entered an Order of Default Judgment against Defendants Nikolai S. Battoo, BC Capital Group S.A., BC Capital Group International Limited, and BC Capital Group Holdings S.A. (the BC Common Enterprise).

The court's Order requires Battoo and the BC Common Enterprise to pay restitution in the amount of \$294,246,741.63 to the victims of their fraud, as well as a \$147 million civil monetary penalty, and to disgorge \$49 million that Battoo received as ill-gotten gains. The Order also imposes permanent trading and registration bans against the Defendants and prohibits them from violating the Commodity Exchange Act and CFTC Regulations.

The Order, entered January 11, 2016, stems from a CFTC complaint filed on September 6, 2012 (see CFTC Press Release 6346-12), charging the Defendants with making fraudulent misrepresentations and omissions in connection with significant losses sustained by the Private International Wealth Management (PIWM) commodity pools through periodic account statements and asset verification documents, as well as through telephone calls and letters to pool participants.

The Order finds that the Defendants committed fraud in 2008 by failing to disclose the PIWM pools' significant exposure to the Bernard Madoff Ponzi scheme, as well as trading losses suffered by other of Battoo's hedge funds in which the PIWM pools were invested. According to the Order, in 2009, the Defendants sent asset verifications to pool participants that overstated the value of the PIWM pools' investments. Finally, the Order finds that in 2011, the Defendants overstated the impact that the bankruptcy of MF Global, Inc. had on the PIWM pools and used it as an excuse for refusing to return pool participants' funds.

The CFTC appreciates the assistance of the U.S. Securities and Exchange Commission (SEC) in this matter.

The CFTC Division of Enforcement staff responsible for this case are Amanda Burks, Andrew Ridenour, Erica Bodin, Carlin Metzger, Kathleen Banar, and Rick Glaser.

The CFTC cautions victims that restitution orders may not result in the recovery of money lost because the wrongdoers may not have sufficient funds or assets. The CFTC will continue to fight vigorously for the protection of customers to ensure the wrongdoers are held accountable.

Media Contacts

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