



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
JULY 24, 2009**

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TWO INVESTMENT MANAGERS INDICTED ON FRAUD CHARGES

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced today that PAUL GREENWOOD, 62, of North Salem, New York, and STEPHEN WALSH, 65, of Sands Point, New York, were charged today in a six-count Indictment with running a fraudulent commodities trading and investment advisory scheme. GREENWOOD and WALSH, principals of WG Trading Company and WG Trading Investors, were arrested on February 25, 2009, pursuant to a criminal Complaint, and released on bail.

According to the Indictment filed today in Manhattan federal court and the criminal Complaint:

As part of the fraudulent scheme, which lasted from at least 1996 through February 2009, GREENWOOD and WALSH, through various marketers, solicited investments in a program called "enhanced stock indexing," a supposedly conservative trading strategy that had outperformed the results of the S&P 500 Index for more than 10 years. Several institutions -- including charitable and university foundations, retirement and pension plans, and others -- invested more than \$7.6 billion and thus either became limited partners in WG Trading Company, LP, or received promissory notes issued by WG Trading Investors that GREENWOOD and WALSH represented would pay interest at a rate equal to the investment returns earned by a limited partner of WG Trading Company.

Contrary to their representations to the investors in the WG Trading vehicles, GREENWOOD and WALSH misappropriated at least \$80 and \$51 million, respectively, in investor funds. Among other things, GREENWOOD used the funds to purchase horses and expensive collectible items and for other personal expenditures. WALSH used investor funds for himself and to make large cash payments to his ex-wife. GREENWOOD and WALSH also

diverted investor funds to satisfy obligations that were unrelated to the "enhanced stock indexing" investment program.

Further, to conceal losses in the "enhanced stock indexing" program and with respect to the funds they misappropriated, both GREENWOOD and WALSH executed promissory notes in favor of WG Investors that totaled approximately \$554 million.

On July 21, 2009, in connection with the same scheme, DEBORAH DUFFY, the former Chief Compliance Officer of WG Trading Company, pleaded guilty to conspiracy, securities fraud, and money laundering.

GREENWOOD and WALSH are each charged with one count of conspiracy to commit securities fraud and wire fraud, one count of securities fraud, one count of commodities fraud, two counts of wire fraud, and one count of money laundering. These charges carry the following potential penalties:

Count	Charge	Maximum Prison Term	Maximum Fine
One	Conspiracy	5 years	\$250,000, or twice the gross gain or loss from the crime
Two	Securities Fraud	20 years	\$5 million, or twice the gross gain or loss from the crime
Three	Commodities Fraud	10 years	\$1 million, or twice the gross gain or loss from the crime
Four and Five	Wire Fraud	20 years on each count	\$250,000, or twice the gross gain or loss from the crime
Six	Money Laundering	10 years	\$250,000, or twice the gross gain or loss from the crime, or twice the amount of criminally derived property involved in the transaction

The Indictment also seeks forfeiture of at least the \$131 million misappropriated by GREENWOOD and WALSH, as well as

forfeiture of all criminally derived property involved in their money laundering. The case has been assigned to United States District Judge MIRIAM GOLDMAN CEDARBAUM. An arraignment is expected to be held during the week of July 27, 2009.

Mr. DASSIN praised the work of the Federal Bureau of Investigation, and thanked the United States Securities and Exchange Commission, United States Commodity Futures Trading Commission, and National Futures Association, for their assistance. He added that the investigation is continuing.

Assistant United States Attorneys JOHN J. O'DONNELL, JESSICA A. ROTH, and AMY LESTER are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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