



***United States Attorney
Southern District of New York***

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**HEDGE FUND MANAGER SENTENCED TO 3 YEARS IN PRISON
FOR \$88 MILLION SECURITIES FRAUD SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that former hedge fund manager JOHN H. WHITTIER, the former manager of the Wood River Partners, L.P. ("Wood River U.S.") and Wood River Partners Offshore, Ltd. ("Wood River Cayman") hedge funds, was sentenced this afternoon in Manhattan federal court to 36 months in prison following his May 2007 guilty plea to charges of securities fraud. The charges stem from a scheme that resulted in investor losses of approximately \$88 million. According to the Indictment and statements made during WHITTIER's guilty plea proceeding:

WHITTIER operated and managed the Wood River U.S. and Wood River Cayman hedge funds. In offering and marketing materials, and in presentations to hedge fund investors, WHITTIER promised that he would pursue a broad investment strategy and operate those hedge funds with a diverse portfolio containing a variety of investments. In particular, WHITTIER assured investors that a maximum of 10 percent of the hedge funds' holdings would be invested in the stock of any one company. Contrary to his representations, WHITTIER invested approximately 85 percent of Wood River U.S.'s \$127 million portfolio in a single stock. Specifically, from the fall of 2004 through September 2005, WHITTIER accumulated beneficial ownership -- through Wood River U.S., Wood River Cayman, and other accounts under his control -- of approximately 80 percent of the common stock of Endwave Corporation ("Endwave"). WHITTIER also falsely informed investors that the Wood River U.S. hedge fund was being audited when, in fact, it was not.

WHITTIER, furthermore, purposefully failed to make the required filings with the United States Securities and Exchange Commission ("SEC"), which would have disclosed his ownership interest in Endwave to both his hedge fund investors and the

public. The SEC requires filings disclosing beneficial ownership of five percent or more of a publicly traded stock, and further disclosure if ownership exceeds ten percent.

In mid-September 2005, a dramatic drop in Endwave's stock price caused the value of the Wood River U.S. hedge fund portfolio to drop and triggered margin calls by certain of the hedge funds' brokers. Similar margin calls were triggered at Wood River Cayman, which had also accumulated significant holdings in Endwave, contrary to WHITTIER's promises. Because such a large portion of the Wood River U.S. and Wood River Cayman funds' assets were invested in Endwave stock, WHITTIER was unable to meet certain of these margin calls, and various brokers began liquidating the hedge funds' Endwave stock positions. Around the same time, WHITTIER informed investors that he could not pay investor redemption requests because of liquidity problems. By approximately October 2005, WHITTIER and the Wood River funds were no longer doing business. As a result of WHITTIER's fraud, investors in the Wood River U.S. and Wood River Cayman hedge funds lost approximately \$88 million.

In addition, in July 2005 WHITTIER acquired a significant ownership interest in a second publicly traded company called MediaBay, Inc. ("MediaBay"). WHITTIER then intentionally failed to file required documents with the SEC disclosing his beneficial ownership of MediaBay securities in excess of 10 percent. WHITTIER instead falsely informed securities lawyers whom he had retained that he owned only approximately 9.6 percent of MediaBay's stock. As a result, WHITTIER's attorneys filed a form with the SEC that fraudulently misrepresented that WHITTIER controlled only approximately 9.5 percent of MediaBay's common stock when, in fact, WHITTIER was the beneficial owner of approximately 23 percent of MediaBay stock.

WHITTIER, 41, resides in Hailey, Idaho. He was ordered to forfeit to the United States the sum of \$5,535,571. WHITTIER was ordered to surrender to begin serving his sentence on January 15, 2008.

Mr. GARCIA praised the investigative work of the Securities and Exchange Commission and the Federal Bureau of Investigation.

Assistant United States Attorney STEVEN D. FELDMAN is in charge of the prosecution.

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