



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
DECEMBER 11, 2009**

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**WESTGATE CAPITAL FUND MANAGER PLEADS GUILTY IN
MANHATTAN FEDERAL COURT TO \$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 -- pleaded guilty today in Manhattan federal court before United States District Judge RICHARD J. SULLIVAN to three felony charges, including securities fraud, investment adviser fraud, and mail fraud, involving losses of approximately \$133 million.

According to the Complaint and Indictment previously filed in this case, 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 materially lower than represented. As a result of NICHOLSON's Ponzi scheme, investors suffered losses of approximately \$133 million.

NICHOLSON pleaded guilty to the offenses set forth below, which contain the following maximum penalties:

COUNT	OFFENSE	MAXIMUM PENALTY
One	Securities Fraud	20 years in prison; fine of the greater of \$5 million or twice gross gain or loss from offense
Two	Investment Adviser Fraud	5 years in prison; fine of the greater of \$250,000 or twice the gross gain or loss from the offense.
Three	Mail Fraud	20 years in prison; fine of the greater of \$250,000 or twice the gross gain or loss from the offense

In addition, NICHOLSON admitted to allegations in the Indictment seeking forfeiture of the proceeds of and property involved in the charged crimes.

NICHOLSON, 43, of Saddle River, New Jersey, is scheduled to be sentenced by Judge SULLIVAN on April 30, 2010.

"James Nicholson swindled his victims out of \$133 million by making false assurances and claiming false profits," said United States Attorney PREET BHARARA. "Today's guilty plea is another important step in our ongoing effort to bring justice to victims of Ponzi schemes."

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

Assistant United States Attorneys MARIA DOUVAS and JOSHUA KLEIN are in charge of the prosecution.

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