

1 STATE OF OREGON
2 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
3 DIVISION OF FINANCE AND CORPORATE SECURITIES

4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND
5 BUSINESS SERVICES

6 In the Matter of:) S-11-0076
7)
8 Richard Wielenbeck,) ORDER TO CEASE AND DESIST,
9) ORDER DENYING EXEMPTIONS,
10 Respondent.) ORDER ASSESSING CIVIL
11) PENALTY, AND CONSENT TO
12) ENTRY OF ORDER
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14)
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16)

17 WHEREAS, the Director of the Department of Consumer and Business Services for the
18 State of Oregon (hereinafter “the Director”), acting by the authority of the Oregon Securities
19 Law, Oregon Revised Statutes Chapter 59, has conducted an investigation of Richard
20 Wielenbeck aka Rick Kraai (“Wielenbeck”) and concluded that violations of Oregon law had
21 been committed; and

22 WHEREAS Wielenbeck wishes to resolve this matter with the Director;

23 NOW THEREFORE, as evidenced by the signature(s) subscribed on this Order,
24 Wielenbeck hereby CONSENTS to entry of this Order upon the Director’s Findings of Fact and
25 Conclusions of Law as stated hereinafter.

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350 Winter Street NE, Suite 410
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26 I.

FINDINGS OF FACT

The Director FINDS that:

1. Wielenbeck’s address is 11313 SE Stevens Road, Portland, OR 97086.
2. At all times relevant to this matter herein, Wielenbeck was a resident of Oregon and



1 conducted all business relevant to the matter herein while in Oregon.

2 3. On October 16, 2006, Forex Currency Club LLC (“Forex Currency Club”) was registered
3 with the State of Oregon’s Secretary of State. Cheryl Kraai is listed as the manager.
4 Corporation Service Company is listed as the registered agent. Forex Currency Club’s principal
5 place of business is listed as 11313 SE Stevens Rd., Portland, Oregon 97086.

6 4. On November 05, 2007, Forex 24 7, LLC (“Forex 24/7”) was registered with the State of
7 Oregon’s Secretary of State. Cheryl Kraai is listed as the manager and registered agent for Forex
8 24/7. Forex 24/7’s principal place of business is listed as 11313 SE Stevens Rd., Portland,
9 Oregon 97086.

10 5. In an interview with a DFCS Investigator, Wielenbeck stated that Cheryl Kraai is his
11 girlfriend. Wielenbeck stated that Forex Currency Club, Forex 24/7, and all banking and paypal
12 accounts associated with these entities are in Cheryl Kraai’s name because he has bad credit.
13 Additionally, Wielenbeck stated that Cheryl Kraai had nothing to do with these entities and that
14 he was the sole operator of these entities.

15 6. DFCS has no records of any securities offering ever being registered in the name of
16 Forex 24/7, Forex Currency Club, Wielenbeck or Kraai. Additionally, Wielenbeck has not been
17 licensed by any federal or state government agency to sell securities or commodities.

18 7. In or about May 2008, Wielenbeck started what he characterized as a foreign exchange
19 (“forex”) market profit sharing program (“forex program”). The forex program was advertised
20 on Wielenbeck’s website, www.forex-24-7.com, and Wielenbeck sought investors to participate
21 in the forex market. Specifically, investors would send Wielenbeck funds to be pooled with
22 other investors’ funds. The pooled funds would be invested by Wielenbeck in the forex market.
23 The investors were not involved in the management of the investment and had no control over
24 how Wielenbeck invested in the forex market. Wielenbeck was to receive 20 percent of any
25 profits made from investing the investors’ funds.

26 8. Wielenbeck advertised that there was “no loss and no risk” associated with the forex



1 program because if the group ever had a negative month, Wielenbeck would “add rebates to the
2 balance of the account to bring the account to zero.”

3 9. At the end of each month Wielenbeck provided investors with a report, which among
4 other things, noted the investor’s balance, the monthly percentage increase in the pooled
5 investment account, and the net profits owed to the investor for the month. In fact, the monthly
6 statements were fraudulent and did not reflect the investors’ true account values in the forex
7 program.

8 10. In or about July 2010, Wielenbeck stopped providing the monthly reports and stopped
9 communicating with the forex program investors.

10 11. According to records received by the Oregon Department of Consumer and Business
11 Services’ Division of Finance and Corporate Securities (“DFCS”), it appears that the forex
12 program raised a total of at least \$200,000 from at least 40 investors between October 2008 and
13 June 2010.

14 12. In an interview with a DFCS investigator, Wielenbeck admitted to using funds provided
15 by investors to pay the dividend and payout requests for other investors in the forex program.
16 During the interview, Wielenbeck also admitted to commingling investor funds with his personal
17 funds and then using these funds to pay personal expenses.

18 13. To date, DFCS has received 11 complaints from investors in the forex program, all of
19 whom expected a return on their investment made with Wielenbeck. Of the 11 complainants,
20 only one complainant received a return of the principal investment made in the forex program.
21 While most of the other 10 complainants received some payments from Wielenbeck, in total the
22 10 complainants have lost over \$98,000.

23 14. Wielenbeck failed to disclose to investors that their money was going to be used to pay
24 other investors.

25 15. Wielenbeck failed to disclose to investors that their money was going to be used for his
26 own personal expenses.

1 16. Wielenbeck failed to disclose to investors that he was not licensed by any federal or state
2 government agency to sell securities or commodities.

3 17. Wielenbeck misrepresented to investors that there was “no loss and no risk” associated
4 with his forex program.

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II.

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CONCLUSIONS OF LAW

8 The Director CONCLUDES that:

9 18. The investments offered and sold by Wielenbeck, as described in the Findings of Fact,
10 meet the definition of an investment contract in Oregon, and as such, are considered a “security”
11 under ORS 59.015(19)(a).

12 19. Wielenbeck sold unregistered securities in Oregon in violation of ORS 59.055.

13 20. Wielenbeck sold securities in Oregon without a license in violation of ORS 59.165(1).

14 21. Wielenbeck made untrue statements of material fact in connection with the sale of
15 securities in violation of ORS 59.135(2) by: (1) representing that there was “no loss and no risk”
16 associated with his forex program, when in fact many investors lost money; and (2) providing
17 fraudulent account statements to investors regarding the value of their investment with
18 Wielenbeck.

19 22. Wielenbeck omitted to state material facts in connection with the sale of securities in
20 violation of ORS 59.135(2) by failing to disclose to investors that: (1) investor funds were going
21 to be used to pay other investors; (2) investor funds were going to be used for his own personal
22 benefit; and (3) he was not licensed by any federal or state government agency to sell securities
23 or commodities.

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III.
ORDERS

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

Order to Cease and Desist

23. Pursuant to the authority of ORS 59.245, the Director hereby ORDERS Wielenbeck to CEASE AND DESIST from:

- a. Selling securities without a license in violation of ORS 59.165;
- b. Selling unregistered securities in the State of Oregon in violation ORS 59.055;
- c. Violating any provision of the Oregon Securities Laws, including ORS Chapter 59 and OAR Chapter 441;
- d. Engaging in forex and other commodities trading and transactions unless and until properly licensed by the U.S. Commodity Futures Trading Commission or the National Futures Association, or its successors.

Order Denying Exemptions

24. Pursuant to the authority of ORS 59.045, the Director ORDERS Wielenbeck and any entities owned or affiliated with Wielenbeck to be DENIED THE USE OF ANY EXEMPTIONS that would otherwise be available to them under ORS 59.025 and ORS 59.035.

Prohibited From Investing for Others

25. Wielenbeck and any entities owned or affiliated with Wielenbeck are PROHIBITED in any capacity from: (1) investing for other individuals; (2) raising capital, formally or informally, from other individuals for use or investment on their behalf; (3) providing advice on investing via a website or any other medium; or (4) acting as a commodity merchant as defined in ORS 645.005.

Prohibited From Ownership in an Investment Entity

26. Wielenbeck and any entities owned or affiliated with Wielenbeck are PROHIBITED from maintaining an ownership interest in or executive role with a broker-dealer, investment

1 adviser, or commodity merchant in or licensed by this state.

2 Barred from Licensure

3 27. Wielenbeck and any entities owned or affiliated with Wielenbeck are permanently
4 BARRED from applying for, holding, or renewing any license or registration required by the
5 Director in Oregon, including but not limited to any investment advisor, broker-dealer or
6 securities salesperson license.

7 Order Assessing Civil Penalty

8 28. Pursuant to the authority of ORS 59.995, the Director may assess a CIVIL PENALTY in
9 any amount determined by the Director of not more than \$20,000 for each violation. Pursuant to
10 this provision, the Director hereby assesses Wielenbeck a CIVIL PENALTY in the amount of
11 \$300,000 (three hundred thousand dollars) for the following violations:

- 12 a. A CIVIL PENALTY of \$100,000 (one hundred thousand dollars) for 40
13 violations of ORS 59.055 for selling unregistered securities.
- 14 b. A CIVIL PENALTY of \$100,000 (one hundred thousand dollars) for 40
15 violations of ORS 59.165(1) for selling securities without a license.
- 16 c. A CIVIL PENALTY of \$50,000 (fifty thousand dollars) for the untrue statements
17 of material facts made in connection with the sale of securities in violation of
18 ORS 59.135(2).
- 19 d. A CIVIL PENALTY of \$50,000 (fifty thousand dollars) for the omissions of
20 material facts in connection with the sale of securities in violation of ORS
21 59.135(2).

22 29. The Director ORDERS Wielenbeck to pay \$50,000 (fifty thousand dollars) of the CIVIL
23 PENALTY within 30 days of the date of this order.

24 30. The Director agrees to SUSPEND the collection of the remaining \$250,000 (two hundred
25 fifty thousand dollars) of the \$300,000 (three hundred thousand dollars) CIVIL PENALTY
26 assessed herein providing that Wielenbeck complies with all of the following terms and

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1 conditions:

- 2 a. Within 90 days from the effective date of this Order, Wielenbeck shall provide a
3 refund of the principal paid by each investor in the forex program, unless the
4 investor’s principal has already been refunded. Additionally, Wielenbeck must
5 provide proof satisfactory to DFCS that all investors received the proper refund of
6 his or her principal.
- 7 b. Wielenbeck shall comply with all terms and conditions set out in this Order and
8 commit no new violations of the Oregon statutes regulating securities, Oregon
9 Revised Statutes Chapter 59, and Oregon Administrative Rules Chapter 441, or
10 the Oregon statutes regulating commodity transactions, Oregon Revised Statutes
11 Chapter 645, and Oregon Administrative Rules Chapter 441.

12 31. If Wielenbeck complies with all of the terms and conditions set out in this Order and
13 commits no new violations during the seven-year period from the effective date of this Order, the
14 Director WAIVES the collection of the suspended CIVIL PENALTY assessed herein.

15 32. The Director reserves the right to immediately impose the suspended CIVIL PENALTY
16 upon a determination that Wielenbeck has violated any term of this Order.

17 Consumer Financial Education Account

18 33. In addition to the civil penalty assessed herein, the Director ORDERS Wielenbeck to pay
19 a total of \$5,000 (five thousand dollars) to the Department of Consumer and Business Services
20 for the Consumer Financial Education Account within 30 days of the date of this order.

21 34. The entry of this Order in no way limits further remedies which may be available to the
22 Director under Oregon law.

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1 IT IS SO ORDERED.

2 Dated this 11th day of October, 2011, at Salem, Oregon.

3 SCOTT L. HARRA, Acting Director
4 Department of Consumer and Business Services

5 /s/ David Tatman
6 David C. Tatman, Administrator
7 Division of Finance and Corporate Securities

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CONSENT TO ENTRY OF ORDER

I, Richard Wielenbeck, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and of the right to be represented by counsel in this matter; and that I desire to resolve and settle this matter with the Director without admitting or denying the findings or conclusions set for herein, that I voluntarily and without any force or duress, consent to the entry of this Order, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law; and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

Dated this 5 day of Oct, 2011.

By: /s/ Richard Wielenbeck
Richard Wielenbeck

State of Oregon

County of Clackamas

Signed or attested before me on 5 Oct 2011 by Richard Wielenbeck.

/s/ Stephanie Hall
Signature of Notary Public

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