



*United States Attorney  
Southern District of New York*

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**WESTGATE CAPITAL FUND MANAGER SENTENCED IN MANHATTAN  
FEDERAL COURT TO 40 YEARS IN PRISON  
FOR \$133 MILLION PONZI SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that JAMES NICHOLSON -- the President, Senior Portfolio Manager, and sole managing member of investment firm Westgate Capital Management LLC -- was sentenced today to 40 years in prison on charges stemming from a Ponzi scheme involving losses of approximately \$133 million. NICHOLSON was sentenced in Manhattan federal court by U.S. District Judge RICHARD J. SULLIVAN.

Manhattan U.S. Attorney PREET BHARARA said: "This is becoming an all too familiar story - James Nicholson victimized hundreds of investors and swindled more than \$100 million for personal gain. But today's sentence proves once again that when the free ride on the backs of innocent and unsuspecting victims stops, the perpetrators of these Ponzi schemes go to prison for a long time. Along with our partners at the FBI, we will continue to identify Ponzi schemers, prosecute them, and send them to prison."

According to the Complaint and Indictment previously filed in Manhattan federal court, as well as statements made during NICHOLSON's guilty plea proceeding:

Starting at least in 2004, NICHOLSON, among other things, represented to investors that Westgate Capital, a money management firm he founded in New York City, had assets under management ranging from \$600 to \$900 million. In truth and in fact, however, the true value of its assets was materially less. NICHOLSON also provided a private offering memorandum to investors in one of Westgate Capital's funds, Westgate Strategic Growth Fund, LP, that falsely stated that the fund was audited by an independent accounting firm located in New York, New York. Marketing brochures for the Strategic Growth Fund also claimed positive returns for each month from January 2004 through August 2008, and a similar brochure for another Westgate fund showed

uniformly positive returns for every month (except September 2001) from October 1999 through December 2007. In truth and in fact, however, performance of the funds was lower than represented. As a result of NICHOLSON's Ponzi scheme, hundreds of investors suffered losses of approximately \$133 million.

In addition to the prison term, Judge SULLIVAN sentenced NICHOLSON, 44, of Saddle River, New Jersey, to three years of supervised release and ordered him to pay more than \$140 million in restitution and to forfeit more than \$131 million in proceeds from his offenses.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation in this case. Mr. BHARARA also thanked the U.S. Securities and Exchange Commission for its assistance in the investigation.

Assistant U.S. Attorney DAVID LEIBOWITZ is in charge of the prosecution.

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