

Man admits to bilking investors with bogus fund

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A San Diego man admitted in San Diego federal court yesterday to bilking investors out of millions through a bogus foreign currency fund.

Richard Robert Matthews, who operated the La Jolla-based White Pine Trust Corp., pleaded guilty to wire fraud and agreed to pay back more than \$15.3 million to investors across the United States and abroad.

Matthews will be sentenced June 27 and faces up to 20 years in prison, according U.S. Attorney Carol Lam's office.

"He has accepted responsibility for his actions and knows that his fate is in the judge's hands," said Matthews' attorney Chuck La Bella.

Matthews admitted yesterday that between 2000 and last year, he solicited \$22 million from investors for a foreign currency fund called the "Pinnacle Capital Fund," and then absconded with much of the money.

He wrote checks from investor accounts to pay for personal purchases at Saks Fifth Avenue, Royal Maui Jewelers and Hooters restaurant, according to a civil lawsuit filed in October by the U.S. Commodities Futures Trading Commission.

Records also show that Matthews, 39, wrote checks to himself totaling more than \$230,000 and pumped millions of dollars into a yacht, a Lexus, two La Jolla properties and an island in Belize.

Lam filed criminal charges against Matthews the same day the commission filed its suit, alleging 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 earlier this year and released Jan. 11 on \$350,000 bail.

Matthews has been living and working in San Diego since his release and has turned over millions in assets, including the real estate, \$470,000 in cash and \$2.6 million in South African Krugerrand gold coins, La Bella said.

La Bella said he doesn't not know if Matthews will ever be able to repay all the money he stole from investors but "is doing what he can to make things right."

Matthews and his associate Stephan Baere solicited millions from 300 investors by touting themselves as experts in foreign currency trading, according to the trading commission lawsuit. They also allegedly boasted that the fund had cumulative returns of 591 percent from 1995 to 2004.

Neither Matthews nor Baere had any expertise in foreign currency trading, according to the suit. The fund had been in existence only since 2000.

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.

Baere was sued by the trading commission for fraudulently soliciting money on behalf of White Pine but has not been charged criminally.