

## Multimillion-dollar investment scam cited

### San Diegan's assets Frozen

**By David Washburn**

UNION-TRIBUNE STAFF WRITER

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A federal judge this week froze the assets of a San Diego resident who allegedly operated as the front man for a multimillion-dollar investment scam.

Stephan Baere, who has been accused of fraudulently soliciting money on behalf of the White Pine Trust Corp., is also forbidden from destroying any documents that would help authorities recover investor funds, according to an order issued Wednesday by U.S. District Judge Napoleon Jones in San Diego.

In October, the Commodities Futures Trading Commission sued La Jolla-based White Pine and its managing director, Richard R. Matthews, alleging that Matthews lured clients into investing in a foreign currency fund called "the Pinnacle Capital Fund" and then absconded with their money.

U.S. Attorney Carol Lam charged Matthews with perjury the same day the commission filed its suit. Lam alleges that Matthews lied to investigators from the trading commission when they questioned him in late 2003.

A month later, Matthews was arrested in South Florida, and accused of driving without a license and giving a false name. He was extradited to San Diego and arraigned on the perjury charges Jan. 11. He was released on \$350,000 bail this month.

Neither Baere nor his attorney, Dirk Metzger, could be reached for comment yesterday.

No criminal charges have been filed against Baere.

After the trading commission filed its original complaint, investors and former White Pine employees told investigators that the 34-year-old Baere was White Pine's "No. 2 in command" and the person investors most often dealt with, according to subsequent filings by the trading commission.

"Stephan Baere solicited potential customers through his attendance at trade shows nationwide, his less-formal sales solicitations to smaller numbers of investors and through (the company's) former Web site," the suit said.

The suit identifies bank records showing that Baere was paid approximately \$400,000 from accounts where Matthews had deposited investor money. Matthews also gave Baere South African Krugerrand gold coins worth nearly \$400,000, according to evidence referenced in Jones' order.

Agents from Immigration and Customs Enforcement testified that Baere had received nearly \$35,000 from selling gold coins in San Diego coin shops.

Both Baere and Matthews solicited more than \$30 million from 300 investors by touting themselves as experts in foreign currency trading, the suit said. They also allegedly boasted that the fund had cumulative returns of 591 percent from 1995 to 2004.

But neither Matthews nor Baere had any expertise in foreign currency trading, according to the suit. And the allegedly fraudulent fund had only been in existence since 2000.

Additionally, the suit says, Matthews and Baere assured customers their money was maintained in a "client funds account" and was not commingled with White Pine's operating accounts. Instead, the suit alleges that Matthews took investor money and spent it on an exceedingly lavish lifestyle.

He wrote checks from investor accounts to pay for personal purchases at Saks Fifth Avenue, Royal Maui Jewelers and Hooters' restaurant, according to the suit. He also allegedly wrote checks to himself totaling more than \$230,000.

Court filings show that the 39-year-old Matthews also pumped millions of dollars into a yacht, a Lexus, two La Jolla properties and an island in Belize.

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David Washburn: (619) 542-4582; [david.washburn@uniontrib.com](mailto:david.washburn@uniontrib.com)

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