

BrokerCheck Report

STEPHEN WALSH

CRD# 458115

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
 - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
 - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

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Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)

STEPHEN WALSH

CRD# 458115

This broker is not currently registered.

Report Summary for this Broker

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

Broker Qualifications

This broker is not currently registered.

This broker has passed:

- 2 Principal/Supervisory Exams
- 3 General Industry/Product Exams
- 0 State Securities Law Exams

Registration History

This broker was previously registered with the following securities firm(s):

- B** **WG TRADING COMPANY LIMITED PARTNERSHIP**
CRD# 27308
NORTH HILLS, NY
02/1991 - 08/2011
- B** **WALSH, GREENWOOD & CO.**
CRD# 8068
GREENWICH, CT
12/1979 - 12/1992
- B** **WGW ASSOCIATES**
CRD# 10113
08/1981 - 02/1984

Disclosure Events

This broker has been involved in one or more disclosure events involving certain final criminal matters, regulatory actions, civil judicial proceedings, or arbitrations or civil litigations.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	3
Criminal	1
Civil Event	2

Broker Qualifications



Registrations

This section provides the self-regulatory organizations (SROs), states and U.S. territories the broker is currently registered and licensed with, the category of each registration, and the date on which the registration became effective. This section also provides, for each firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.



Broker Qualifications

Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below. A passed exam or exam waiver does not permit a broker to do business without an active SRO or state registration.

This individual has passed 2 principal/supervisory exams, 3 general industry/product exams, and 0 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
B Registered Principal Examination	Series 40	10/13/1977
B Registered Options Principal Examination	Series 4	09/13/1977

General Industry/Product Exams

Exam	Category	Date
B National Commodity Futures Examination	Series 3	12/13/1991
B AMEX Put and Call Exam	PC	08/29/1980
B Registered Representative Examination	Series 1	02/24/1967

State Securities Law Exams

Exam	Category	Date
No information reported.		

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at www.finra.org/brokerqualifications/registeredrep/.

Broker Qualifications



Professional Designations

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration and Employment History

Registration History

The broker previously was registered with the following securities firms:

Registration Dates	Firm Name	CRD#	Branch Location
B 02/1991 - 08/2011	WG TRADING COMPANY LIMITED PARTNERSHIP	27308	NORTH HILLS, NY
B 12/1979 - 12/1992	WALSH, GREENWOOD & CO.	8068	GREENWICH, CT
B 08/1981 - 02/1984	WGW ASSOCIATES	10113	
B 05/1978 - 07/1979	KIDDER, PEABODY & CO. INCORPORATED	7613	
B 06/1974 - 05/1978	KIDDER, PEABODY & CO., INCORPORATED	488	
B 09/1973 - 07/1974	CLARK, DODGE & CO., INCORPORATED	161	
B 10/1970 - 08/1971	REICH & CO., INC.	3148	

Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment	Employer Name	Position	Investment Related	Employer Location
08/1990 - Present	WG TRADING COMPANY LIMITED PARTNERSHIP	MANAGING GENERAL PARTNER	Y	GREENWICH, CT, United States

Disclosure Events



What you should know about reported disclosure events:

1. Disclosure events in BrokerCheck reports come from different sources:

- As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, their employing firms, and regulators. When more than one source reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions are separated by a solid line with the reporting source labeled.

For your convenience, below is a matrix of the number and status of regulatory disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

	Final	On Appeal
Regulatory Event	3	0
Criminal	1	0
Civil Event	2	0



Disclosure Event Details

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Regulatory - Final

This type of disclosure event involves a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations.

Disclosure 1 of 3

Reporting Source:	Regulator
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Bar
Date Initiated:	08/22/2014
Docket/Case Number:	3-16034
Employing firm when activity occurred which led to the regulatory action:	N/A
Product Type:	No Product
Allegations:	<p>SEC ADMIN RELEASE 34-72905, IA RELEASE 40-3903, AUGUST 22, 2014: THE SECURITIES AND EXCHANGE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 203(F) OF THE INVESTMENT ADVISERS ACT OF 1940 AGAINST STEPHEN WALSH (RESPONDENT).</p> <p>IN ANTICIPATION OF THE INSTITUTION OF THESE PROCEEDINGS, RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. SOLELY FOR THE PURPOSE OF THESE PROCEEDINGS AND ANY OTHER PROCEEDINGS BROUGHT BY OR ON BEHALF OF THE COMMISSION, OR TO WHICH THE COMMISSION IS A PARTY, RESPONDENT CONSENTS TO THE COMMISSION'S JURISDICTION OVER HIM AND THE SUBJECT MATTER OF THESE PROCEEDINGS AND TO THE ENTRY OF THIS ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 203(F) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS.</p> <p>ON JULY 8, 2014, A JUDGMENT WAS ENTERED BY CONSENT AGAINST</p>



WALSH, PERMANENTLY ENJOINING HIM FROM FUTURE VIOLATIONS OF SECTION 17(A) OF THE SECURITIES ACT OF 1933, SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER, AND SECTIONS 206(1), 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-8 THEREUNDER, IN THE CIVIL ACTION NUMBER 09 CV 1750, IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. ON APRIL 25, 2014, WALSH PLED GUILTY TO ONE COUNT OF SECURITIES FRAUD IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTIONS 78J(B) AND 78FF AND TITLE 17, CODE OF FEDERAL REGULATIONS, SECTION 240.10B-5 BEFORE THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, CASE NUMBER 09-CR-722.

IN VIEW OF THE FOREGOING, THE COMMISSION DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST TO IMPOSE THE SANCTIONS AGREED TO IN THE RESPONDENT'S OFFER.

Current Status:	Final
Resolution:	Order
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Resolution Date:	08/22/2014
Sanctions Ordered:	Bar (Permanent)
If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?	No



(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?

(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

Sanction 1 of 1

Sanction Type: Bar (Permanent)

Capacities Affected: SEE COMMENT

Duration:

Start Date: 08/22/2014

End Date:

Regulator Statement

WALSH IS BARRED FROM ASSOCIATION WITH ANY BROKER, DEALER, INVESTMENT ADVISER, MUNICIPAL SECURITIES DEALER, MUNICIPAL ADVISOR, TRANSFER AGENT, OR NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION; BARRED FROM PARTICIPATING IN ANY OFFERING OF A PENNY STOCK, INCLUDING: ACTING AS A PROMOTER, FINDER, CONSULTANT, AGENT OR OTHER PERSON WHO ENGAGES IN ACTIVITIES WITH A BROKER, DEALER OR ISSUER FOR PURPOSES OF THE ISSUANCE OR TRADING IN ANY PENNY STOCK, OR INDUCING OR ATTEMPTING TO INDUCE THE PURCHASE OR SALE OF ANY PENNY STOCK.

Disclosure 2 of 3

Reporting Source: Regulator

Regulatory Action Initiated By: NATIONAL FUTURES ASSOCIATION

Sanction(s) Sought:

**Other Sanction(s) Sought:****Date Initiated:** 02/12/2009**Docket/Case Number:** 09-MRA-002**Employing firm when activity occurred which led to the regulatory action:** WG TRADING COMPANY, LP**Product Type:** Other**Other Product Type(s):** PROMISSORY NOTES

Allegations: WALSH FAILED TO COOPERATE WITH NFA AND PRODUCE BOOKS AND RECORDS RELATING TO HIS COMMODITY POOL OPERATOR (CPO) ACTIVITIES, INCLUDING BOOKS AND RECORDS OF ALL OTHER TRANSACTIONS AND ALL OTHER ACTIVITIES IN WHICH HE ENGAGES. MOREOVER, HE FAILED TO RESPOND TO QUESTIONS REGARDING NUMEROUS PROMISSORY NOTES TOTALING HUNDREDS OF MILLIONS OF DOLLARS EXECUTED BY HIM INDIVIDUALLY IN FAVOR OF AN INVESTMENT VEHICLE TO WHICH AN NFA LISTED COMMODITY POOL HAS LOANED APPROXIMATELY \$350 MILLION, AND FAILED TO MAKE HIMSELF AVAILABLE TO RESPOND TO QUESTIONS REGARDING ANOTHER LISTED COMMODITY POOL'S \$194.5 MILLION LOAN TO THE SAME INVESTMENT VEHICLE. WALSH'S FAILURE TO COOPERATE WITH NFA'S INVESTIGATION HAS MATERIALLY HINDERED NFA'S EFFORTS TO DETERMINE THE NATURE OF HIS COMMODITY POOL OPERATOR BUSINESS; HIS FINANCIAL WHEREWITHAL AND ABILITY TO REPAY ANOTHER COMMODITY POOL WHICH IN TURN WOULD ENABLE IT TO REPAY ITS NOTE HOLDERS, INCLUDING ANOTHER COMMODITY POOL; THE NATURE OF AN INVESTMENT ADVISER ACTIVITIES AND COMMODITY POOL ACTIVITIES; THE IDENTITIES OF THEIR CUSTOMERS; THE AMOUNT AND LOCATION OF FUNDS DEPOSITED BY THOSE CUSTOMERS; AND WALSH'S TREATMENT OF THEIR FUNDS.

Current Status: Final**Resolution:** Order**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No



Resolution Date: 02/12/2009

Sanctions Ordered: Suspension

Other Sanctions Ordered:

Sanction Details:

NATIONAL FUTURES ASSOCIATION ("NFA") HEREBY GIVES NOTICE TO STEPHEN WALSH ("WALSH ") WHO IS A SOLE PROPRIETOR COMMODITY POOL OPERATOR ('CPO) MEMBER OF NFA, THAT PURSUANT TO NFA COMPLIANCE RULE 3-15, THE PRESIDENT OF NFA, WITH THE CONCURRENCE OF NFA'S EXECUTIVE COMMITTEE, HAS TAKEN A MEMBER RESPONSIBILITY ACTION ("MRA") AGAINST WALSH WHEREBY: 1. WALSH IS SUSPENDED FROM NFA MEMBERSHIP UNTIL FURTHER NOTICE; 2. WALSH AND ANY OTHER PERSON ACTING ON BEHALF OF HIM ARE PROHIBITED FROM SOLICITING OR ACCEPTING ANY CUSTOMER OR POOL PARTICIPANT FUNDS OR PLACING TRADES FOR ANY POOLS THAT HE OPERATES OR ACCOUNTS THAT HE OWNS OR CONTROLS OR WHICH ARE HELD IN HIS NAME EXCEPT FOR LIQUIDATION OF EXISTING POSITIONS; WALSH AND ANY OTHER PERSON ACTING ON BEHALF OF HIM ARE PROHIBITED FROM DISBURSING OR TRANSFERRING ANY FUNDS (OTHER THAN TO MARGIN EXISTING POSITIONS) FROM ANY ACCOUNTS (BANK, TRADING, OR ANY OTHER TYPES OF ACCOUNTS) WHICH HE OWNS OR CONTROLS (INCLUDING CUSTOMER AND POOL ACCOUNTS) OR WHICH ARE HELD IN HIS NAME, WITHOUT PRIOR APPROVAL FROM NFA; AND 4. WALSH IS REQUIRED TO PROVIDE COPIES OF THIS MRA VIA OVERNIGHT COURIER TO ALL POOL PARTICIPANTS IN ANY POOL WHICH WALSH OPERATES, EXERCISES CONTROL OVER OR WHICH HE PREVIOUSLY EXERCISED CONTROL OVER. THESE ACTIONS ARE EFFECTIVE IMMEDIATELY AND ARE DEEMED NECESSARY TO PROTECT THE COMMODITY FUTURES MARKETS, POOL PARTICIPANTS, CUSTOMERS AND OTHER NFA MEMBERS.

Disclosure 3 of 3

Reporting Source: Broker

Regulatory Action Initiated By: BUSINESS CONDUCT COMMITTEE, CHICAGO BOARD OPTIONS E*See FAQ #1*

Sanction(s) Sought:

Other Sanction(s) Sought:

Date Initiated: 03/01/1985

Docket/Case Number: 85-0035



Employing firm when activity occurred which led to the regulatory action:

Product Type:

Other Product Type(s):

Allegations: THE CBOE ALLEGED TAHT I VIOLATED EXCHANGE RULES 4.1 (FAILURE TO OBSERVE JUST AND EQUITABLE PRINCIPALS OF TRADING), 6.73 (FAILURE TO USE DUE DILIGENCE IN EXECUTING ORDERS), AND 6.24 (FAILURE TO EXECUTE BUY AND SELL ORDERS IN A PUBLIC OUTCRY) IN CONNECTION WITH MY EMPLOYMENT AS AN ASSOCIATED PERSON WITH WALSH GREENWOOD & CO.

Current Status: Final

Resolution: Consent

Resolution Date: 06/23/1985

Sanctions Ordered: Censure
Monetary/Fine \$5,500.00

Other Sanctions Ordered:

Sanction Details: THE CONSENT DECREE CALLED FOR A CENSURE OF WALSH GREENWOOD, A FIVE THOUSAND DOLLAR JOINT AND SEVERAL FINE OF ME AND WALSH GREENWOOD, AND A FIVE HUNDRED DOLLAR FINE OF WALSH GREENWOOD.

Broker Statement Not Provided



Criminal - Final Disposition

This type of disclosure event involves a conviction or guilty plea for any felony or certain misdemeanor offenses, including bribery, perjury, forgery, counterfeiting, extortion, fraud, and wrongful taking of property that is currently on appeal.

Disclosure 1 of 1

Reporting Source:	Regulator
If charge(s) were brought against an organization over which broker exercised control:	
Organization Name:	WG TRADING COMPANY LIMITED PARTNERSHIP & WG TRADING INVESTORS, LP
Investment Related Business:	Yes
Broker's Position:	GENERAL PARTNER, CEO AND SROP
Formal Charges were brought in:	Federal Court
Name of Court:	UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK
Location of Court:	NEW YORK
Docket/Case #:	1:09-CR-722
Charge Date:	02/24/2009
Charge(s) 1 of 5	
Formal Charge(s)/Description:	CONSPIRACY TO COMMIT SECURITIES AND WIRE FRAUD
No of Counts:	1
Felony or Misdemeanor:	Felony
Plea for each charge:	NOT GUILTY
Disposition of charge:	Dismissed
Charge(s) 2 of 5	
Formal Charge(s)/Description:	COMMODITIES FRAUD
No of Counts:	1
Felony or Misdemeanor:	Felony



Plea for each charge:	NOT GUILTY
Disposition of charge:	Dismissed
Charge(s) 3 of 5	
Formal Charge(s)/Description:	MONEY LAUNDERING
No of Counts:	1
Felony or Misdemeanor:	Felony
Plea for each charge:	NOT GUILTY
Disposition of charge:	Dismissed
Charge(s) 4 of 5	
Formal Charge(s)/Description:	WIRE FRAUD
No of Counts:	2
Felony or Misdemeanor:	Felony
Plea for each charge:	NOT GUILTY
Disposition of charge:	Dismissed
Charge(s) 5 of 5	
Formal Charge(s)/Description:	SECURITIES FRAUD
No of Counts:	1
Felony or Misdemeanor:	Felony
Plea for each charge:	GUILTY
Disposition of charge:	Pled guilty
Current Status:	Final
Status Date:	11/18/2014
Disposition Date:	11/18/2014
Sentence/Penalty:	Walsh was sentenced to prison for a total term of 240 months and upon release, three years of supervised release. Restitution will be determined at a later date. Walsh must pay an assessment of \$100.
Regulator Statement	ON APRIL 25, 2014, WALSH CHANGED HIS NOT GUILTY PLEA TO A PLEA OF GUILTY AS TO COUNT 2, SECURITIES FRAUD.





Civil - Final

This type of disclosure event involves an injunction issued by a court in connection with investment-related activity or a finding by a court of a violation of any investment-related statute or regulation.

Disclosure 1 of 2

Reporting Source:	Regulator
Initiated By:	COMMODITY FUTURES TRADING COMMISSION
Relief Sought:	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines Restitution
Date Court Action Filed:	02/25/2009
Product Type:	Futures Commodity
Type of Court:	Federal Court
Name of Court:	U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK
Location of Court:	NEW YORK, NEW YORK
Docket/Case #:	09-CV-1749
Employing firm when activity occurred which led to the action:	WESTRIDGE CAPITAL MANAGEMENT, INC., WG TRADING INVESTORS, LP, WGIA, LLC
Allegations:	CFTC NEW RELEASE 5621-09, FEBRUARY 25, 2009: SECTIONS 4B(A)(2)(I)-(III), 4O(1)(A) & (B) OF THE COMMODITY EXCHANGE ACT, 7 USC 6B(A)(2)(I)-(III), 7 USC 6O(1)(A) & (B) (2006), SECTIONS 4B(A)(1)(A)-(C) OF THE COMMODITY EXCHANGE ACT AS AMENDED BY THE FOOD, CONSERVATION AND ENERGY ACT OF 2008 TO BE CODIFIED AT 7 USC 6B(A)(1)(A)-(C) - WALSH CHEATED OR DEFRAUDED, OR ATTEMPTED TO CHEAT AND DEFRAUD AND WILLFULLY DECEIVED OR ATTEMPTED TO DECEIVE COMMODITY POOL PARTICIPANTS BY MISREPRESENTING THE POOL'S INVESTMENT STRATEGY WHEN SOLICITING PROSPECTIVE PARTICIPANTS, AND FAILING TO INFORM PROSPECTIVE AND ACTUAL PARTICIPANTS THAT THEIR FUNDS WOULD BE MISAPPROPRIATED FOR HIS PERSONAL LOSS AND TO CONCEAL TRADING LOSSES. AS A COMMODITY POOL OPERATOR (CPO), WALSH, DIRECTLY OR INDIRECTLY, EMPLOYED, OR IS EMPLOYING A DEVICE, SCHEME OR ARTIFICE TO DEFRAUD COMMODITY POOL PARTICIPANTS, OR ENGAGED, OR IS ENGAGING, IN TRANSACTIONS, PRACTICES OR A COURSE OF BUSINESS WHICH OPERATED AS A FRAUD OR DECEIT UPON COMMODITY POOL PARTICIPANTS BY:



MISREPRESENTING THE POOL'S INVESTMENT STRATEGY WHEN SOLICITING PROSPECTIVE PARTICIPANTS, AND FAILING TO INFORM PARTICIPANTS AND PROSPECTIVE PARTICIPANTS THAT THEIR FUNDS WOULD BE MISAPPROPRIATED FOR HIS PERSONAL USE AND TO CONCEAL TRADING LOSSES. SUCH ACTS WERE AFFECTED BY USE OF THE MAELS AND OTHER MEANS OR INSTRUMENTALITIES OF INTERSTATE COMMERCE, DIRECTLY OR INDIRECTLY, TO ENGAGE IN THE BUSINESS OF A CPO. THE COMPLAINT ALLEGES THAT WALSH MISAPPROPRIATED APPROXIMATELY \$553 MILLION BY FALSELY DEPICTING THAT ALL POOL PARTICIPANTS' FUNDS WOULD BE EMPLOYED IN A SINGLE INVESTMENT STRATEGY CONSISTING OF INDEX ARBITRAGE BUT THE FUNDS WERE TRANSFERRED TO ANOTHER ENTITY FROM WHICH HE SIPHONED FUNDS. TO COVER UP HIS MISAPPROPRIATION, WALSH MANUFACTURED PROMISSORY NOTES TO PRESENT THE APPEARANCE THAT POOL PARTICIPANTS FUNDS HAD BEEN LOANED TO HIM.

Current Status: Final

Resolution: Consent

Resolution Date: 08/20/2014

Sanctions Ordered or Relief Granted: Injunction
Other: PERMANENTLY RESTRAINED AND PROHIBITED

Capacities 1 of 1

Capacities Affected: SEE COMMENT

Duration: PERMANENTLY

Start Date: 08/20/2014

End Date:

Regulator Statement

ON FEBRUARY 25, 2009, THE JUDGE FOR THE DISTRICT COURT ISSUED AN ORDER GRANTING THE CFTC'S MOTION FOR A STATUTORY EX PARTE RESTRAINING ORDER, FOR EXPEDITED DISCOVERY AND AN ORDER TO SHOW CAUSE WHY A PRELIMINARY INJUNCTION SHOULD NOT BE GRANTED.

ON AUGUST 20, 2014: - THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, ON AUGUST 20, 2014, RENDERED CONSENT ORDER OF PERMANENT INJUNCTION AND ANCILLARY EQUITABLE RELIEF UNDER THE COMMODITY EXCHANGE ACT AGAINST DEFENDANT STEPHEN WALSH. ACCORDINGLY, WALSH IS PERMANENTLY RESTRAINED, ENJOINED AND PROHIBITED FROM DIRECTLY OR INDIRECTLY, VIOLATING OF SECTIONS 4B(A)(1)(A) AND (C) OF THE ACT AS AMENDED, AND SECTION 4O(1) OF THE ACT. WALSH IS PERMANENTLY



RESTRAINED, ENJOINED AND PROHIBITED FROM ENGAGING, DIRECTLY OR INDIRECTLY, IN: A) TRADING ON OR SUBJECT TO THE RULES OF ANY REGISTERED ENTITY (AS THAT TERM IS DEFINED IN SECTION 1A OF THE ACT, AS AMENDED, ; B) ENTERING INTO ANY TRANSACTIONS INVOLVING COMMODITY FUTURES, OPTIONS ON COMMODITY FUTURES, COMMODITY OPTIONS (AS THAT TERM IS DEFINED IN REGULATION 1.3 (HH), ("COMMODITY OPTIONS"), SWAPS (AS THAT TERM IS DEFINED IN SECTION 1A(47) OF THE ACT, AS AMENDED, AND AS FURTHER DEFINED BY COMMISSION REGULATION 1.3(XXX), AND/OR FOREIGN CURRENCY (AS DESCRIBED IN SECTIONS 2(C)(2)(B) AND 2(C)(2)(C)(I) OF THE ACT, AS AMENDED, ("FOREX CONTRACTS") FOR HIS OWN PERSONAL ACCOUNT OR FOR ANY ACCOUNT IN WHICH HE HAS A DIRECT OR INDIRECT INTEREST; C) HAVING ANY COMMODITY FUTURES, OPTIONS ON COMMODITY FUTURES, COMMODITY OPTIONS, SWAPS, AND/OR FOREX CONTRACTS TRADED ON HIS BEHALF; D) CONTROLLING OR DIRECTING THE TRADING FOR OR ON BEHALF OF ANY OTHER PERSON OR ENTITY, WHETHER BY POWER OF ATTORNEY OR OTHERWISE, IN ANY ACCOUNT INVOLVING COMMODITY FUTURES, OPTIONS ON COMMODITY FUTURES, COMMODITY OPTIONS, SWAPS, AND/OR FOREX CONTRACTS; E) SOLICITING, RECEIVING, OR ACCEPTING ANY FUNDS FROM ANY PERSON FOR THE PURPOSE OF PURCHASING OR SELLING ANY COMMODITY FUTURES, OPTIONS ON COMMODITY FUTURES, COMMODITY OPTIONS, SWAPS AND/OR FOREX CONTRACTS; F) APPLYING FOR REGISTRATION OR CLAIMING EXEMPTION FROM REGISTRATION WITH THE COMMISSION IN ANY CAPACITY, AND ENGAGING IN ANY ACTIVITY REQUIRING SUCH REGISTRATION OR EXEMPTION FROM REGISTRATION WITH THE COMMISSION, EXCEPT AS PROVIDED FOR IN REGULATION 4.14(A)(9); G) ACTING AS A PRINCIPAL (AS THAT TERM IS DEFINED IN REGULATION 3. L(A), AGENT OR ANY OTHER OFFICER OR EMPLOYEE OF ANY PERSON (AS THAT TERM IS DEFINED IN SECTION 1A OF THE ACT,) REGISTERED, EXEMPTED FROM REGISTRATION OR REQUIRED TO BE REGISTERED WITH THE COMMISSION, EXCEPT AS PROVIDED FOR IN REGULATION 4.14(A)(9). THE INJUNCTIVE PROVISIONS OF THIS ORDER SHALL BE BINDING UPON WALSH. IT IS FURTHER ORDERED THAT: WALSH SHALL DISGORGE FUNDS RECEIVED AS A RESULT OF THE COURSE OF ILLEGAL CONDUCT ALLEGED IN THE COMPLAINT. THE DISGORGEMENT AMOUNT IS TO BE DETERMINED AT A LATER DATE BY AGREEMENT BETWEEN THE CFTC AND WALSH WITHIN ONE HUNDRED TWENTY (120) DAYS OF THE TERMINATION OF THE COURT-APPOINTED RECEIVERSHIP IN THIS CASE, OR BY THE COURT AS SOON AS POSSIBLE THEREAFTER. THE COURT SHALL RETAIN JURISDICTION OF THIS MATTER FOR THE PURPOSES OF ENFORCING THE TERMS AND CONDITIONS OF THE CONSENT ORDER AND FOR ANY OTHER PURPOSE RELEVANT TO THIS ACTION.



Disclosure 2 of 2

Reporting Source:	Regulator
Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Relief Sought:	Injunction
Date Court Action Filed:	02/25/2009
Product Type:	Futures-Financial
Type of Court:	Federal Court
Name of Court:	U.S. DISTRICT COURT - SOUTHERN DISTRICT OF NEW YORK
Location of Court:	SOUTHERN DISTRICT - NEW YORK
Docket/Case #:	09-CV-1750
Employing firm when activity occurred which led to the action:	WG TRADING INVESTORS, L.P.; WG TRADING COMPANY, LIMITED PARTNERSHIP; WESTRIDGE CAPITAL MANAGEMENT, INC.
Allegations:	<p>SEC LITIGATION RELEASE 20912, FEBRUARY 25, 2009: SECTION 17(A) OF THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT") AND RULE 10B-5 THEREUNDER, SECTIONS 206(1), 206(2) AND 206(4) OF THE INVESTMENT ADVISERS ACT OF 1940 AND RULE 206(4) THEREUNDER - THE SEC ALLEGES THAT STEPHEN WALSH PROMISED INVESTORS THAT THEIR MONEY WOULD BE INVESTED IN A STOCK INDEX ARBITRAGE STRATEGY. INSTEAD, WALSH ESSENTIALLY TREATED HIS CLIENTS' INVESTMENTS AS HIS 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 ALLEGES THAT WALSH HAS BEEN ORCHESTRATING THE FRAUDULENT INVESTMENT SCHEME THROUGH AFFILIATED ENTITIES SINCE AT LEAST 1996. THE SEC ALLEGES THAT HE 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, WALSH HAS BEEN MISAPPROPRIATING HUNDREDS OF MILLIONS OF DOLLARS OF INVESTOR FUNDS FOR HIS PERSONAL USE INSTEAD OF INVESTING THE MONEY IN THE ENHANCED EQUITY INDEX STRATEGY. IN FACT, WALSH AND ANOTHER INDIVIDUAL MISAPPROPRIATED AS MUCH AS \$554 MILLION OF THE \$667 MILLION THAT CLIENTS INVESTED IN AN UNREGISTERED INVESTMENT VEHICLE. WALSH HAS PROVIDED SOME OF THE INVESTORS' MONEY TO A RELIEF</p>



DEFENDANT NAMED IN THE SEC'S COMPLAINT.

Current Status: Final

Resolution: Judgment Rendered

Resolution Date: 07/08/2014

Sanctions Ordered or Relief Granted: Injunction

Capacities 1 of 1

Capacities Affected: SEE COMMENTS

Duration: PERMANENT

Start Date: 07/08/2014

End Date:

Regulator Statement

THE U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK ENTERED AN ORDER TEMPORARILY RESTRAINING THE DEFENDANT, FREEZING HIS ASSETS, AND ORDERING ACCOUNTINGS.

THE U.S. ATTORNEY'S OFFICE (USAO) FOR THE SOUTHERN DISTRICT OF NEW YORK ANNOUNCED PARALLEL CRIMINAL CHARGES AGAINST WALSH WERE FILED 2/25/09.

JULY 8, 2014: THE SEC HAVING FILED A COMPLAINT AND DEFENDANT STEPHEN WALSH HAVING ENTERED A GENERAL APPEARANCE; CONSENTED TO THE COURT'S JURISDICTION OVER DEFENDANT AND THE SUBJECT MATTER OF THIS ACTION; CONSENTED TO ENTRY OF THIS JUDGMENT; WAIVED FINDINGS OF FACT AND CONCLUSIONS OF LAW; AND WAIVED ANY RIGHT TO APPEAL FROM THIS JUDGMENT. IT IS ORDERED THAT DEFENDANT AND DEFENDANT'S AGENTS, SERVANTS, EMPLOYEES, ATTORNEYS, AND ALL PERSONS IN ACTIVE CONCERT OR PARTICIPATION WITH THEM WHO RECEIVE ACTUAL NOTICE OF THIS JUDGMENT BY PERSONAL SERVICE OR OTHERWISE ARE PERMANENTLY RESTRAINED AND ENJOINED FROM VIOLATING, DIRECTLY OR INDIRECTLY, SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT) AND RULE 10B-5 PROMULGATED THEREUNDER, PERMANENTLY RESTRAINED AND ENJOINED FROM VIOLATING SECTION 17(A) OF THE SECURITIES ACT OF 1933 (SECURITIES ACT), PERMANENTLY RESTRAINED AND ENJOINED FROM VIOLATING SECTIONS 206(1), 206(2), AND 206(4) OF THE INVESTMENT ADVISERS ACT OF 1940 (ADVISERS ACT) AND RULE 206(4)-8 PROMULGATED THEREUNDER, AND PERMANENTLY RESTRAINED AND ENJOINED FROM AIDING AND ABETTING ANY VIOLATION OF SECTIONS 206(1), 206(2), AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-8 PROMULGATED THEREUNDER. IT IS FURTHER ORDERED THAT



DEFENDANT SHALL PAY DISGORGEMENT OF ILL-GOTTEN GAINS, PREJUDGMENT INTEREST THEREON, AND A CIVIL PENALTY. THE COURT SHALL DETERMINE THE AMOUNTS OF THE DISGORGEMENT AND CIVIL PENALTY UPON MOTION OF THE COMMISSION. PREJUDGMENT INTEREST SHALL BE CALCULATED FROM JANUARY 5, 1998, BASED ON THE RATE OF INTEREST USED BY THE INTERNAL REVENUE SERVICE. THE COURT SHALL RETAIN JURISDICTION OF THIS MATTER FOR THE PURPOSES OF ENFORCING THE TERMS OF THIS JUDGMENT.

End of Report



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