Department of Justice

U.S. Attorney's Office

District of Connecticut

FOR IMMEDIATE RELEASE Tuesday, May 5, 2015

Fairfield County Hedge Fund Executive Sentenced to 33 Months in Federal Prison for Fraud Scheme

DAVID BRYSON, 46, a former managing partner and principal of New Stream Capital, LLC, a Ridgefield-based hedge fund, was sentenced today by Chief U.S. District Judge Janet C. Hall in New Haven to 33 months of imprisonment, followed by three years of supervised release, for engaging in a scheme to deceive investors in order to obtain and maintain investments.

"In an effort to protect their own invested money and to collect more than $5.8 million in additional fees, New Stream executives devised and promoted a series of misrepresentations carefully calculated and designed to keep existing-investors in the dark about the true risk of the fund and to deceptively raise millions of dollars in new investments in an effort to keep their fund viable," stated First Assistant U.S. Attorney Michael J. Gustafson. "A prison term is an appropriate result for such criminal conduct. I thank the FBI, Department of Labor OIG and SEC for their work in unraveling this scheme."

"The defendants devised a fraudulent scheme to protect the assets of their largest client at the expense of their other investors," stated Cheryl Garcia, Special Agent in Charge of the New York Office of Labor Racketeering and Fraud Investigations, Office of Inspector General, U.S. Department of Labor. "One of the investors deceived and victimized by the conspirators was an employer retirement trust covered by the Employee Retirement Income Security Act (ERISA). Employees participating in the trust lost millions of dollars in retirement savings. The Office of Inspector General will continue to work with its law enforcement partners to identify schemes that jeopardize the retirement savings of American workers."

According to court documents and statements made in court, in November 2007, New Stream Capital, LLC ("New Stream") launched new feeder funds, one based in the United States ("U.S. Fund") and a series of funds based in the Cayman Islands ("Cayman Fund"). New Stream also announced that its existing Bermuda Fund would be closing, and all foreign investors would have to move their investments into the Cayman Fund. Rather than transfer into the new structure, New Stream's largest investor placed a redemption on its whole investment in the Bermuda Fund in March 2008. At risk of losing their largest investor, BRYSON, co-managing partner Bart Gutekunst and chief financial officer Richard Pereira set in motion a scheme to secretly keep the Bermuda Fund open and give priority to Bermuda Fund investors in an effort to reverse the redemption.

As part of the scheme, BRYSON, Gutekunst and Pereira had New Stream staff secretly execute documents to effectuate the Bermuda Fund's special priority. New Stream failed to inform investors who had transferred from the Bermuda Fund into the Cayman Fund that the Bermuda Fund was remaining open or that it was being given priority over the Cayman Fund. Moreover, New Stream continued to market to investors by concealing from them the magnitude of the actual pending redemptions and by using deceptive marketing materials that failed to disclose the existence of New Stream's Bermuda Fund.

Through this scheme, New Stream investors were defrauded out of more than $46 million.

From April 2008 to December 2010, BRYSON collected more than $5 million in management fees and profit sharing while participating in this fraud scheme.

On May 21, 2014, BRYSON, Gutekunst and Pereira each pleaded guilty to one count of conspiracy to commit wire fraud.

Gutekunst and Pereira are scheduled to be sentenced on May 6 and May 7, respectively.

This matter was investigated by the Federal Bureau of Investigation and the U.S. Department of Labor, Office of Inspector General, with the assistance of the Securities and Exchange Commission. The case is being prosecuted by Assistant U.S. Attorneys Liam Brennan and Michael S. McGarry, and Special Assistant U.S. Attorney Sheldon L. Pollock.