

Markets

[Mistrial Declared in Crisis-Era Trial Over Valuation of Assets; Jurors Fail to Reach Verdict on London Asset Manager Charged Over Price He Put on Sovereign Debt](#)

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NEW YORK—A mistrial was declared Tuesday after jurors said they couldn't reach a verdict in the trial of a London asset manager accused of lying about the value of sovereign debt held by his former hedge fund near the height of the global financial crisis.

Federal prosecutors in Manhattan had alleged that Michael Balboa, a former managing director at London's Millennium Global Investments Ltd., directed others to substantially inflate the price of Nigerian government warrants held by the Millennium Global Emerging Credit Fund in 2008.

In the fourth day of deliberations, a federal jury said it couldn't reach a decision in Mr. Balboa's case.

"If you can't reach a verdict unanimously, that's a decision we have to recognize," U.S. District Judge Paul Crotty said before sending jurors home.

Mr. Balboa, 44 years old, had been on trial for three weeks for securities fraud, wire fraud and conspiracy to commit securities fraud and wire fraud.

Prosecutors said Mr. Balboa overvalued the warrants by as much as 13 times the known trading price. The warrants were one of the fund's two largest holdings, prosecutors said.

Lawyers for Mr. Balboa said he used algorithms tied to the price of oil to set the value and was one of the world's foremost experts on that type of lightly traded debt, his lawyers said.

"Mr. Balboa has asserted his innocence from Day 1," said Joseph Tacopina, a lawyer for Mr. Balboa. "He's never entertained a plea and will not entertain a plea now."

Mr. Tacopina said he expected the case would be retried in the fall.

As a result of alleged overvaluing of the warrants, the hedge fund's net asset value was overstated by in communications to investors, prosecutors said.

The fund collapsed in October 2008 after suffering nearly \$1 billion in losses, the Securities and Exchange said in a separate but related civil lawsuit filed in 2011.

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