JUDGE CROTTY

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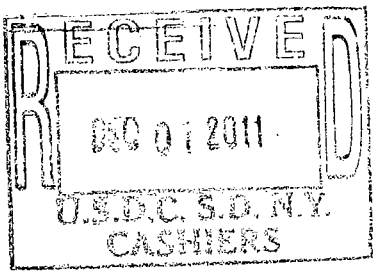
UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK



SECURITIES AND EXCHANGE COMMISSION,	
Plaintiff,	
v.	**No. _____ ( )**
MICHAEL R. BALBOA and GILLES T. DE CHARSONVILLE,	**ECF CASE**
	COMPLAINT AND JURY DEMAND
Defendants.	

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against Defendants Michael R. Balboa and Gilles T. De Charsonville (collectively, "Defendants"), alleges as follows:

SUMMARY OF ALLEGATIONS

1. This case involves a fraudulent scheme to overvalue two illiquid and sizeable securities positions owned by the now defunct Millennium Global Emerging Credit Fund (the "Fund"), a credit-focused, emerging market hedge fund whose reported assets were $844 million at the time of its October 16, 2008 collapse. Between January and October 2008, the Fund's portfolio manager, Michael Balboa, enlisted two purportedly independent brokers, Gilles De Charsonville and another broker from a U.K.-based broker-dealer firm ("Broker A"), to

provide phony mark-to-market quotes for two of the Fund's portfolio securities to the Fund's independent valuation agent, GlobeOp Financial Services, Ltd. ("GlobeOp"), and outside auditor, Deloitte & Touche (Bermuda), Ltd. ("Deloitte"), in order to inflate the Fund's reported monthly returns and overall net asset value ("NAV").

2. Balboa and De Charsonville hid their scheme from GlobeOp and Deloitte. At Balboa's direction, De Charsonville and Broker A led GlobeOp and Deloitte to believe that the marks were authentic counter-party quotes. In reality, the marks were dictated by Balboa.

3. Nor was the true source of the valuations disclosed to investors. Nowhere in any of the marketing materials, monthly newsletters, offering memoranda, or the 2007 audited Fund financial statements, did the Fund, Millennium Global Investments, Ltd., the Fund's Investment Manager, or Balboa reveal that the valuations came directly from Balboa, and were not reflective of legitimate and independent mark-to-market quotations.

4. As a result of this misconduct, Balboa, with the knowing and substantial assistance of De Charsonville, caused the Fund to progressively overstate its NAV by approximately $163 million by August 2008 and, in so doing, was able to generate millions of dollars in illegitimate management and performance fees, and, between January 2008 and mid-October 2008, to attract roughly $410 million in new investments and deter close to $230 million in eligible redemptions.

5. By engaging in the conduct set forth in this complaint, each of the Defendants, directly or indirectly, singly or in concert, violated and are otherwise liable for violations of the federal securities laws, as follows:

(a) Each of the Defendants violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Exchange Act Rules 10b-5(a) and (c), 17 C.F.R. §§ 240.10b-5(a) and (c).

(b) Balboa also violated Sections 17(a)(1), (2) and (3) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77q(a)(1), (2) and (3), and Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §§ 80b-6(1), 80b-6(2) and 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2). In addition, Balboa is liable (i) under Section 20(e) of the Exchange Act, 15 U.S.C. § 78t(e), for aiding and abetting the violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b), committed by the Fund and/or the adviser, Millennium Global Investments, Ltd. ("MGIL"); and (ii) under Section 209(f) of the Advisers Act, 15 U.S.C. § 80b-9(f), for aiding and abetting MGIL's violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2) and 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2).

(c) De Charsonville is also liable (i) under Section 20(e) of the Exchange Act, 15 U.S.C. § 78t(e), for aiding and abetting Balboa's violations of Section 10(b) of the Securities Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5(a) and (c), 17 C.F.R. § 240.10b-5(a) and (c); (ii) under Section 209(f) of the Advisers Act, 15 U.S.C. § 80b-9(f), for aiding and abetting Balboa's violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2) and 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2); and (iii) pursuant to the authority conferred upon it by Section 21(f) of the

Exchange Act, 15 U.S.C. § 78u(f), for violations of Financial Industry Regulatory Authority ("FINRA") Rule 5210.

6. Unless the Defendants are permanently restrained and enjoined, they will again engage in the acts, practices, transactions and courses of business set forth in this complaint and in acts, practices, transactions and courses of business of similar type and object.

JURISDICTION AND VENUE

7. The Commission brings this action pursuant to authority conferred by Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), Section 21(f) of the Exchange Act, 15 U.S.C. § 78u(f), and Section 209(d) of the Advisers Act, 15 U.S.C. §80b-9(d), seeking a final judgment: (a) restraining and permanently enjoining each of the Defendants from engaging in the acts, practices and courses of business alleged against them herein; (b) ordering each of the Defendants to disgorge any ill-gotten gains and to pay prejudgment interest on those amounts; and (c) imposing civil money penalties on each of the Defendants pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), Section 209 of the Advisers Act, 15 U.S.C. § 80b-9, and, as to Balboa, Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d).

8. The Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), Sections 21(d), 21(e) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 77u(e) and 78aa, and Section 214 of the Advisers Act, 15 U.S.C. § 80b-14. Defendants, either directly or indirectly, have made use of the means or instrumentalities of interstate commerce, of the mails, the facilities of national securities exchanges, and/or the means or instruments of transportation or communication in interstate commerce in connection with the acts, practices, and courses of business alleged herein. Among other things, Defendants

directly or indirectly engaged in a fraudulent scheme to inflate artificially the value of the shares of a Delaware limited partnership, i.e., the Fund's domestic feeder fund, which were being offered and sold within the United States.

9. Venue lies in the Southern District of New York pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and Section 214 of the Advisers Act, 15 U.S.C. § 80b-14, because certain of the acts, practices, transactions and courses of business constituting violations of the federal securities laws occurred within this district. For example, between January and October 2008, Balboa solicited prospective investors, met with existing Fund investors and traded securities for the Fund during visits to the Southern District of New York. In addition, venue is proper in this district as to De Charsonville pursuant to 28 U.S.C. § 1391(d) because of his alien status.

THE DEFENDANTS

10. **Balboa,** age 42, is a dual citizen of the United States and the United Kingdom residing in Surrey, England. Between December 2006 and October 2008, Balboa was a Managing Director of MGIL, the Fund's investment adviser, and MGIL's designated portfolio manager for the Fund. As the portfolio manager, Balboa was primarily responsible for the management of the Fund, authored the first draft of the Fund's offering memorandum, drafted or commented on the Fund's marketing materials, and directed their distribution to investors by the Fund and MGIL, and was the final decision maker on the Fund's investments. Balboa is currently the Co-Founder and Managing Partner of ARAM Global, an asset management consulting firm with offices in New York, London and Singapore.

11. **De Charsonville**, age 49, is a French citizen residing in Madrid, Spain. Since July 2003, De Charsonville has been a partner and FINRA-registered foreign associate at BCP Securities, LLC ("BCP"), an SEC-registered broker-dealer headquartered in Greenwich, Connecticut with satellite offices in, among other places, Madrid.

OTHER RELEVANT ENTITIES

12. **Millennium Global Emerging Credit Master Fund, Ltd.** (the "Master Fund"), **Millennium Global Emerging Credit Fund, Ltd.** (the "Offshore Feeder Fund") and **Millennium Global Emerging Credit Fund, L.P.** (the "Domestic Feeder Fund") are a group of unregistered funds, organized in a master-feeder structure, that were collectively referred to as the "Millennium Global Emerging Credit Fund." During the relevant time period, the Domestic Feeder Fund's General Partner was the MGIL-affiliate, Millennium Global Management, LLC, a Delaware limited liability company based in Manhattan. The Fund, which was managed by MGIL, Millennium Asset Management, Ltd. ("MAML"; together with MGIL, "Millennium") and Balboa, reported assets of $844 million in August 2008 and had approximately 180 investors. On October 16, 2008, the Master Fund and Offshore Feeder Fund petitioned the Supreme Court of Bermuda for voluntary liquidation and were placed under the control of three court-appointed joint provisional liquidators. On September 19, 2011, the U.S. Bankruptcy Court for the Southern District of New York (Gropper, J.) entered an order recognizing these Bermuda liquidation proceedings as foreign main proceedings pursuant to Chapter 15 of the U.S. Bankruptcy Code.

13. **Millennium Global Investments, Ltd.** is a privately-owned investment management firm based in London, which had offices in New York and Miami throughout the

relevant time period. Founded in 1994, MGIL purports to specialize in active currency overlay and alternative investment strategies for institutional investors. MGIL is an investment adviser registered with the Commission and National Futures Association ("NFA"), which, during the relevant time period, managed approximately $15 billion in assets through a variety of funds. Pursuant to a November 14, 2006 Investment Management Agreement and a September 24, 2007 Amendment Agreement, MGIL was the Investment Manager of the Fund. As Investment Manager, MGIL was responsible for the Fund's investment decisions and valuations of its non-exchange traded securities holdings.

14. **Millennium Asset Management, Ltd.** is a privately-owned investment management firm based in St. Peter Port, Guernsey. Founded in 1997 and an affiliate of MGIL, MAML provided certain services, such as reconciliation, NAV sign-off, back-office operations and marketing services. MAML is registered with the NFA. Pursuant to a November 14, 2006 Investment Management Agreement and a September 24, 2007 Amendment Agreement, MAML was the Manager of the Fund, responsible for the Fund's administration.

15. **GlobeOp Financial Services, Ltd.** is a financial services firm co-headquartered in London and New York that advertises itself as providing, among other things, independent valuation services to pension funds, insurance companies, asset managers and hedge funds. Pursuant to a December 2006 Valuation Agent Services Agreement with MGIL, GlobeOp was at all times the Fund's independent valuation agent, responsible for providing independent valuations of the Fund's holdings.

16. **Deloitte & Touche (Bermuda), Ltd.** is a member firm of the international public accounting firm, Deloitte Touche Tohmatsu Ltd. From January 2008 through October 2008,

Deloitte was engaged as the Fund's independent auditor and, in this role, issued an unqualified opinion on the Fund's 2007 year-end financials.

BACKGROUND

Balboa's Prior Employment and Hiring at Millennium

17. Prior to joining Millennium, Balboa worked for the former London-based investment advisory firm, Rainbow Advisory Services, Ltd. ("Rainbow"), from 2003 to 2006. Rainbow managed two emerging markets hedge funds and was owned and controlled by another individual, who was its CEO and founder (the "CEO").

18. The CEO made the investment decisions for Rainbow's funds. Balboa's responsibilities at Rainbow consisted of research, trade execution and marketing. Accordingly, in the Rainbow funds' October 2005 due diligence questionnaire responses ("DDQ") for prospective investors, which Balboa drafted and executed, Balboa identified the CEO as the funds' "Chief Portfolio Manager" and described the CEO as solely responsible for the funds' "portfolio management."

19. In or around September 2006, Balboa applied for a position at Millennium and, in his application materials, described his role at Rainbow as "Fund Manager" where he "[m]anaged over $200 million." Millennium ultimately hired Balboa to serve as a portfolio manager for its newly-created fund, the Millennium Global Emerging Credit Fund. Shortly afterwards, MGIL, at times at Balboa's direction, began distributing pitch-books to prospective investors for the Fund that described Balboa's previous position at Rainbow as "Portfolio Manager" and also highlighted the Rainbow funds' impressive monthly returns from 2003 to 2006. Balboa repeated these false and misleading statements, telling at least one potential

investor of the Fund that he had been the "portfolio manager" at Rainbow and had been responsible for its trading decisions.

Overview of the Fund

20. In September 2006, the Fund was organized for the purpose of investing primarily in sovereign and corporate debt instruments from emerging markets. The Fund was initially run through a single Bermuda-based entity, but in October 2007 evolved into a master-feeder structure: the Bermuda-based fund was the master fund, with the Offshore Feeder Fund and the Domestic Feeder Fund incorporated in Bermuda and Delaware, respectively. Millennium Global Management, LLC, a Delaware limited liability company headquartered in Manhattan, was named as the general partner of the Domestic Feeder Fund.

21. MGIL and MAML were at all times the appointed "Investment Manager" and "Manager," respectively, for the Fund. Balboa, a managing director at MGIL, served at all times as the Fund's portfolio manager and, as described in the Fund's offering memoranda, DDQs and newsletters, the final decision-maker for the Fund's investment decisions. While the offering memoranda and certain other marketing materials were distributed by and attributed to the Fund, certain pitch-books distributed to prospective investors bore the imprint of and were distributed by MGIL.

22. The Fund began operations in December 2006 and ultimately raised approximately $800 million in investor capital primarily from institutional and fund-of-funds investors throughout the world, including approximately $100 million from U.S. entities. As part of the Fund's marketing efforts, Balboa met with, and offered shares in the Fund to, prospective investors world-wide, including in Manhattan and Miami. In addition to solicitation

meetings with Balboa in the U.S., the Fund's U.S. investors also: (a) received the Fund's offering memoranda, Subscription Agreements and marketing materials in the U.S.; (b) made their decision to invest in the U.S.; (c) executed their subscription agreements in the U.S.; and (d) along with foreign investors, wired their subscription funds to the Fund's bank account in Manhattan in order to consummate their purchases of Fund shares.

23. In addition to retaining a host of other well-known third-party providers to assist with its operational needs, Balboa arranged for GlobeOp to serve as the Fund's independent "valuation agent." In this capacity, GlobeOp was described in the Fund's offering memoranda as being "responsible for the calculation of the [Fund's] Net Asset Value" and that, "[w]herever practicable, [would] use independent sources" for this purpose. In addition, the Fund's various DDQs touted GlobeOp's role as the Fund's "independent valuation agent" and, to this end, emphasized that "[t]here are no assets valued in house," that "[m]anager marks are not used to price the portfolio," and that "GlobeOp values 100% of the [Fund's] portfolio." The Fund also represented in its offering memoranda that its valuation methodology sought to establish "fair value" for illiquid and non-exchange traded investments through such factors as cost price and recent transaction prices, and that its financial statements would be reviewed on an annual basis by its outside auditor, Deloitte. Although Balboa drafted the first version of the Fund's offering memorandum and reviewed and edited drafts of it and the Fund's DDQs -- which described GlobeOp's supposedly independent valuation methodology -- Balboa did not at any time correct or amend these disclosures to reveal the true nature of his role in supplying valuations for certain of the Fund's portfolio holdings.

24. At or near the end of every month, GlobeOp would determine the month-end valuations for each of the Fund's securities holdings, and use them to calculate the Fund's month-end total NAV, NAV per share and monthly performance, all of which were then communicated to investors in the Fund's monthly newsletters and used to compute Millennium's asset-based and performance-based management fees. Although Balboa reviewed these newsletters and drafted the "Commentary" sections of each, at no time did he correct or amend the newsletters to disclose that the NAV's were inflated by the bogus valuations he secretly supplied to GlobeOp through De Charsonville and Broker A.

25. The GlobeOp valuations allowed the Fund to report in its monthly newsletters and pitch-books that it had achieved positive returns in 19 out of 21 months between December 2006 and August 2008, over 25% annualized returns and, in August 2008, that its NAV had reached $844.3 million. Balboa also touted the Fund's monthly performance and NAV figures orally on investor conference calls and in meetings with investors and prospective investors.

26. In addition to the Fund's final month-end valuations generated by GlobeOp, Balboa would provide Millennium with his mid-month and month-end performance projections for the Fund, incorporating the fabricated marks which Millennium would pass on by e-mail to the Fund's investors.

27. The Fund paid management and performance fees to Millennium that were based on GlobeOp's monthly NAV calculations. The management fee was 0.167% (2% annual) of the Fund's month-end overall NAV and paid monthly; the performance fee was 20% of any NAV per share price appreciation, on a high-water mark basis, that was determined and paid each quarter. From December 2006 to September 2008, Millennium received approximately $19.1

million in management and performance fees from the Fund. Over this same time-period, as compensation for the investment advice he provided to the Fund, and in recognition of the purported returns he was producing and the growth of assets under management, Balboa received from Millennium a 40% share of the fees it collected from the Fund (minus certain expenses), which amounted to roughly $6.5 million in total.

THE DEFENDANTS' FRAUDULENT SCHEME

The Nigerian and Uruguayan Warrants

28. Among the Fund's many sovereign debt holdings were Nigerian payment adjustment warrants and Uruguayan value recovery rights (together, the "Warrants"). These Warrants, which were created as part of the "Brady Bond" restructuring of emerging market bank loans in the early 1990s, were illiquid and traded on an over-the-counter basis. The Fund purchased 23,500 of the Nigerian Warrants between January and March 2007 for an average price of $244 per warrant and a total price of $5.7 million; it purchased 9.5 million of the Uruguayan Warrants in March 2007 at a price of $0.016 per warrant for a total cost of $152,000.

29. Between December 2007 and September 2008, the Nigerian Warrants never traded above $237. As for the Uruguayan Warrants, there were no trades or published quotes for this security during this same time period. Moreover, because the payment rights for the Uruguayan Warrants are contingent upon a commodities index reaching a strike-price that has never been met, these Warrants have never made a payment to investors and, as a result, have at all times been virtually worthless.

The Defendants' Manipulation of GlobeOp's Monthly Valuations

30. The Fund's offering memoranda, various DDQs and audited financials described the valuation methodology and procedures GlobeOp would employ to produce its valuations and to calculate the Fund's NAV. For the Fund's illiquid and non-exchange traded securities, such as the Warrants, GlobeOp was to obtain mark-to-market quotes (i.e., marks) on a monthly basis from outside brokers. The same materials also stated that, "whenever possible," GlobeOp would use marks from more than one source for each non-exchange traded security for valuation purposes. GlobeOp thus relied on the brokers to provide it with marks that reflected the brokers' realistic views of the prices the securities would command in arms-length transactions between market participants, based on their experience executing trades or making markets in those securities.

31. Balboa provided GlobeOp with the names of brokers who could purportedly provide month-end marks for the Fund's illiquid holdings and identified De Charsonville and Broker A as sources of marks for the Warrants. Balboa recommended De Charsonville and Broker A even though he knew that neither one regularly traded or made markets in either of these securities. Nonetheless, as a result of Balboa's referrals, GlobeOp subsequently sought and obtained monthly marks for the Warrants from these two ostensibly independent brokers and typically used their marks as the sole basis for the Fund's month-end valuations of these two securities.

32. De Charsonville provided GlobeOp with purported month-end marks from at least January 2008 to October 2008 for the Nigerian Warrants; he provided marks for the Uruguayan Warrants for six months in 2008. Broker A purported to provide GlobeOp with marks from

January 2008 through April 2008 for the Nigerian Warrants and in April and May 2008 for the Uruguayan Warrants.

33. Of the 30 purportedly "independent" marks for the Warrants provided to GlobeOp by De Charsonville and Broker A between January 2008 and October 2008, at least 17 of them came directly from Balboa. On many of these occasions, the scheme was perpetrated in the following sequence: (i) GlobeOp would e-mail De Charsonville or Broker A asking for the marks for the Warrants (as well as other securities) for the preceding month; (ii) De Charsonville or Broker A would then e-mail Balboa either requesting a price from him or asking about his availability to "mark to market"; (iii) Balboa would either send a reply e-mail or call them with his desired prices for the securities; and (iv) the two brokers would then reply to GlobeOp's e-mail with the prices they had obtained from Balboa.

34. The following chart details the 17 occasions on which Balboa -- either by email or by telephone -- conveyed to De Charsonville and/or Broker A the marks they were to provide GlobeOp as purportedly independent market quotes. In each instance, and shortly after receiving the marks from Balboa, De Charsonville and Broker A passed them on as their own to GlobeOp.

DATE	***BROKER***	***SECURITY***	***PRICE***
1/11/2008	Broker A	Nigerian Warrants	$525
3/4/2008	Broker A	Nigerian Warrants	$515-525
5/5/2008	De Charsonville	Nigerian Warrants	$1,300-1,500
5/14/2008	De Charsonville	Nigerian Warrants	$1,300-1,500
6/3/2008	De Charsonville	Nigerian Warrants	$1,300-1,500
6/4/2008	De Charsonville	Uruguayan Warrants	$2.25-2.75
6/16/2008	De Charsonville	Uruguayan Warrants	$3.30-3.80
7/1/2008	De Charsonville	Nigerian Warrants	$1,300-1,500

DATE	*BROKER*	*SECURITY*	*PRICE*
7/1/2008	De Charsonville	Uruguayan Warrants	$3.50-3.90
7/16/2008	De Charsonville	Nigerian Warrants	$2,240-2,440
8/6/2008	De Charsonville	Nigerian Warrants	$2,650-3,680
8/18/2008	De Charsonville	Uruguayan Warrants	$9.25-9.75
9/2/2008	De Charsonville	Nigerian Warrants	$2,750-3,200
9/2/2008	De Charsonville	Uruguayan Warrants	$8.50-9.50
9/16/2008	De Charsonville	Nigerian Warrants	$3,275-3,875
10/1/2008	De Charsonville	Nigerian Warrants	$3,000-4,000
10/1/2008	De Charsonville	Uruguayan Warrants	$8.00-9.00

35. Neither De Charsonville nor Broker A ever disclosed to GlobeOp that the marks they were providing were based solely on the numbers Balboa had given them. In addition to passing on Balboa's phony marks, on at least three occasions, May 14, 2008, July 16, 2008 and August 18, 2008, De Charsonville provided GlobeOp with Balboa's scripted justifications for some of the larger price increases for the Warrants. In doing so, De Charsonville did not tell GlobeOp that he, himself, had no basis for providing the increased marks or that the increased marks and the justifications had been supplied by Balboa. Moreover, on at least three other occasions, June 16, 2008, October 8, 2008 and October 29, 2008, De Charsonville affirmatively misled GlobeOp about the basis for his marks, telling GlobeOp that they came from his "local sources."

36. While Balboa knew that GlobeOp relied on De Charsonville and Broker A as independent sources, he did not inform GlobeOp that he was the real source of the marks. As part of the Fund's monthly valuation process, GlobeOp would run its asset valuations, and the underlying marks it received, by Balboa for review and approval. As a result, Balboa knew that GlobeOp was using the fictitious marks provided by him through De Charsonville and Broker A

to calculate the Fund's NAV, although he did not disclose to GlobeOp that the marks had originated with him.

37. Nor did Balboa make any effort to tie the marks he supplied to real market prices. In fact, on at least two occasions, he ignored what he knew about recent market activity in setting the valuations he provided De Charsonville for GlobeOp. With respect to the Nigerian Warrants, on September 1, 2008, Balboa learned from a broker at Exotix Ltd. that the broker had just sold 40,000 of the security at "around $215" and that he would sell Balboa any of Exotix's client's remaining 45,000 holdings of the security at or around the same price. Balboa declined the offer, but on the next day, he instructed De Charsonville over the phone to provide GlobeOp with a mark of $2,750-3,200 for the Nigerian Warrants -- a value 15 times greater than the price he had just been quoted. Then, just two weeks later, and without seeing any higher quotes, on September 16, 2008, Balboa caused a further increase in the Fund's valuation of the Nigerian Warrants by directing De Charsonville to provide a revised August 2008 month-end mark of $3,275-3,875. GlobeOp's incorporation of that mark into its final August month-end NAV calculation resulted in the Fund's recording of an additional $3.76 million in bogus profits.

38. Balboa also ignored the actual market value for the Uruguayan Warrants. On September 12, 2008, Balboa had the Fund purchase 48 million of Uruguayan Warrants at a price of $0.035 a piece. The newly-acquired Uruguayan Warrants were called the "VRR-A" Warrants; the Warrants already held by the Fund were denoted as the "VRR-B" Warrants. Because the new VRR-A Warrants bore the same terms and were part of the same issue as the Fund's existing VRR-B Uruguayan Warrants, their fair market values should have been virtually identical. Nevertheless, on October 1, 2008, Balboa instructed De Charsonville to provide

GlobeOp with a September 2008 month-end mark of $8.50-9.50 for the VRR-B Uruguayan Warrants, approximately 300 times greater than the purchase price he had just paid for the virtually identical VRR-A Warrants a little more than two weeks earlier.

39. Between April and July 2008, when the Fund's valuations for the Warrants collectively increased thirteen-fold by $157 million (while the rest of the Fund's portfolio experienced close to $200 million in losses), Balboa used the Warrants' seeming appreciation to conceal losses sustained in the Fund's other holdings. The following chart illustrates how Balboa inflated the Warrants' valuation to avoid reporting losses or to pare down substantial losses sustained by the Fund:

Month	***Change in Nigeria Warrants Valuation ($)***	***Change in Uruguay Warrants Valuation ($)***	***Fund's Overall Reported Growth***	***Fund's Actual Overall Growth (without NIG or UGY gains)***
April 2008	+20,625,416	+23,750	-29,483,898 **(-4.28%)**	-50,109,314 **(-7.44%)**
May 2008	0	+33,368,750	+7,190,196 **(+0.91%)**	-26,178,554 **(-3.51%)**
June 2008	+22,442,500	+1,425,000	+1,389,809 **(+0.17%)**	-22,477.691 **(-3.04%)**
July 2008	+25,262,500	+55,100,000	-25,923,985 **(-3.16%)**	-106,286,485 **(-14.53%)**

40. Notably, during the same four-month time-period, either one or both of the Warrants were among the Fund's top two monthly performers. However, Balboa never once mentioned the astonishing performances of either security in the "Commentary" section he authored for the Fund's newsletters for those months. Instead, in order to deflect investor attention from the Warrants' suspect valuations, Balboa misleadingly identified other investments as the Fund's "top performers" for April and June 2008, even though the Nigerian

Warrants were actually the Fund's number one and two performers, respectively, for those two months.

The Defendants' Manipulation of Deloitte's 2007 Year-End Audit

41. Balboa also had De Charsonville and Broker A pass on bogus 2007 year-end marks for the Nigerian Warrants to the Fund's outside auditor, Deloitte, in connection with its review of the Fund's 2007 year-end financials.[1]

42. Specifically, on or about April 11, 2008, at Balboa's direction, De Charsonville provided Deloitte with 2007 year-end marks of $370-470 for the Nigerian Warrants, even though the highest trading price for that time was $235. On or about June 12, 2008, at Balboa's direction, Broker A provided Deloitte with 2007 year-end marks of $525 for the same securities.

43. Based on these two artificial marks, Deloitte proposed no adjustment to the Fund's 2007 year-end valuation of the Nigerian Warrants, which was more than double the securities' fair market value at the time, or 2007 year-end NAV. Deloitte later issued an unqualified opinion on the Fund's 2007 year-end financials, which was distributed to the Fund's prospective and current investors.

THE COLLAPSE OF THE FUND

44. On October 16, 2008, in the wake of the credit crisis, the Fund's portfolio suffered nearly $1 billion in losses and was forced to file "winding up" petitions with the Supreme Court of Bermuda. The Fund was subsequently placed under the control of three court-

[1] The Fund's overvaluation of the Fund's Uruguayan Warrants holdings did not begin until May 2008 and so its inflated values were not reflected in the Fund's 2007 financial statements.

appointed joint provisional liquidators (the "Liquidators"), who continue to oversee the liquidation and distribution of the Fund's assets.

45. As of today, the Fund's investors have not had any of their invested funds returned to them.

BALBOA'S COVER-UP SCHEME

46. Following the Fund's placement into liquidation proceedings in Bermuda, Balboa launched a cover-up scheme in an attempt to prevent the Bermudian Liquidators from detecting his overvaluations of the Warrants. In furtherance of this scheme, Balboa persuaded two London-based brokers, both former coworkers -- "Broker B" and "Broker C" -- to falsely represent to MGIL that they had traded either the Nigerian or Uruguayan Warrants in 2008 at prices that were comparable to the Fund's recorded values for each of those securities.

47. In the case of the Nigerian Warrants, Balboa provided Broker B with a letter containing a list of false pricing levels that reached as high as $3,725 and directed him to fax it to MGIL on Broker B's firm letterhead as evidence of the prices Broker B's firm was quoting in 2008. Neither Broker B nor his firm had ever traded or made markets for the Nigerian Warrants.

48. Similarly, Balboa directed Broker C to send a series of e-mails to MGIL in which he falsely represented that Broker C's firm had traded the Uruguayan Warrants on three occasions between 2007 and 2008 at prices between $5.50 and $11 and inquiring if Millennium would be willing to sell any of its holdings of this security to one of his clients. Balboa drafted all of the Broker C's correspondence with MGIL, including the e-mail that contained the purported historical trading prices for the security of Broker C's firm. Neither Broker C nor his firm had ever traded or made markets for the Uruguayan Warrants.

THE DEFENDANTS' GAINS FROM THE FRAUD

49. The Defendants profited from their fraudulent scheme. Balboa received approximately $6.5 million in compensation from Millennium that was tied to the performance and growth in assets under management of the Fund, both of which were substantially enhanced by the Defendants' fraudulent overvaluation scheme.

50. Balboa also rewarded De Charsonville and Broker A for their participation in the scheme through "kick-back" business from the Fund. As a result of Balboa having steered the Fund's trading business their way, the Fund became a top client for both De Charsonville and Broker A at their firms. In particular, De Charsonville personally made approximately $443,000 in trading commissions from the trades that they arranged for the Fund throughout its existence. Moreover, in February 2008, shortly after Broker A began passing on Balboa's purported marks to GlobeOp, Balboa purchased approximately $35,000 in goods from a furniture store owned by Broker A.

FIRST CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c) Thereunder (Balboa and De Charsonville)

51. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

52. The Defendants, directly or indirectly, singly or in concert, by use of the means or instrumentalities of interstate commerce or of the mails, or of the facilities of a national securities exchange, in connection with the purchase or sale of securities, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; and (b) engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon purchasers of securities and upon other persons.

53. By reason of the foregoing, the Defendants, directly or indirectly, singly or in concert, violated, are violating, and unless enjoined will again violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a) and (c), 17 C.F.R. §§ 240.10b-5(a) and (c), thereunder.

SECOND CLAIM FOR RELIEF

Aiding and Abetting Balboa's Violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c) (De Charsonville)

54. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

55. By reason of the foregoing and pursuant to Section 20(e) of the Exchange Act, 15 U.S.C. § 78t(e), De Charsonville, directly or indirectly, aided and abetted Balboa's primary violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a) and (c), 17 C.F.R. §§ 240.10b-5(a) and (c), thereunder, because he knowingly provided substantial assistance to Balboa's violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a) and (c), 17 C.F.R. §§ 240.10b-5(a) and (c), thereunder.

THIRD CLAIM FOR RELIEF

Aiding and Abetting the Fund's and/or MGIL's Violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) Thereunder (Balboa)

56. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

57. The Fund and/or MGIL, directly or indirectly, singly or in concert, by use of the means or instrumentalities of interstate commerce or of the mails, or of the facilities of a national securities exchange, in connection with the purchase or sale of securities, knowingly or recklessly, made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were

made, not misleading.

58. By reason of the foregoing, and pursuant to Section 20(e) of the Exchange Act, 15 U.S.C. § 78t(e), Balboa, directly or indirectly, aided and abetted the Fund's and/or MGIL's primary violations of Section 10(b) of the Exchange Act, 15 U.S.C.§ 78j(b), and Rule l0b-5(b), 17 C.F.R. § 240.10b-5(b), thereunder, because he knowingly provided substantial assistance to the Fund's and/or MGIL's violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule l0b-5(b), 17 C.F.R. § 240.10b-5(b), thereunder.

FOURTH CLAIM FOR RELIEF

Violations of Section 17(a)(1) of the Securities Act (Balboa)

59. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

60. Balboa, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, knowingly or recklessly employed devices, schemes or artifices to defraud.

61. By reason of the foregoing, Balboa directly or indirectly violated, and, unless enjoined, is reasonably likely to continue to violate, Section 17(a)(l) of the Securities Act, 15 U.S.C. § 77q(a)(1).

FIFTH CLAIM FOR RELIEF

Violations of Section 17(a)(2) and (3) of the Securities Act (Balboa)

62. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

63. Balboa, in the offer or sale of securities, by the use of the means or instruments of transportation and communication in interstate commerce and by the use of the mails, directly or indirectly, knowingly, recklessly or negligently, has obtained money or property by means of

untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or has engaged in transactions, practices or courses of business that have been operating as a fraud or deceit upon purchasers of securities.

64. By reason of the foregoing, Balboa, directly or indirectly violated, and, unless enjoined, is reasonably likely to continue to violate, Sections 17(a)(2) and (3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) and (3).

SIXTH CLAIM FOR RELIEF

Violations of Section 206(1) and (2) of the Advisers Act (Balboa) and Aiding and Abetting Violations of Section 206(1) and (2) of the Advisers Act (De Charsonville)

65. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

66. Balboa, while acting as an investment adviser, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud his clients or prospective clients; and has (b) engaged in transactions, practices, and courses of business which operated or would have operated as a fraud or deceit upon clients or prospective clients.

67. By reason of the foregoing, Balboa directly or indirectly violated, and unless enjoined is reasonably likely to continue to violate, Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2).

68. By reason of the foregoing, De Charsonville, directly or indirectly, aided and abetted Balboa's primary violations of Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2), because he knowingly provided substantial assistance to Balboa's violations of Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2).

SEVENTH CLAIM FOR RELIEF

Aiding and Abetting Violations of Section 206(1) and (2) of the Advisers Act (Balboa)

69. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

70. MGIL, while acting as an investment adviser, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud its clients or prospective clients; and (b) engaged in transactions, practices, and courses of business which operated or would have operated as a fraud or deceit upon clients or prospective clients.

71. By reason of the foregoing, Balboa directly or indirectly, aided and abetted MGIL's primary violations of Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2), because he knowingly provided substantial assistance to MGIL's violations of Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2).

EIGHTH CLAIM FOR RELIEF

Violations of Section 206(4) and Rule 206(4)-8(a)(2) Thereunder of the Advisers Act (Balboa) and Aiding and Abetting Violations of Section 206(4) and Rule 206(4)-8(a)(2) of the Advisers Act (De Charsonville)

72. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

73. Balboa, while acting as an investment adviser to a pooled investment vehicle, knowingly, recklessly or negligently engaged in acts, practices or courses of business which are fraudulent, deceptive, or manipulative with respect to an investor or prospective investor in the pooled investment vehicle.

74. By reason of the foregoing, Balboa directly or indirectly, violated and unless enjoined is reasonably likely to continue to violate, Section 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2).

75. By reason of the foregoing, De Charsonville directly or indirectly, aided and abetted Balboa's primary violations of Section 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2), because he knowingly provided substantial assistance to Balboa's violations of Section 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2).

NINTH CLAIM FOR RELIEF

Aiding and Abetting Violations of Section 206(4) and Rule 206(4)-8(a)(2) Thereunder of the Advisers Act (Balboa)

76. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

77. MGIL, while acting as an investment adviser to a pooled investment vehicle, knowingly, recklessly or negligently engaged in acts, practices or courses of business which are fraudulent, deceptive, or manipulative with respect to an investor or prospective investor in the pooled investment vehicle.

78. By reason of the foregoing, Balboa directly or indirectly, aided and abetted MGIL's primary violations of Section 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2), because he knowingly provided substantial assistance to MGIL's violations of Section 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2).

TENTH CLAIM FOR RELIEF

Violation of FINRA Rule 5210 under Exchange Act § 21(f)
(De Charsonville)

79. The Commission repeats and realleges paragraphs 1 through 50 of its Complaint.

80. Under FINRA Rule 5210, registered persons, including foreign associates, shall not, among other things, "publish or circulate, or cause to be published or circulated, any . . . communication of any kind which . . . purports to quote the bid price or asked price for any security, unless such member believes that such quotation represents a bona fide bid for, or offer of, such security."

81. By reason of the foregoing, De Charsonville knowingly, recklessly or negligently violated FINRA Rule 5210 and, pursuant to Exchange Act § 21(f), 15 U.S.C. § 78u(f), De Charsonville should be enjoined from violating such rule.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

I.

Permanently enjoining and restraining each of the Defendants, their agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating, directly or indirectly, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

II.

Permanently enjoining and restraining each of the Defendants, their agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from, directly or indirectly, aiding and abetting violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

III.

Permanently enjoining and restraining Balboa, his agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating, directly or indirectly, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

IV.

Permanently enjoining and restraining Balboa, his agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating, directly or indirectly, Section 206(1), (2) and (4) of the Advisers Act, 15 U.S.C. §§ 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2), thereunder.

V.

Permanently enjoining and restraining each of the Defendants, their agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from, directly or indirectly, aiding and abetting violations of Section 206(1), (2) and (4) of the Advisers Act, 15

U.S.C. §§ 80b-6(4), and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206(4)-8(a)(2), thereunder.

VI.

Permanently enjoining and restraining De Charsonville, his agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating, directly or indirectly, FINRA Rule 5210.

VII.

Ordering each of the Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

VIII.

Ordering each of the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d)(3), and Section 209(e) of the Advisers Act, 15 U.S.C. §80b-9(e).

IX.

Granting such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Under Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

Dated: December 1, 2011
New York, New York

Respectfully submitted,

SECURITIES AND EXCHANGE COMMISSION

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