



Commodity Futures Trading Commission
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California Federal Court Orders Defendant to Pay Over \$29 Million in CFTC Fraud Action

Richard Matthews, Jr. to Pay Civil Penalties and Restitution to His Victims

Washington, D.C. — The U.S. Commodity Futures Trading Commission (CFTC) announced today that on November 28, 2006, the Honorable Napoleon Jones of the U.S. District Court for the Southern District of California entered a consent order of permanent injunction against California resident **Richard Matthews, Jr.** in an action charging Matthews with misappropriation of customer funds, issuance of false account statements, fraudulent solicitation and offering illegal foreign currency options in connection with his foreign currency business, White Pine Trust Co., also named as a defendant in the action.

The Consent order, arising out of a complaint filed on October 20, 2004 (See CFTC Press Release 5016-04 , November 2, 2004), permanently bars Matthews from, among other things, engaging in any commodity related activity, including the trading of commodity futures or options for himself or others. The order also imposes civil monetary penalties of \$14.7 million and orders payment of \$14.7 million in restitution.

According to findings in the consent order, Matthews fraudulently solicited customers using misleading statements regarding White Pine Trust Co.'s track record, longevity, and experience. Matthews not only misrepresented to customers the manner in which their funds were held, he also utilized fictitious testimonials concerning the success of White Pine Trust Co. to gain the trust of prospective customers. Matthews also misappropriated millions of dollars of customer funds, while actually trading only a small percentage of customer money entrusted to him and White Pine Trust Co.

According to Gregory Mocek, the Commission's Director of Enforcement:

"Off-exchange foreign currency scams continue to be the *fraud du jour* for the futures markets. Unfortunately, we must continue to spend taxpayer dollars to investigate and litigate these cases year after year. People like Mr. Matthews attempt to elude our radar by using creative contracts that are drafted to find cracks in our existing jurisdiction. However, as many scam artists find out, with effective cooperative enforcement, it is very hard to find enough stealth and sophistication to commit forex fraud without detection and prosecution by federal authorities."

Matthews is currently incarcerated in a Federal penitentiary pursuant to a parallel criminal action brought by the U.S. Attorney for the Southern District of California.

The Commission's litigation continues as to White Pine Trust Co. and the other named individual defendant, Stephan Baere.

The CFTC would like to thank the U.S. Attorney's Office for the Southern District of California, as well as the San Diego Offices of the Federal Bureau of Investigation and the Department of Homeland Security, Bureau of Immigration, Customs Enforcement for their assistance and cooperation in this action.

The following CFTC Division of Enforcement staff were responsible for this action: James H. Holl, III and Gretchen L. Lowe.

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