



**Commodity Futures Trading
Commission**

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California Federal District Court Imposes Restitution of \$13.8 Million and Penalties of \$1.5 Million Against Robert Joseph Beasley and Longboat Global Funds Management, LLC in Hedge Fund Fraud Action Brought by the Commodity Futures Trading Commission

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) announced today that on August 27, 2007, a federal court in California entered a consent order of permanent injunction against defendants **Robert Joseph Beasley**, of Whitefish, Montana, and **Longboat Global Funds Management, LLC** (Longboat).

The order, entered by the Hon. Phyllis J. Hamilton of the United States District Court for the Northern District of California, arises out of a complaint filed by the CFTC on May 25, 2005, and amended on October 3, 2005, charging that the defendants committed fraud by misrepresenting the condition and status of certain investments held by Piranha Capital, LP (Piranha), a commodity pool that defendants operated, and failed to disclose defendant Beasley's personal financial interest in those investments. (See CFTC Press Release 5084-05, June 16, 2005).

Specifically, the complaint alleged that, among other things, the defendants directed and approved loans from the commodity pool totaling approximately \$4 million to entities Beasley controls without fully disclosing his relationship and control of those entities. The complaint further alleged that defendants misrepresented the security of these loans and that Beasley disregarded his duties by failing to collect interest or principal due and by using the value of the unpaid interest payments to calculate his fees.

The order imposes restitution totaling \$13,817,183.28, of which Beasley is responsible for \$4,500,000. The order also requires Beasley to pay a \$500,000 civil monetary penalty and Longboat to pay a \$1,000,000 penalty. The order also permanently prohibits the defendants from engaging in any commodity-related activity and appoints Robb Evans and Associates, LLC as the permanent receiver for defendant Longboat with respect to matters involving Piranha.

The CFTC appreciates the assistance of the National Futures Association in this matter.

The following CFTC Division of Enforcement staff members are responsible for this case: Allison Lurton, James H. Holl, III, Gretchen L. Lowe, Richard Wagner, and Vincent McGonagle.

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