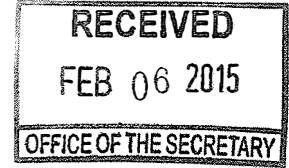


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



**Administrative Proceeding
File No. 3-16217**

In the Matter of :
: :
: :
THRASOS TOMMY :
PETROU, :
: :
Respondent. :
:

DECLARATION OF RICHARD G. PRIMOFF

I, Richard G. Primoff, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over 18 years of age and am employed as Senior Trial Counsel in the Enforcement Division of the Securities and Exchange Commission, at its New York Regional Office. I submit this declaration on personal knowledge in support of the Division's motion for summary disposition against Respondent Thrasos Tommy Petrou.

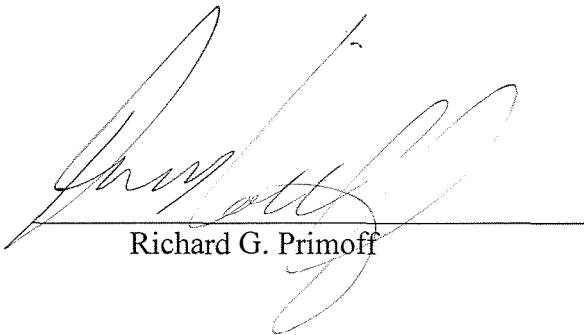
2. Attached hereto as Exhibit A is a true and correct copy of the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, Imposing a Cease-and-Desist Order and Remedial Sanctions, and Notice of Hearing, dated October 27, 2014.

3. Attached hereto as Exhibit B are true and correct copies of selected pages from the September 18, 2014 Testimony of Respondent Thrasos Tommy Petrou.

4. Attached hereto as Exhibit C are true and correct copies of selected pages from the October 8, 2013 Testimony of Respondent Thrasos Tommy Petrou.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated: February 5, 2015
New York, NY



Richard G. Primoff

EXHIBIT A

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73442 / October 27, 2014

INVESTMENT ADVISERS ACT OF 1940
Release No. 3958 / October 27, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16217

_____	:	ORDER INSTITUTING
In the Matter of	:	ADMINISTRATIVE AND
	:	CEASE-AND-DESIST PROCEEDINGS
	:	PURSUANT TO SECTION 21C OF THE
THRASOS TOMMY	:	SECURITIES EXCHANGE ACT OF 1934
PETROU,	:	AND SECTION 203(f) OF THE INVESTMENT
	:	ADVISERS ACT OF 1940, MAKING
	:	FINDINGS, IMPOSING A CEASE-AND
Respondent.	:	DESIST ORDER AND REMEDIAL
	:	SANCTIONS, AND NOTICE
_____	:	OF HEARING

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Thrasos Tommy Petrou (“Respondent” or “Petrou”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, and

Section 203(f) of the Investment Advisers Act of 1940, Making Findings and Imposing a Cease-and Desist Order and Remedial Sanctions, and Notice of Hearing, as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

1. These proceedings arise out of multiple violations of Rule 105 of Regulation M of the Exchange Act ("Rule 105") by Petrou. Rule 105 prohibits buying any equity security that is the subject of a covered public offering from an underwriter or broker or dealer participating in the offering after having sold short the same security during the restricted period as defined therein. From December 16, 2009 through January 12, 2012 ("Relevant Period"), while trading for himself and two unregistered entities, in connection with twenty covered public offerings, Petrou bought offering shares from an underwriter or broker or dealer participating in a follow-on or secondary public offering after having sold short the same security during the restricted period.

Respondent

2. Petrou, age 40, is a resident of Brooklyn, New York. From approximately April 2008 to January 2012, Petrou traded securities for Worldwide Capital, Inc., and from approximately September 2010 to February 2013, he traded securities for an unregistered investment fund managed by War Chest Capital Partners LLC. Since March 2013, Petrou has been trading securities for another unregistered entity that is controlled by another individual who previously traded for Worldwide and War Chest. Petrou has never been associated with a registered broker-dealer or registered investment adviser.

Other Relevant Persons

3. At all relevant times, Worldwide was a Delaware corporation with its principal place of business in Nassau County, New York, and the *alter ego* of Jeffrey W. Lynn, who formed it for the purpose of trading his own capital. Worldwide and Lynn were the subjects of a recent Commission action against them for their violations of Rule 105. *Worldwide Capital, Inc., and Jeffrey W. Lynn*, Exchange Act Release No. 71653 (Mar. 5, 2014). (Worldwide and Lynn are collectively referred to hereafter as Worldwide.) Worldwide has never been registered with the Commission in any capacity.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement. These findings are solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party. The findings herein are not binding on any other person or entity in this or any other proceeding.

4. At all relevant times, War Chest was a Delaware limited liability company with its principal place of business in New York, New York. At all relevant times, War Chest provided investment advisory services to one unregistered domestic investment fund with total assets under management of approximately \$8 million (“the War Chest fund”). War Chest was the subject of a Commission enforcement action for its violations of Rule 105, *War Chest Capital Partners LLC*, Exchange Act Release No. 70411 (Sept. 16, 2013). War Chest has never been registered with the Commission in any capacity.

Legal Framework

5. Rule 105 makes it unlawful for a person to purchase equity securities in a covered public offering from an underwriter or broker or dealer participating in the offering if that person sold short the security that is the subject of the offering during the restricted period defined in the rule, absent an exception. 17 C.F.R. § 242.105; see *Short Selling in Connection with a Public Offering*, Exchange Act Release No. 56206, 72 Fed. Reg. 45094 (Aug. 10, 2007). The Rule 105 restricted period is the shorter of the period: (1) beginning five business days before the pricing of the offered securities and ending with such pricing; or (2) beginning with the initial filing of a registration statement or notification on Exchange Act Form 1-A or Form 1-E and ending with pricing.

6. Rule 105 applies irrespective of the short seller’s intent in effecting the short sale. “The prohibition on purchasing offered securities . . . provides a bright line demarcation of prohibited conduct consistent with the prophylactic nature of Regulation M.” *Short Selling in Connection with a Public Offering*, 72 Fed. Reg. at 45096. The Commission adopted Rule 105 in an effort to prevent manipulative short selling prior to a public offering and, therefore, “to foster secondary and follow-on offering prices that are determined by independent market dynamics and not by potentially manipulative activity.” *Id.* at 45094.

Petrou Violated Rule 105

7. From approximately April 2008 to January 2012, Petrou was one of a number of individuals who traded for Worldwide.² Under the terms of his arrangement with Worldwide, Worldwide funded Petrou’s trading and the two shared equally in the profits and were equally liable for the losses generated by that trading.

8. At all relevant times, Petrou’s and Worldwide’s principal investment strategy was to obtain the maximum allocations possible for short-term trading in initial public offerings, as well as follow-on and secondary offerings. Accordingly, Petrou opened numerous accounts at large broker-dealers in the name of a corporate entity he created, owned and controlled, and used those accounts to purchase offered shares. By contrast, many of Petrou’s sales of equity securities, including short sales, were executed through an account in Worldwide’s name at one of several smaller broker-dealers that catered to small institutional customers and professional

² Five of those individuals were the subjects of recent Commission enforcement actions for violations of Rule 105 committed while trading for Worldwide. Exchange Act Release Nos. 72517 through 72521 (July 2, 2014).

traders. Regardless of the account in which the purchase or sale was executed, all of Petrou's trades for Worldwide were funded by Lynn, and executed, cleared and settled in a Worldwide master account at Worldwide's prime broker.

9. From September 2010 to February 2013, Petrou was one of a number of individuals who traded for the War Chest fund. He did so through War Chest, which managed the War Chest fund's portfolio, and retained him as a trader through a pass-through entity created, owned, and controlled by another War Chest (and Worldwide) trader. The War Chest fund financed Petrou's trading and the two shared equally in the profits and were equally liable for the losses generated by that trading.

10. At all relevant times, one of the trading strategies employed by War Chest and Petrou was to buy and sell short publicly traded equity and debt securities. Petrou opened multiple accounts at large broker-dealers in the names of multiple corporate entities he created, owned and controlled, and in the names of several of his relatives. It was through those accounts that Petrou purchased shares in covered offerings, after having sold short the offered securities during the restricted period through one master account in the name of the War Chest fund at one of several smaller broker-dealers.

11. As reflected in the Appendix, from December 2009 to January 2012, in connection with twenty offerings, Petrou committed twenty-eight violations of Rule 105 by purchasing offering shares from an underwriter or broker or dealer participating in a covered offering after having sold short the same security during the restricted period. With respect to eight of the offerings, the violations occurred in connection with his trading for both Worldwide and the War Chest fund, with respect to eleven of the offerings, the violations occurred solely in connection with his trading for Worldwide, and with respect to one offering, the violations occurred solely in connection with his trading for the War Chest fund.

12. As a result of these violations, Petrou received ill-gotten gains produced by the violative trades.

Petrou Acted as an Investment Adviser and was An Associated Person of an Investment Adviser

13. With certain exceptions, an investment adviser is defined under the Advisers Act as "any person who, for compensation, engages in the business of advising others, directly or through publications or other writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities. . . ." Advisers Act Section 202(a)(11). By virtue of his trading for Worldwide, Petrou acted as an investment adviser to Worldwide and Lynn. By virtue of his trading for the War Chest fund, Petrou acted as an investment adviser to the fund and was an associated person of War Chest, which was also an investment adviser to the War Chest fund.

Violations

14. As a result of the conduct described above, Petrou willfully violated Rule 105 of Regulation M under the Exchange Act.

IV.

Pursuant to this Order, Respondent agrees to additional proceedings in this proceeding to determine what, if any, disgorgement, prejudgment interest and civil penalties pursuant to Sections 21B and 21C of the Exchange Act and Section 203 of the Advisers Act are in the public interest. In connection with such additional proceedings: (a) Respondent agrees that he will be precluded from arguing that he did not violate the federal securities laws described in this Order; (b) Respondent agrees that he may not challenge the validity of this Order; (c) solely for the purposes of such additional proceedings, the allegations of the Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence.

V.

In view of the foregoing, the Commission deems it appropriate in the public interest and for the protection of investors to impose the sanctions agreed to in the Offer, and to institute proceedings to determine what, if any, disgorgement and civil penalties are appropriate.

Accordingly, pursuant to Section 21C of the Exchange Act and Sections 203(f) of the Advisers Act, it is hereby ORDERED that:

- A. Respondent Petrou shall cease and desist from committing or causing any violations and any future violations of Rule 105 of Regulation M of the Exchange Act; and
- B. Respondent Petrou is censured.

VI.

IT IS FURTHER ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section IV hereof shall be convened not earlier than thirty (30) days and not later than sixty (60) days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

VII.

If Petrou fails to appear at a hearing after being duly notified, Petrou may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Petrou personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary

Appendix
Petrou's Violative Trading

FUNDING ENTITY	ISSUER	PRICING DATE & TIME	MATCHING	AVERAGE	OFFERING	OFFERING		VWAP	
			RESRICTED	PRICE OF	SHARES	PRICE PER	SHARE		
			PERIOD	SHORT	SHORT	PURCHASED	OVERAGE		
			SHORT	POSITION	POSITION				
WW	Citigroup, Inc. (C)	12/16/2009 After Close		868,300	\$ 3.56	2,500,000	1,631,700	\$ 3.15	\$ 3.18
WW	Genco Shipping & Trading Ltd. (GNK)	7/21/2010 After Close		8,000	\$ 16.37	8,000	0	\$ 16.00	\$ 16.52
WW	Government Properties Income (GOV)	8/5/2010 After Close		3,300	\$ 25.90	170,900	167,600	\$ 25.00	\$ 25.01
WW	Petroleo Brasileiro (PBR)	9/23/2010 After Close		17,200	\$ 35.40	17,200	0	\$ 34.49	\$ 35.39
WW	Noranda Aluminum Holding Corp. (NOR)	12/6/2010 After Close		320	\$ 11.56	320	0	\$ 11.35	\$ 11.53
WW	Stillwater Mining Company (SWC)	12/7/2010 After Close		3,000	\$ 20.61	3,000	0	\$ 19.50	\$ 19.15
WW	American Capital Agency Corp. (AGNC)	1/13/2011 After Close		12,500	\$ 28.88	22,000	9,500	\$ 28.00	\$ 28.77
WC	American Capital Agency Corp. (AGNC)	1/13/2011 After Close		4,600	\$ 28.85	4,600	0	\$ 28.00	\$ 28.77
WW	LDK Solar Co., Ltd. (LDK)	1/27/2011 Before Open		2,000	\$ 12.60	2,000	0	\$ 12.40	\$ 12.73
WW	Molycorp, Inc. (MCP)	2/11/2011 After Close		600	\$ 51.00	600	0	\$ 50.00	\$ 48.52
WW	YPF Sociedad Anonima (YPF)	3/22/2011 After Close		800	\$ 42.15	800	0	\$ 41.00	\$ 41.35
WW	Newcastle Investment Corporation (NCT)	3/23/2011 After Close		14,357	\$ 6.10	25,000	10,643	\$ 6.00	\$ 5.96
WC	Energy Transfer Partners, L.P. (ETP)	3/29/2011 Before Open		8,000	\$ 51.01	10,500	2,500	\$ 50.52	\$ 50.68
WC	Cobalt International Energy Inc. (CIE)	4/11/2011 After Close		1,000	\$ 15.04	1,000	0	\$ 14.00	\$ 14.08
WC	Cobalt International Energy Inc. (CIE)	4/11/2011 After Close		200	\$ 15.41	200	0	\$ 14.00	\$ 14.08
WW	American International Group, Inc. (AIG)	5/24/2011 After Close		19,500	\$ 29.58	19,500	0	\$ 29.00	\$ 28.21
WC	American International Group, Inc. (AIG)	5/24/2011 After Close		7,500	\$ 29.59	8,200	700	\$ 29.00	\$ 28.21
WW	Arch Coal, Inc. (ACI)	6/2/2011 After Close		400	\$ 27.45	400	0	\$ 27.00	\$ 27.16
WC	Arch Coal, Inc. (ACI)	6/2/2011 After Close		12,700	\$ 27.56	12,700	0	\$ 27.00	\$ 27.16
WW	Five Star Quality Care, Inc. (FVE)	6/15/2011 After Close		15,300	\$ 5.43	15,300	0	\$ 5.00	\$ 5.06
WC	Five Star Quality Care, Inc. (FVE)	6/15/2011 After Close		5,700	\$ 5.48	5,700	0	\$ 5.00	\$ 5.06
WW	Excel Trust, Inc. (EXL)	6/23/2011 After Close		300	\$ 10.96	300	0	\$ 10.94	\$ 11.24
WC	Excel Trust, Inc. (EXL)	6/23/2011 After Close		500	\$ 10.96	500	0	\$ 10.94	\$ 11.24
WW	Calumet Specialty Products Partners, LP (CLMT)	9/8/2011 After Close		2,500	\$ 18.17	5,000	2,500	\$ 18.00	\$ 17.37
WC	Calumet Specialty Products Partners, LP (CLMT)	9/8/2011 After Close		2,500	\$ 18.17	2,500	0	\$ 18.00	\$ 17.37
WC	Newcastle Investment Corporation (NCT)	9/21/2011 After Close		33,300	\$ 4.73	33,300	0	\$ 4.55	\$ 4.41
WW	Newcastle Investment Corporation (NCT)	9/21/2011 After Close		14,477	\$ 4.88	20,000	5,523	\$ 4.55	\$ 4.41
WW	Linn Energy, LLC (LINE)	1/12/2012 After Close		10,000	\$ 36.24	20,200	10,200	\$ 35.95	\$ 35.93

EXHIBIT B

Page 1	<p>UNITED STATES SECURITIES AND EXCHANGE COMMISSION</p> <p>In the Matter of: WORLDWIDE CAPITAL, INC. File No. NY-8649</p> <p>WITNESS: THRASOS TOMMY PETROU</p> <p>PAGES: 1-54</p> <p>PLACE: Securities and Exchange Commission Brookfield Place 200 Vesey Street New York, New York 10281</p> <p>DATE: September 18, 2014</p> <p>The above-entitled matter came on for hearing at 10:10 a.m.</p>	Page 3
1	(Exhibit 58, Form 1662, marked for	1
2	identification, as of this date.)	2
3	MR. PRIMOFF: We are on the record at	3
4	10:10 a.m.	4
5	Mr. Petrou, would you please raise your	5
6	right hand?	6
7	Do you swear to tell the truth, the	7
8	whole truth and nothing but the truth?	8
9	THE WITNESS: Yes, I do.	9
10	Whereupon,	10
11	THRASOS TOMMY PETROU,	11
12	after having been first duly sworn, was examined and	12
13	testified as follows:	13
14	EXAMINATION BY	14
15	MR. PRIMOFF:	15
16	Q. Would you state, please, your full name	16
17	for the record?	17
18	A. Thrasos Tommy Petrou.	18
19	Q. Is Tommy your nickname or is that	19
20	actually your middle name?	20
21	A. It's on my license and passport.	21
22	Q. So the legal name is Thrasos Tommy	22
23	Petrou?	23
24	A. Yes.	24
25	Q. My name is Richard Primoff. With me is	25
Page 2	<p>APPEARANCES:</p> <p>On behalf of the Securities and Exchange Commission:</p> <p>RICHARD G. PRIMOFF, ESQ. KAREN LEE, ESQ. ELZBIETA WRAGE, Investigator Enforcement Division Brookfield Place 200 Vesey Street New York, New York 10281</p> <p>On behalf of the Witness:</p> <p>ELLIOT LUTZKER, ESQ. DAVIDOFF HUTCHER & CITRON LLP 605 Third Avenue New York, New York 10158</p>	Page 4
1	Karen Lee and Ella Wraga.	1
2	Ms. Lee and I are attorneys with the	2
3	Enforcement Division of the SEC and we're officers of	3
4	the Commission for purposes of this proceeding, as is	4
5	Ms. Wraga, who is not an attorney but an	5
6	investigator.	6
7	This is an investigation by the United	7
8	States Securities and Exchange Commission entitled,	8
9	"In the Matter of Worldwide Capital."	9
10	The purpose of the proceeding is to	10
11	determine whether there have been violations of	11
12	certain provisions of the federal securities laws.	12
13	However, facts developed in the	13
14	investigation might constitute violations of other	14
15	federal or state, civil or criminal laws.	15
16	Before we went on the record, you were	16
17	provided with a copy of the Formal Order of	17
18	Investigation and subsequent amendments. The Formal	18
19	Order will be available for your review during the	19
20	course of the proceeding.	20
21	Have you had an opportunity to review	21
22	it?	22
23	A. Yes.	23
24	Q. You were also provided with what has	24
25	been previously marked as Exhibit 58, which is the	25

Page 13	Page 15
1 initially try it out to see if it would be a good	1 Worldwide and Warchest?
2 fit.	2 A. On occasion, I would go into the office
3 Q. Did she put any specific dollar amount	3 on Worldwide.
4 on how much more you would be able to trade with	4 Q. You mentioned Billy Vowell.
5 Warchest as opposed to with Worldwide?	5 Who is he?
6 A. No, it had already become a problem with	6 A. He was working for Warchest.
7 Jeff. It always was a problem and here was an	7 Q. Did he also work for Worldwide?
8 opportunity to not have that problem.	8 A. Yes.
9 Q. When you said the amount of stock that	9 Q. You already knew him?
10 you wanted to put in for, are you referring to the	10 A. I didn't really -- no, I did not know
11 amount of stock in follow-on or secondary offerings?	11 him.
12 A. Yes.	12 I knew his name, that he worked for
13 Q. So you understood that trading for	13 Jeff. But I did not know him.
14 Warchest would involve, as with Worldwide, trying to	14 Q. But then at some point before you joined
15 participate in a number of follow-on or secondary	15 Warchest you got in touch with him?
16 offerings?	16 A. Over the phone.
17 A. Yes.	17 Q. Why was it that you were speaking with
18 Q. Did she put you in touch with anybody at	18 Mr. Vowell?
19 Warchest?	19 A. I knew that he worked for Jeff as well
20 A. I don't remember who I spoke to	20 and I just wanted his opinion on what he thought
21 initially.	21 Warchest was about.
22 Howard Bloom, I think it was.	22 Q. So before you spoke with him, you knew
23 Q. Anybody else?	23 that he was working for Warchest?
24 A. I spoke to Billy Vowell.	24 A. Yes.
25 Q. Anybody else?	25 Q. How did you come to know that?
Page 14	Page 16
1 A. That's all I remember.	1 A. Carmella told me.
2 Q. These are the two you spoke with before	2 Q. In that initial conversation when she
3 you joined Warchest?	3 told you about Warchest?
4 A. Yes.	4 A. I don't remember.
5 Q. Did you speak with anybody or have any	5 Q. But at some point before you joined
6 dealings with anybody at Warchest after you joined	6 Warchest, Carmella Brocco told you that Billy Vowell
7 other than those two?	7 worked for Warchest also?
8 A. There was one gentleman, I only met him	8 A. Yes.
9 a couple of times, Manny -- but I don't know if he	9 Q. So what did you and he speak about?
10 was a boss or anything. I just remember he was	10 A. This is going back four years. I don't
11 friends with Howard Bloom.	11 remember exactly what we spoke about.
12 Q. Who did you understand Howard Bloom was?	12 Q. I don't expect you to give me a verbatim
13 A. He was our boss.	13 rundown of the conversation, but if you can remember
14 Q. Did you meet with him face-to-face, on	14 the substance?
15 the telephone? How did that work?	15 A. Basically what I said earlier, that he
16 A. Over the telephone. I met him	16 believed that Warchest was more financially sound,
17 face-to-face, I think, at the Christmas party.	17 and that we would not have a problem putting in for
18 Q. This was after you had already started?	18 trades or settling trades because of money.
19 A. Yes.	19 Q. Did you ever learn either from Mr.
20 Q. That is in 2010, you mean?	20 Vowell or Mr. Bloom or any other way who or what was
21 A. Yes.	21 the source of the capital for the Warchest trades?
22 Q. When you first started with Warchest,	22 A. No.
23 were you working from your own home or office?	23 Q. Were you directly employed by Warchest?
24 A. Yes.	24 A. Warchest didn't actually pay me. I
25 Q. And you were doing that for both	25 think they paid Carmella at CMB Capital and then she

Page 17	Page 19
<p>1 paid me.</p> <p>2 Q. Have you ever heard of an entity called</p> <p>3 Hudson Asset Management?</p> <p>4 A. I believe that's Billy Vowell's company.</p> <p>5 Q. Did the nature of your association with</p> <p>6 Warchest involve Hudson Asset Management?</p> <p>7 A. I don't remember. I don't remember.</p> <p>8 Q. Do you know if Carmella Brocco was part</p> <p>9 of Hudson Asset Management?</p> <p>10 A. I don't remember if Hudson was the</p> <p>11 company after Warchest that she worked for. I don't</p> <p>12 remember.</p> <p>13 Q. I'm sorry, I didn't understand your</p> <p>14 answer.</p> <p>15 A. I don't remember if Hudson was Billy</p> <p>16 Vowell's company after Warchest -- no.</p> <p>17 MR. LUTZKER: Don't guess.</p> <p>18 A. I don't remember.</p> <p>19 Q. Did you at some point -- forget about</p> <p>20 whether it was with Warchest or what time it was --</p> <p>21 did you, at any time, have some type of business</p> <p>22 association with Hudson Asset Management?</p> <p>23 A. I don't think so.</p> <p>24 I don't know. Warchest -- I'm not sure</p> <p>25 if that was Billy Vowell's company that paid CMB that</p>	<p>1 an Inlet Management with a date of employment of</p> <p>2 March 2013.</p> <p>3 Do you see that?</p> <p>4 A. Yes.</p> <p>5 Q. Is that one of Mr. Vowell's companies?</p> <p>6 A. Yes.</p> <p>7 Q. And you started with Mr. Vowell in March</p> <p>8 of 2013?</p> <p>9 A. Yes.</p> <p>10 Q. At that point, were you still trading</p> <p>11 for Warchest?</p> <p>12 A. No.</p> <p>13 Q. Do you still trade for Inlet Management?</p> <p>14 Let me back up.</p> <p>15 What was the nature of your association</p> <p>16 with Inlet Management?</p> <p>17 A. Buying secondaries and IPOs.</p> <p>18 Q. So the same trading strategy as with</p> <p>19 Worldwide and Warchest?</p> <p>20 A. No.</p> <p>21 Q. How did it differ?</p> <p>22 A. Because at Worldwide Capital, Jeff would</p> <p>23 tell us to short secondaries that we were in. So</p> <p>24 it's not the same.</p> <p>25 Q. So Mr. Lynn at Worldwide Capital told</p>
Page 18	Page 20
<p>1 paid me.</p> <p>2 Q. It's possible, you just don't know?</p> <p>3 A. It's possible, I don't remember the</p> <p>4 name.</p> <p>5 Q. You don't remember the name of Mr.</p> <p>6 Vowell's company?</p> <p>7 A. Warchest or Hudson never paid me. CMB</p> <p>8 Capital paid me.</p> <p>9 Q. That's how the money flowed, in other</p> <p>10 words?</p> <p>11 A. Yes. So I don't know.</p> <p>12 Q. But it's possible that the way the money</p> <p>13 flowed, it went to Warchest to one of Mr. Vowell's</p> <p>14 companies to Carmella Brocco's CMB company and then</p> <p>15 to you?</p> <p>16 A. Correct.</p> <p>17 Q. Do you believe that's the case, putting</p> <p>18 aside whether you know the name of Mr. Vowell's</p> <p>19 company that was involved, do you believe that's the</p> <p>20 case?</p> <p>21 A. Yes.</p> <p>22 Q. So the uncertainty in your mind is what</p> <p>23 the name of the company was?</p> <p>24 A. Yes.</p> <p>25 Q. Your background questionnaire also lists</p>	<p>1 you you could short in advance of an offering?</p> <p>2 A. On several occasions.</p> <p>3 Q. Was there any restriction on that that</p> <p>4 he told you that in his view made it not illegal to</p> <p>5 do that?</p> <p>6 A. No.</p> <p>7 He told me on several occasions that we</p> <p>8 could buy and short in the Worldwide Capital account,</p> <p>9 which would be separate from my TTP Capital account.</p> <p>10 And I asked him a couple of times, and</p> <p>11 he told me that his lawyer at the time, I believe his</p> <p>12 name was Ira Sorkin, told him that it was legal, as</p> <p>13 long as there were two separate accounts and as long</p> <p>14 as we didn't -- as long as we didn't use the</p> <p>15 secondary offering stock to cover a short.</p> <p>16 Q. Do you recall when he told you that?</p> <p>17 A. From the beginning.</p> <p>18 Q. You said you asked him a couple of</p> <p>19 times?</p> <p>20 A. Yes. Because I remember that I looked</p> <p>21 into it and I remember that it did say that as long</p> <p>22 as it's two separate accounts, you can do that,</p> <p>23 somewhere in that Rule 105.</p> <p>24 And I asked him, I said: Is this what</p> <p>25 we're doing, is this how we're doing this?</p>

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<p>1 He said: Yes.</p> <p>2 To reassure me, he told me he had spoken</p> <p>3 to his lawyer, Ira Sorkin, about it, and that it was</p> <p>4 fine.</p> <p>5 Q. Are you saying that the reason you asked</p> <p>6 him the second time is because you looked at the rule</p> <p>7 yourself and had a question about it? I'm not</p> <p>8 trying to put words in your mouth, but you did say</p> <p>9 you asked him twice. I'm trying to understand why</p> <p>10 it was you went back to him.</p> <p>11 A. I was working there for years. It</p> <p>12 wasn't like I asked him once and then I asked him</p> <p>13 again tomorrow.</p> <p>14 I asked him -- I can't recall when I</p> <p>15 asked him exactly. But I know that I had asked him</p> <p>16 initially and he said it was fine.</p> <p>17 And I remember the second time that I</p> <p>18 asked him, he reassured me that he had spoken to his</p> <p>19 lawyer, Ira Sorkin, and that it was legal.</p> <p>20 Now, when I asked him, I don't remember.</p> <p>21 Q. My question is: What was it that led</p> <p>22 you to seek reassurance from him?</p> <p>23 A. I don't remember. It might have been</p> <p>24 an article I read or something. I can't recall.</p> <p>25 Q. And then, when you started working for</p>	<p>1 year. So I can't be sure when he told me that.</p> <p>2 Q. It could have been at the beginning of</p> <p>3 the new year?</p> <p>4 A. It could have been at the beginning of</p> <p>5 the new year. But again, I don't remember exactly</p> <p>6 when.</p> <p>7 Q. But would it have been later than the</p> <p>8 beginning of the new year when you started working</p> <p>9 for them?</p> <p>10 A. No. It would have been between</p> <p>11 September and February of 2011.</p> <p>12 Q. So how would you go about to determine</p> <p>13 that the shares that hit your account allowed you to</p> <p>14 sell short according to Mr. Bloom?</p> <p>15 A. Repeat that.</p> <p>16 Q. If I understood you correctly, you said</p> <p>17 that Mr. Bloom told you that you could be allowed to</p> <p>18 sell if the shares had already hit your account, is</p> <p>19 that correct?</p> <p>20 A. Yes.</p> <p>21 Q. Did you ever engage in that? In other</p> <p>22 words, participate in an offering, see that the</p> <p>23 shares hit your account, and then sell short?</p> <p>24 A. I probably did it two or three times.</p> <p>25 I don't remember how many times. But if he told me</p>
Page 22	Page 24
<p>1 Warchest in September of 2010, did you understand</p> <p>2 what Warchest's position was on that?</p> <p>3 A. Yes.</p> <p>4 Q. What was their position?</p> <p>5 A. They didn't want us shorting any deals.</p> <p>6 On certain occasions -- I don't remember</p> <p>7 what he said -- if there was a deal that was already</p> <p>8 priced, he told us that we could sell it if you have</p> <p>9 the shares.</p> <p>10 Q. You mean if you actually got the shares</p> <p>11 already in your account?</p> <p>12 A. Yes.</p> <p>13 Q. I'm sorry, if the deal was priced, then</p> <p>14 what? I didn't hear the last part?</p> <p>15 A. If the deal was priced, sometimes there</p> <p>16 are overnights, and if the deal was priced, we were</p> <p>17 allowed to sell if we already had the shares.</p> <p>18 Q. Who told you this?</p> <p>19 A. Howard Bloom.</p> <p>20 Q. And this was in September 2010?</p> <p>21 A. I don't recall when it was.</p> <p>22 Q. Was it at some point around the time you</p> <p>23 started working for Warchest?</p> <p>24 A. I believe it had to be after. I didn't</p> <p>25 really do much business with Warchest until the new</p>	<p>1 yes, I could do it.</p> <p>2 Because they were against shorting, so</p> <p>3 for him to tell me that it's okay, I thought it would</p> <p>4 be okay. He said as long as the deal is priced and</p> <p>5 you have the shares, then you can sell them.</p> <p>6 Q. And do you recall doing anything to</p> <p>7 verify that you had shares at any point where you did</p> <p>8 that?</p> <p>9 A. Your broker would call you and tell you</p> <p>10 if you had shares or not.</p> <p>11 Q. Who else, to your knowledge, traded for</p> <p>12 Warchest during the time that you were trading for</p> <p>13 them?</p> <p>14 A. All I would know is Billy Vowell,</p> <p>15 Carmella and me. I went to a Christmas party but I</p> <p>16 didn't really know anybody.</p> <p>17 Q. When you were just describing your</p> <p>18 conversation with Mr. Bloom about what you could sell</p> <p>19 and what you could not sell. You said something</p> <p>20 about sometime there are overnights.</p> <p>21 What did you mean by that?</p> <p>22 A. Overnight secondary offerings.</p> <p>23 Q. I know, but what does that mean? What</p> <p>24 do you mean by overnight?</p> <p>25 A. There will be a deal announced that will</p>

Page 25	Page 27
<p>1 either price initially or price the next morning. 2 Q. So an overnight is one that prices the 3 following morning, or it's one that prices -- 4 A. Regardless, we call them overnights. I 5 don't know, maybe it's a slang word for it or it's a 6 secondary offering. But an overnight we call a deal 7 that's either priced initially. 8 Like they'll tell you this is the deal, 9 6 million shares at \$50. Or they'll tell you: This 10 deal is for tomorrow, 6 million shares at a range of 11 \$50 to \$52. 12 Q. And that's the pricing, that's your 13 understanding that that is the pricing? Or the 14 actual pricing is after that announcement, where they 15 give the actual specific price? 16 A. I'm sorry, I didn't understand your 17 question. 18 Q. You say that it's either the case where 19 they'll tell you: Here's the deal, it's this many 20 shares at this price or this many shares at this 21 range of prices? 22 A. Yes. 23 Q. So which of those two is an overnight? 24 A. Both. 25 Q. Your understanding was that you would</p>	<p>1 A. I would ask my broker. 2 Q. Did you look at any account statement on 3 line or otherwise to confirm? 4 A. No. 5 MR. PRIMOFF: Can we take a short break. 6 (Recess) 7 MR. PRIMOFF: Back on the record. 8 Mr. Petrou, during the break you and I 9 did not have any substantive discussions about 10 anything, is that correct? 11 THE WITNESS: Correct. 12 MR. PRIMOFF: Nor did you have any such 13 discussions with Ms. Lee or Ms. Wraga? 14 THE WITNESS: Correct. 15 BY MR. PRIMOFF: 16 Q. I wanted to revisit the conversation you 17 spoke about with Mr. Bloom. 18 You understood that you were allowed to 19 sell the deal after you got the stock in the deal, 20 correct? 21 A. Yes. 22 Q. So in other words, that sale wouldn't be 23 a short sale at that point because you were selling a 24 long position, is that right? 25 A. Yes.</p>
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<p>1 have the shares, if the announcement was it's going 2 to be priced tomorrow, the time that you would have 3 the shares is after the time of pricing on the 4 following day? 5 A. Yes. 6 You never get shares before the deal is 7 priced. 8 Q. And it would be only at that point that 9 you would be permitted to short according to what Mr. 10 Bloom told you? 11 A. Yes -- no. 12 If a deal was priced that day, that 13 night, for example, if a deal was announced today at 14 4 o'clock and they priced it at 4 o'clock and I got 15 shares, then I was allowed to sell them. 16 Q. On that same day? 17 A. On that same day. Only if you got 18 shares. 19 Q. In fact, you did that on several 20 occasions, you said, where you believed you got 21 shares and then sold short on that same deal? 22 A. Yes. 23 Q. And what did you do before you sold 24 short, if anything, to verify that you actually had 25 shares in your account?</p>	<p>1 Q. But did you understand from Mr. Bloom 2 that Warchest did not want you to be selling short a 3 deal in advance of getting the stock? 4 A. Yes. 5 Q. And did he explain why? 6 A. Rule 105. 7 Q. So he told you that it was Warchest's 8 view that doing so, that selling a deal short before 9 you got the stock in a deal -- 10 A. I would have gotten fired. 11 Q. It was his view and Warchest's view that 12 that would be a violation of Rule 105? 13 A. From what I remember, yes. 14 Q. And was that possibly one of the reasons 15 you went back to Mr. Lynn and asked him the second 16 time? 17 A. No, no. 18 Q. So you didn't go back to Mr. Lynn after 19 that conversation and apprise him of what Warchest 20 had told you? 21 A. No. 22 Q. Did it change in any way the manner in 23 which you continued to trade at Worldwide Capital? 24 A. I left Worldwide Capital after that 25 conversation.</p>

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<p>1 Q. I'm sorry, I thought you began at</p> <p>2 Warchest in September 2010?</p> <p>3 A. Yes.</p> <p>4 Q. And then your conversation with Mr.</p> <p>5 Bloom was at some point from then until February of</p> <p>6 2011, correct?</p> <p>7 A. Yes.</p> <p>8 Q. That's what you testified to previously?</p> <p>9 A. Yes.</p> <p>10 Q. And you remained at Worldwide Capital</p> <p>11 until December 2011, correct?</p> <p>12 A. Correct.</p> <p>13 Q. So you continued to work at Worldwide</p> <p>14 Capital for a period of time after you started at</p> <p>15 Warchest and after that conversation with Mr. Bloom,</p> <p>16 correct?</p> <p>17 A. No. I left. So the conversation must</p> <p>18 have happened in January, or December.</p> <p>19 Q. I don't understand.</p> <p>20 A. I left Worldwide Capital after that</p> <p>21 conversation with Mr. Bloom. So that means I must</p> <p>22 have had that conversation with him in January or</p> <p>23 February. Or maybe December.</p> <p>24 Q. Of what year?</p> <p>25 A. December -- it must have been December</p>	<p>1 words, shorting a deal so long as you didn't cover</p> <p>2 the short of the deal stock, after Mr. Bloom had told</p> <p>3 you that Warchest considered that to be a violation</p> <p>4 of Rule 105?</p> <p>5 A. But that had to be even earlier.</p> <p>6 Q. What had to be even earlier?</p> <p>7 A. That conversation with Jeff Lynn had to</p> <p>8 be even earlier. It didn't happen two and a half</p> <p>9 years later.</p> <p>10 Q. Let's put aside when that occurred.</p> <p>11 My point is, and my question to you is:</p> <p>12 It's true that there was a period of time when you</p> <p>13 were trading for Worldwide Capital after Mr. Bloom</p> <p>14 had told you that you couldn't short a deal before</p> <p>15 you got the stock?</p> <p>16 A. At Warchest, yes.</p> <p>17 Q. And what Mr. Bloom told you didn't cause</p> <p>18 you to change in any way the behavior in which you</p> <p>19 traded for Worldwide Capital, is that fair to say?</p> <p>20 A. I started doing less and less business</p> <p>21 there. I don't remember if I shorted after that</p> <p>22 conversation.</p> <p>23 Q. You don't have a recollection of</p> <p>24 stopping shorting a deal at Worldwide after Mr. Bloom</p> <p>25 told you what he told you?</p>
Page 30	Page 32
<p>1 2011.</p> <p>2 Q. So you were at Worldwide Capital in</p> <p>3 December of 2011?</p> <p>4 A. I don't think I was.</p> <p>5 Q. And your conversation with Mr. Bloom was</p> <p>6 between September 2010 and February 2011?</p> <p>7 A. Yes -- I don't remember. I'm trying to</p> <p>8 make sense of it, but I don't remember exactly.</p> <p>9 It's years ago.</p> <p>10 Q. Well, earlier you had remembered that it</p> <p>11 was between September 2010 and February 2011?</p> <p>12 A. I could have been wrong. I'm trying to</p> <p>13 make sense of the time. I can't remember exactly.</p> <p>14 Q. Doesn't it make sense that that</p> <p>15 conversation you described with Mr. Bloom would have</p> <p>16 happened earlier in your tenure at Warchest rather</p> <p>17 than later?</p> <p>18 A. Yes.</p> <p>19 Q. So there was a period of time in between</p> <p>20 Mr. Bloom telling you what he told you and the time</p> <p>21 that you left Worldwide Capital?</p> <p>22 A. Yes.</p> <p>23 Q. So there was a period of time when you</p> <p>24 were trading at Worldwide Capital in the manner that</p> <p>25 Mr. Lynn and Mr. Sorkin told you you could, in other</p>	<p>1 A. I can't remember when exactly I had the</p> <p>2 conversation with Mr. Bloom. It's just an</p> <p>3 assumption, so...</p> <p>4 Q. How were you compensated by Warchest?</p> <p>5 A. How was I compensated?</p> <p>6 Q. What was the nature of your pay for</p> <p>7 trading at Warchest?</p> <p>8 A. 50 percent of the profits.</p> <p>9 Q. Did Ms. Brocco take a cut?</p> <p>10 A. No.</p> <p>11 Q. Did Mr. Vowell or his company take a cut</p> <p>12 of your trading profit?</p> <p>13 A. No.</p> <p>14 Q. 50 percent of your profit, maybe you</p> <p>15 said it and I was too impatient, didn't listen,</p> <p>16 losses as well?</p> <p>17 A. You would not get paid unless you were</p> <p>18 -- you had a profit. If you had losses, you had to</p> <p>19 make up the losses. And then when you were</p> <p>20 positive, you can make money.</p> <p>21 Q. That's similar to the deal with</p> <p>22 Worldwide, then; is that correct?</p> <p>23 A. Correct.</p> <p>24 Q. I want to just go over some of the more</p> <p>25 granular mechanics of how you traded with both</p>

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<p>1 Exhibit 62, which again, I will represent to you is a 2 printout of trades for Montecito for Warchest 3 Capital, and I'll ask you to look at these, and if 4 you can tell me if these were trades that you made in 5 connection with Warchest in the manner reflected 6 here? 7 A. Yes, these look like my trades. 8 MR. PRIMOFF: We'll take a short break. 9 (Recess.) 10 MR. PRIMOFF: At this time, Mr. Petrou, 11 we have no further questions for you. 12 Mr. Lutzker, do you have anything that 13 you wish to ask him about or clarify? 14 MR. LUTZKER: Just give me a minute. I 15 don't think so. 16 (Witness and counsel confer.) 17 MR. LUTZKER: No, nothing further. 18 MR. PRIMOFF: Off the record at 11:25 19 a.m. 20 (Time noted: 11:25 a.m.) 21 22 23 24 25</p>	<p>1 PREVIOUSLY MARKED 2 EXHIBITS PAGE 3 52 11 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>
Page 50	Page 52
<p>1 2 I N D E X 3 WITNESS EXAMINATION BY PAGE 4 THRASOS TOMMY PETROU 5 MR. PRIMOFF 3 6 7 8 EXHIBITS DESCRIPTION PAGE 9 Exhibit 58 Form 1662 3 10 Exhibit 59 Subpoena 5 11 Exhibit 60 Excerpt from Montecito 12 website 39 13 Exhibit 61 Printout of trades for 14 Montecito for Warchest 15 Capital 46 16 Exhibit 62 Printout of trades for 17 Montecito for Warchest 18 Capital 48 19 20 21 22 23 24 25</p>	<p>1 SCOPIST'S CERTIFICATE 2 3 I, Dolores Cavanagh, hereby certify that 4 the foregoing transcript consisting of 54 pages is a 5 complete, true and accurate transcript of the 6 investigative hearing, held on September 18, 2014, at 7 Brookfield Place, 200 Vesey Street, New York, New 8 York, in the Matter of WORLDWIDE CAPITAL, INC. 9 I further certify that this proceeding 10 was reported by Robert Bloom and that the foregoing 11 transcript has been scoped by me. 12 13 14 15 16 _____ 17 Dolores Cavanagh DATE 18 19 20 21 22 23 24 25</p>

1 UNITED STATES
 2 SECURITIES AND EXCHANGE COMMISSION
 3 REPORTER'S CERTIFICATE
 4
 5

6 I, Robert Bloom, reporter, hereby
 7 certify that the foregoing transcript of 54 pages is
 8 a complete, true and accurate transcript of the
 9 testimony indicated, held on September 18, 2014, at
 10 Brookfield Place, 200 Vesey Street, New York, New
 11 York, in the Matter of WORLDWIDE CAPITAL, INC.

12 I further certify that this proceeding
 13 was reported by me and that the foregoing transcript
 14 was prepared under my direction.
 15
 16
 17
 18
 19

20 _____
 Robert Bloom DATE

1 PROOFREADER'S CERTIFICATE
 2

3 In the Matter of WORLDWIDE CAPITAL, INC.
 4 Witness: THRASOS TOMMY PETROU
 5 File Number: NY-8649
 6 Date: September 18, 2014
 7 Location: Brookfield Place, 200 Vesey Street, New
 8 York, New York
 9
 10

11 This is to certify that I, Robert Bloom,
 12 the undersigned, do hereby swear and affirm that the
 13 attached proceedings before the United States
 14 Securities and Exchange Commission were held
 15 according to the record and that this is the
 16 original, complete, true and accurate transcript that
 17 has been compared to the reporting or recording
 18 accomplished at the hearing.
 19
 20

21 _____
 ROBERT BLOOM DATE

EXHIBIT C

Page 1	Page 3
<p>UNITED STATES SECURITIES AND EXCHANGE COMMISSION</p> <p>In the Matter of:)) File No. NY-8649 WORLDWIDE CAPITAL, INC.)</p> <p>WITNESS: THRASOS PETROU</p> <p>PAGES: 1-115</p> <p>PLACE: Securities and Exchange Commission Three World Financial Center - Suite 4300 New York, New York 10281</p> <p>DATE: October 8, 2013</p> <p>The above-entitled matter came on for hearing at 10:15 o'clock a.m.</p>	<p>1 P R O C E E D I N G S</p> <p>2 (Subpoena, dated 8/22/13, marked Worldwide</p> <p>3 Exhibit 51 for identification.)</p> <p>4 (Background questionnaire marked Worldwide</p> <p>5 Exhibit 52 for identification.)</p> <p>6 MS. LEE: We are on the record at 10:15 on</p> <p>7 Tuesday, October 8, 2013.</p> <p>8 Mr. Petrou, please raise your right hand. I</p> <p>9 am going to swear you in:</p> <p>10 Do you swear to tell the truth, the whole</p> <p>11 truth and nothing but the truth?</p> <p>12 THE WITNESS: I do.</p> <p>13 Whereupon,</p> <p>14 THRASOS PETROU,</p> <p>15 appeared as a witness herein and, having been first duly</p> <p>16 sworn, was examined and testified as follows:</p> <p>17 EXAMINATION BY</p> <p>18 MS. LEE:</p> <p>19 Q. Could you please state and spell your full</p> <p>20 name for the record.</p> <p>21 A. Thrasos Tom Petrou. T-H-R-A-S-O-S, Tommy,</p> <p>22 last name is Petrou, P-E-T-R-O-U.</p> <p>23 Q. Are you known by any other names?</p> <p>24 A. No.</p> <p>25 Q. Mr. Petrou, could you please provide your</p>
Page 2	Page 4
<p>1</p> <p>2 A P P E A R A N C E S :</p> <p>3</p> <p>4 On behalf of the Securities and Exchange</p> <p>5 Commission:</p> <p>6 KAREN M. LEE, ESQ.</p> <p>7 LESLIE KAZON, ESQ.</p> <p>8 Enforcement Division</p> <p>9 Securities and Exchange Commission</p> <p>10 3 World Financial Center - Suite 4300</p> <p>11 New York, New York 10281</p> <p>12</p> <p>13 On behalf of the Witness:</p> <p>14</p> <p>15 DAVIDOFF HUTCHER & CITRON LLP</p> <p>16 605 Third Avenue</p> <p>17 New York, New York 10158</p> <p>18 BY: ELLIOT LUTZKER, ESQ.</p> <p>19</p> <p>20 * * *</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 home address and telephone number for the record?</p> <p>2 A. 1478 72nd Street, Brooklyn, New York 11228.</p> <p>3 Q. And your telephone number?</p> <p>4 A. 347-740-1556.</p> <p>5 Q. Name is Karen Lee and with me is Leslie</p> <p>6 Kazon. We are attorneys with the Enforcement Division of</p> <p>7 the United States Securities and Exchange Commission and</p> <p>8 we are officers of the Commission for the purposes of this</p> <p>9 proceeding.</p> <p>10 This is an investigation by the United States</p> <p>11 Securities and Exchange Commission entitled "In the Matte</p> <p>12 of Worldwide Capital, Inc., NY-8649. The purpose of this</p> <p>13 investigation is to determine whether there have been</p> <p>14 violations of certain provisions of the Federal Securities</p> <p>15 Laws. However, facts developed in this investigation</p> <p>16 might constitute violations of other federal or state,</p> <p>17 civil or criminal laws.</p> <p>18 Prior to going on the record, you were</p> <p>19 provided with a copy of the Formal Order of Investigation</p> <p>20 and subsequent amendments made in this matter. They are</p> <p>21 attached to the top document. The Formal Order will be</p> <p>22 available for your review during the course of this</p> <p>23 proceeding.</p> <p>24 Mr. Petrou, have you had an opportunity to</p> <p>25 review the Formal Order?</p>

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<p>1 is you hadn't intended to sell it short?</p> <p>2 A. I did not know I could not do that. I asked</p> <p>3 Howard Bloom if we could, and he did his, I guess, due</p> <p>4 diligence, and he called us back and he said, "You could</p> <p>5 do it."</p> <p>6 Q. So you did know it was a short sale. You</p> <p>7 just didn't think there was anything improper about it?</p> <p>8 A. Correct.</p> <p>9 Q. And roughly when did this occur?</p> <p>10 A. I want to say at some point in 2012. I don't</p> <p>11 know exactly.</p> <p>12 Q. And I may have misinterpreted, but you</p> <p>13 started to say that there was a difference between the</p> <p>14 trading you did for War Chest and the trading you did for</p> <p>15 Worldwide?</p> <p>16 A. Yeah.</p> <p>17 Q. Can you expand on that?</p> <p>18 A. At Worldwide, we were told that as long as --</p> <p>19 you can short a stock as long as you do not cover that</p> <p>20 stock with syndicate, meaning stock that you get from</p> <p>21 brokers. As long as you short a stock and buy it back</p> <p>22 yourself, that there is nothing wrong with that.</p> <p>23 Q. And what was the difference with War Chest?</p> <p>24 A. War Chest did not want shorting, shorting a</p> <p>25 deal and covering it. They didn't deem it proper.</p>	<p>1 I know what I did. There wasn't just me working for War</p> <p>2 Chest, you know.</p> <p>3 Q. What I am trying to get at is: Did War</p> <p>4 Chest -- let me back up.</p> <p>5 Other than the difference with respect to</p> <p>6 shorting in connection with follow-ons and secondary</p> <p>7 offerings, was there a difference in the kind of trading</p> <p>8 that you did for Worldwide and the kind of trading that</p> <p>9 you did for War Chest?</p> <p>10 A. No, I would say it was very similar, it was</p> <p>11 just getting stocks from brokers, holding it or selling</p> <p>12 it, very similar.</p> <p>13 Q. And you said that at Worldwide, your</p> <p>14 understanding was that you could short before an offering,</p> <p>15 you just couldn't cover with the allocation shares; is</p> <p>16 that correct?</p> <p>17 A. Correct; yes.</p> <p>18 Q. How did you come to that understanding?</p> <p>19 A. That's what -- that's what Jeff explained to</p> <p>20 us.</p> <p>21 Q. And when you -- when did Jeff explain this to</p> <p>22 you?</p> <p>23 A. When I first started there.</p> <p>24 BY MS. LEE:</p> <p>25 Q. So in April 2008?</p>
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<p>1 Q. I still don't understand the difference</p> <p>2 between the policy at War Chest and the policy at</p> <p>3 Worldwide.</p> <p>4 A. I couldn't -- I could not short anything at</p> <p>5 War Chest.</p> <p>6 Q. Okay.</p> <p>7 MR. LUTZKER: Can I ask a question?</p> <p>8 MS. KAZON: Sure.</p> <p>9 MR. LUTZKER: During what period of time?</p> <p>10 THE WITNESS: During what period of time?</p> <p>11 MR. LUTZKER: Could you not short.</p> <p>12 THE WITNESS: As soon as I started working</p> <p>13 for War Chest.</p> <p>14 BY MS. LEE:</p> <p>15 Q. And that was September 2010?</p> <p>16 A. Yeah.</p> <p>17 BY MS. KAZON:</p> <p>18 Q. And just for clarification, when you say at</p> <p>19 War Chest you could not short, do you mean you could not</p> <p>20 short in connection with follow-ons or secondary</p> <p>21 offerings?</p> <p>22 A. Correct.</p> <p>23 Q. So it wasn't -- do you know whether at War</p> <p>24 Chest you couldn't short at all?</p> <p>25 A. I mean, I don't know what other people did.</p>	<p>1 A. Yeah.</p> <p>2 BY MS. KAZON:</p> <p>3 Q. Was this a one-on-one conversation between</p> <p>4 you and Jeff, or were there other people around?</p> <p>5 A. I don't remember. It's a long time ago.</p> <p>6 Q. Do you know whether the other traders who</p> <p>7 worked in the office, for example, were under the same</p> <p>8 impression?</p> <p>9 A. I would think so. If I was -- if -- they</p> <p>10 were there before me, so if he told me that I could do</p> <p>11 that, I am assuming that he had told them the same.</p> <p>12 Q. I don't want to know what you're assuming, I</p> <p>13 want to know, did you have any discussions, did you</p> <p>14 overhear anything that leads you to believe that your</p> <p>15 assumption is correct?</p> <p>16 A. I must have heard somebody say that they</p> <p>17 shorted a stock. I can't -- I don't remember</p> <p>18 specifically.</p> <p>19 BY MS. LEE:</p> <p>20 Q. So prior to your -- prior to you starting</p> <p>21 your work at Worldwide in April 2008, had you had any</p> <p>22 experience trading stocks?</p> <p>23 A. No.</p> <p>24 Q. So when you first got hired at Worldwide -- I</p> <p>25 guess let me step back a minute.</p>

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1 (Recess taken.)
 2 MS. LEE: So we are back on the record at
 3 12:58.
 4 MS. KAZON: While we were off the record,
 5 there were no conversations between the staff and counsel
 6 or the witness other than discussing the timing of the end
 7 of the testimony.
 8 MR. LUTZKER: Correct.
 9 THE WITNESS: Yes.
 10 BY MS. KAZON:
 11 Q. Mr. Petrou, I believe you testified that at
 12 War Chest, there was an instance when, as I understood
 13 your testimony, you had inadvertently shorted in advance
 14 of an offering and you had a conversation with a Mr. Bloom
 15 about that; is that correct?
 16 A. Yes.
 17 Q. Who is Mr. Bloom?
 18 A. He was the owner of War Chest.
 19 Q. And I believe you also testified that at War
 20 Chest the policy was not to short at all in deal stock; is
 21 that correct?
 22 A. Yes, yes.
 23 Q. And I see that -- is it correct that there
 24 was a period when you were trading for both Worldwide and
 25 War Chest?

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1 A. Yes.
 2 Q. Did you ever have any discussions with anyone
 3 associated with Worldwide about the fact that -- first of
 4 all, did you ever -- did people -- did anyone at Worldwide
 5 know that you were also trading for War Chest?
 6 A. No.
 7 Q. Did you have an understanding as to whether
 8 you were under an obligation not to trade for anyone other
 9 than Worldwide?
 10 A. No.
 11 Q. Did you have any discussions with anyone at
 12 War Chest about why you were not allowed to short deal
 13 stock?
 14 A. Howard Bloom told us that it's not -- it's
 15 not part of their practice shorting any deals. Even if
 16 you're not involved in syndicate, you just did not -- they
 17 were more of like -- they don't want to be involved in
 18 shorts of stocks.
 19 Q. But was -- withdrawn.
 20 But am I correct in remembering that at least
 21 in terms of the trading you did, the only stocks that you
 22 were buying were deal stocks?
 23 A. Yes.
 24 Q. And do you know whether the policy at War
 25 Chest was not to do any shorting in any stock at all

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1 versus not to do any shorting in deal stocks?
 2 A. As far as I know, there was no shorting in
 3 deal stocks. I didn't really deal with stocks outside of
 4 the deal stocks.
 5 Q. And did you ever have any discussion with
 6 anybody at War Chest about why -- since obviously the
 7 policy at War Chest was different from the policy at
 8 Worldwide, did you ever have any discussions with anyone
 9 at War Chest about why the policy was no shorting in
 10 advance of -- in connection with deals at all?
 11 A. He told me it was something that they frowned
 12 upon, Howard Bloom. When I had asked him about the one
 13 short, I didn't even know the shorting. I thought I could
 14 sell it. He said it's just -- the interpretation of that
 15 law, it wasn't clear on whether or not I could sell it,
 16 and he thought I could sell it. And he was wrong.
 17 Q. Oh, so you discussed the sale with Mr. Bloom
 18 before you placed the order?
 19 A. Yes, because of the no shorting policy, I
 20 asked him, "Is it a short if I sell this?" I got -- it
 21 was 2:00 p.m., and it was deal stock. But the deal hadn't
 22 priced yet. And he called me back and he said, "Yeah, I
 23 can't see why you can't sell it. It's yours."
 24 Q. Do you remember the name of the stock?
 25 A. No, no.

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1 Q. Did it ever occur to you that Worldwide's
 2 policy might not comply with the law in light of the more
 3 conservative War Chest policy?
 4 A. When I moved over to War Chest and I did that
 5 with that stock, that's when I realized that it was -- but
 6 I had already moved from Worldwide at that time, I think.
 7 Q. So this incident occurred after you had
 8 stopped trading for Worldwide?
 9 A. Yeah, yeah. I think it was in -- no, you
 10 know what? It was in 2011. It was in 2011, I think. I
 11 don't remember. I'm sorry.
 12 MR. LUTZKER: You don't remember?
 13 THE WITNESS: I don't remember.
 14 Q. And also, I believe you -- well, am I correct
 15 in understanding that from the time you started at War
 16 Chest, you understood that it was War Chest's policy that
 17 you should not short deal stock?
 18 A. Yeah. They didn't want us shorting anything,
 19 deal stock or not. They didn't want to be involved in
 20 shorts.
 21 Q. So I thought you testified that you're not
 22 really sure about --
 23 A. I said what I did is I didn't short other
 24 stocks anyway, so for me it was just the deal stock. I
 25 don't know what other people did, but...

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1 Q. Let me make sure I understand this.
 2 Was it -- do you know whether War Chest had a
 3 policy against shorting, in general, or is your knowledge
 4 that it had a policy against shorting deal stock?
 5 A. Definitely had a policy against shorting deal
 6 stock. So as far as shorting in general, I didn't short
 7 anything else but deal stock, so I'm not certain. I don't
 8 remember.
 9 Q. But, in any event, am I right in
 10 understanding that you learned about their policy about
 11 not shorting deal stock as soon as you started trading for
 12 them?
 13 A. Yes.
 14 Q. And according to your questionnaire, you
 15 started trading for War Chest in September of 2010, and
 16 you continued to trade for Worldwide until about December
 17 of 2011?
 18 A. Yeah.
 19 Q. And so when you learned about War Chest's
 20 policy, did that lead you to wonder whether Worldwide's
 21 policy complied with the law?
 22 A. Well, I started in September, I started
 23 opening accounts, so I hadn't really started making any
 24 money or trading anything really, probably till like
 25 November or December.

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1 But as of September, I did start working with
 2 them on trying to open accounts.
 3 Q. So when do you think you first learned about
 4 War Chest's policy?
 5 A. Probably like -- I would say like November,
 6 when I actually got an account or two open.
 7 Q. And when you learned of that policy, did
 8 that -- did you continue to short in connection with
 9 offerings for Worldwide?
 10 A. I don't remember.
 11 Q. Did the fact that War Chest had a more
 12 conservative policy give you any concern about whether
 13 Worldwide's policy was correct?
 14 A. Yes.
 15 Q. And did you discuss that concern with anyone?
 16 A. No. Usually my business, I just keep to
 17 myself. It's my business.
 18 Q. Did you do anything as a result of your
 19 concern?
 20 A. Well, that's why when I spoke to Jeff, I
 21 didn't really fight to stay there, because I believe that
 22 if I did tell him that I really do want to try and make
 23 this money back that I was down, I think it was \$170,000
 24 I think he would have given me the opportunity to. But I
 25 really didn't want to be there anymore. He didn't have

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1 enough -- he didn't have enough capital and, you know, he
 2 was still shorting stuff, and I just moved on from it.
 3 Q. Did you have -- other than what you've just
 4 testified to, did you ever have any concerns that
 5 Worldwide was not operating in compliance with the law?
 6 A. At the time I did not.
 7 BY MS. LEE:
 8 Q. So Mr. Petrou, we have no further questions
 9 for you at this time.
 10 A. Okay.
 11 Q. But we may however call you again' to testify
 12 in this investigation. If that's necessary, we will reach
 13 out to Mr. Lutzker.
 14 A. Okay.
 15 Q. Do you wish to clarify anything or add
 16 anything to the statements you've made today?
 17 A. No.
 18 MR. LUTZKER: No.
 19 MS. LEE: Mr. Lutzker, do you wish to ask any
 20 clarifying questions?
 21 MR. LUTZKER: No, I don't.
 22 MS. LEE: We are off the record at 1:09.
 23 (Time noted: 1:09 o'clock p.m.)
 24
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<p>1</p> <p>2 SCOPIST'S CERTIFICATE</p> <p>3</p> <p>4</p> <p>5 I, Rena Farber, hereby certify that</p> <p>6 the foregoing transcript consisting of 115 pages,</p> <p>7 is a complete, true and accurate transcript of the</p> <p>8 investigative hearing, held on Tuesday, October 8,</p> <p>9 2013, at 3 World Financial Center, New York, New</p> <p>10 York, in the matter of WORLDWIDE CAPITAL, INC..</p> <p>11 I further certify that this</p> <p>12 proceeding was reported by Deborah Moschitto and</p> <p>13 that the foregoing transcript has been scoped by</p> <p>14 me.</p> <p>15</p> <p>16 _____</p> <p>17 Rena Farber Date</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1</p> <p>2 PROOFREADER'S CERTIFICATE</p> <p>3</p> <p>4 In the Matter of: WORLDWIDE CAPITAL, INC.</p> <p>5 Witness: THRASO S PETROU</p> <p>6 File Number: NY-8649</p> <p>7 Date: OCTOBER 8, 2013</p> <p>8 Location: 3 World Financial Center</p> <p>9 New York, New York</p> <p>10</p> <p>11 This is to certify that I, Deborah</p> <p>12 Moschitto, do hereby swear and affirm that the</p> <p>13 attached proceedings before the United States</p> <p>14 Securities and Exchange Commission were held</p> <p>15 according to the record and that this is the</p> <p>16 original, complete, true and accurate transcript</p> <p>17 that has been compared to the reporting or</p> <p>18 recording accomplished at the hearing.</p> <p>19</p> <p>20</p> <p>21 _____</p> <p>22 Deborah Moschitto</p> <p>23</p> <p>24</p> <p>25</p>
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<p>1</p> <p>2 UNITED STATES SECURITIES AND EXCHANGE COMMISSION</p> <p>3 REPORTER'S CERTIFICATE</p> <p>4</p> <p>5 I, Deborah Moschitto, reporter, hereby certify</p> <p>6 that the foregoing transcript of 115 pages is a</p> <p>7 complete, true, and accurate transcript of the</p> <p>8 testimony indicated, held on Tuesday, October 8,</p> <p>9 2013, at 3 World Financial Center, New York, New</p> <p>10 York, in the matter of:</p> <p>11 WORLDWIDE CAPITAL, INC.</p> <p>12 I further certify that this proceeding was</p> <p>13 recorded by me and that the foregoing transcript</p> <p>14 was prepared under my direction.</p> <p>15</p> <p>16</p> <p>17</p> <p>18 _____</p> <p>19 Deborah Moschitto Date</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	

