



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

615 Chestnut Street

*Suite 1250
Philadelphia, Pennsylvania 19106-4476
(215) 861-8200*

FOR IMMEDIATE RELEASE

November 8, 2007

**PRESIDENT OF KING OF PRUSSIA COMPANY CHARGED
WITH BILKING HEDGE FUND CLIENTS OF \$200 MILLION**

PHILADELPHIA – United States Attorney Pat Meehan today announced the filing of a two count Indictment¹ against Paul Eustace, of Oakville, Ontario Canada, charging commodities fraud. Eustace was the founder, President, and principal trader of the Philadelphia Alternative Asset Management (PAAM) Company, LLC, located in King of Prussia, Pennsylvania and Canada. PAAM was registered with the Commodity Futures Trading Commission as a commodity pool operator (“hedge fund”). According to the indictment, from Spring 2001 through June 2005, Eustace defrauded clients, causing them to lose at least \$200 million collectively. The indictment alleges that Eustace created account statements that inaccurately depicted the health and viability of the commodity pools, showing the funds under his control were profitable when they were actually losing money. He then induced investors to participate or increase their investment in commodity pools while failing to disclose their actual losses. It is further alleged that Eustace increased his management fees based on the phony profits. According to the indictment, defendant Eustace also made loans to himself using the funds that belonged to investors, transferred money belonging to investors into his personal accounts and used approximately \$500,000 in investors’ monies to pay a settlement in a legal case which Eustace knew should not be charged to the fund.

“This case demonstrates the continuing commitment of this office to a fraud-free marketplace for securities and commodities. Those who are entrusted with investor funds should know that we will continue to prosecute individuals who defraud investors and the regulatory agencies overseeing those markets.” said Meehan.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE
Paul Eustace	Oakville, Ontario, CN	42 years old

The case was investigated by the Federal Bureau of Investigation with the cooperation of the Commodity Futures Trading Commission. The case has been assigned to Assistant United States Attorney Judy Goldstein Smith.

¹An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

November 8, 2007
Page 2

**UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT, PENNSYLVANIA
Suite 1250, 615 Chestnut Street
Philadelphia, PA 19106**

**Contact: PATTY HARTMAN
Media Contact
215-861-8525**

*COPIES OF NEWS MEMOS AND RELATED DOCUMENTS CAN ALSO BE FOUND AT
<http://www.usdoj.gov/usao/pae>*