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State fines Portland man \$300,000 for securities violations

(Salem) – The Oregon Department of Consumer and Business Services issued a cease-and-desist order and assessed \$300,000 in penalties against a Portland man for operating a scheme involving foreign currency.

Richard Wielenbeck solicited investors via his website, www.forex-24-7.com, to participate in a foreign exchange market profit sharing program (“forex program”). In general, Forex programs involve the buying or selling of a certain amount of a foreign currency at a fixed price in U.S. dollars. Wielenbeck, through Forex Currency Club and Forex 24/7, told investors he would pool their money with money from other investors and invest the funds in the forex market. Wielenbeck was to receive 20 percent of any profits made from investing the funds.

Wielenbeck raised at least \$200,000 from about 40 investors. At the end of each month, Wielenbeck provided investors with a report that included the investor’s balance, monthly percentage increase in the pooled investment account, and the net profits owed to the investor. In reality, the monthly statements were fraudulent and did not reflect the investors’ true account values, as Wielenbeck was using the funds for his own purposes and to pay the dividend and payout requests of other investors.

The department found that Wielenbeck violated several securities laws, including selling unregistered securities, selling securities without a license, and making untrue statements that there was “no loss and no risk” associated with the forex program.

“With investing, there is no such thing as ‘no loss and no risk,’” said David Tatman, administrator of the department’s Division of Finance and Corporate Securities. “While foreign currency trading can serve a legitimate purpose, it is highly complex and volatile and rarely a safe investment for individual investors. There are also many scammers who are out to defraud people. Consumers need to research the investment and the salesperson before investing.”

The order prohibits Wielenbeck from obtaining an investment or securities related license from the state and specifically prohibits Wielenbeck from being an owner in an investment entity and from investing on behalf of another person.

In addition, DCBS ordered Wielenbeck to pay \$50,000 of the civil penalty, with \$250,000 suspended as long as he provides a refund of each investor’s principal and does not violate the order or any statutes regulating securities or commodity transactions. In addition to the penalty, DCBS ordered Wielenbeck to pay \$5,000 to the Consumer Financial Education Account.

Those who sell investments must be licensed in Oregon, and all securities must be registered. Call the Division of Finance and Corporate Securities at 1-866-814-9710 or visit www.dfcs.oregon.gov.

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The Division of Finance and Corporate Securities (DFCS) helps ensure that a wide range of financial products and services are available to Oregonians and protects consumers from financial fraud and abuse. It does that by licensing financial institutions and service providers, regulating the sale of securities in Oregon, investigating complaints and alleged violations of financial-service laws, and providing education and other resources to consumers.

The Department of Consumer and Business Services is Oregon's largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.