



Commodity Futures Trading Commission
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U.S. COMMODITY FUTURES TRADING COMMISSION CHARGES SAN DIEGO FOREIGN CURRENCY FIRM WHITE PINE TRUST CORPORATION AND ITS FOUNDER, RICHARD MATTHEWS, WITH FRAUD AND MISAPPROPRIATION OF CUSTOMER FUNDS

Over \$30 Million in Suspect Funds Uncovered in Federal Probe

While Running Multi-Million Dollar Company, Matthews Lies To CFTC, Claiming White Pine Had No Customers

WASHINGTON, D.C. - The U.S. Commodity Futures Trading Commission (CFTC) announced today that on October 28, 2004, the Honorable John A. Houston of the United States District Court for the Southern District of California entered an order of preliminary injunction against **White Pine Trust Corporation (White Pine)** enjoining it from violating certain anti-fraud sections of the Commodity Exchange Act and the CFTC's regulations, and confirmed a prior restraining order entered on October 21 against **White Pine** and **Richard Matthews**, both of San Diego, California, which freezes defendants' assets and appoints a temporary receiver. The defendants are charged in a CFTC complaint with fraudulent solicitation, misappropriation of customer funds, and illegally offering foreign currency options.

Specifically, the CFTC's complaint, filed on October 20, 2004, alleges that since at least August 2000, through a website and direct solicitations, the defendants have fraudulently solicited customers purportedly to invest in foreign currency and foreign currency options. Among other things, the complaint alleges that defendants fraudulently misrepresented how customer funds would be held, and they falsely touted the expertise of White Pine in trading foreign currency, including bogus claims of an eight-year winning track record. As alleged, White Pine did not even exist until 2000.

The complaint also alleges that Matthews lied under oath to the CFTC. According to the complaint, Matthews testified in the CFTC's investigation that White Pine was "fictitious" and had no customers and no performance record. At the time of his testimony, however, defendants had successfully solicited customers to trade foreign currency and foreign currency options through White Pine, and vast sums of money were being withdrawn from corporate accounts to pay for an array of personal and business expenses, according to the complaint.

According to the complaint, since at least February 2003, defendants fraudulently solicited at least \$650,000 from customers. As alleged, defendants also misappropriated funds to pay for personal and business expenses. Moreover, as asserted in papers filed by the CFTC, shortly after receiving the subpoena to testify before the CFTC, \$1.4 million was withdrawn in cash from an operating account. The complaint alleges that defendants control multiple corporate accounts into which defendants have deposited over \$30 million and upon information and belief, those funds may consist in part, or entirely, of customer funds obtained from hundreds of customers. According to papers filed by the CFTC, defendants paid millions out of these accounts for extravagant personal and purported business expenses, including NFL football tickets, nightclubs, and Saks Fifth Avenue purchases.

According to a report filed by the court-appointed receiver, Robb Evans Associates LLC on October 28, 2004, the receiver currently has control over two pieces of real property owned by Matthews, the combined value of which exceeds \$3 million. The receiver also has possession of a yacht owned by White Pine, which was purchased for \$390,000 in cash in 2003. The receiver's report also states it is investigating the possible diversion of substantial funds to Mexico and Belize.

Information concerning the receiver's report may be found at robbevans.com or the receiver may be contacted via telephone at (818) 768-8100.

The CFTC is seeking a permanent injunction against each defendant, repayment of defrauded customers, a return of all ill-gotten gains from the defendants, and civil penalties for each violation of the Commodity Exchange Act.

The following CFTC Division of Enforcement staff members are responsible for this case: Rachel Entman, James H. Holl, III, Erin Vespe, Gretchen Lowe, and Vincent McGonagle.

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