STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: RICHARD WIMBOURNE, RESPONDENT.	Case No. S-19-0107 ORDER TO CEASE AND DESIST, PROPOSED ORDER ASSESSING CIVIL PENALTIES, AND CONSENT TO ENTRY OF ORDER

The Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), conducted an investigation of Richard Wimbourne ("Respondent"). The Division determined that Respondent violated provisions of Oregon Revised Statutes ("ORS") 59.005 to 59.505, 59.991 and 59.995 (the "Oregon Securities Law") and the Oregon Administrative Rules ("OAR") promulgated under those laws. The Director issues the following Findings of Fact, Conclusions of Law, Order to Cease and Desist, Proposed Order Assessing Civil Penalties, and Consent to Entry of Order.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. In or about early 2018, a woman identified herein as JC[1] connected with an Oregon consumer identified herein as WM through an online dating service.

2. WM was 80 years old at the time he first made contact with JC online.

3. JC identified herself as the owner of an art gallery in Florida.

4. JC and WM communicated for several months, during which time WM came to believe that he was in a long distance romantic relationship with JC.

5. In or about September 2018, JC informed WM of an investment opportunity.

[1] JC used a stolen identity in connection with the activities described herein and her true identity is unknown.

JC described the opportunity as a transaction in which the Metropolitan Museum of Art in New York (the "Museum") contracted her art gallery to help finance the purchase and transportation of a large, 500-ton marble lion sculpture located in China. JC explained that she needed investors to assist in the payment of fees associated with the transaction, which would total $5 million, and in return the investors would receive their principal plus a percentage of the profits from the sale of the sculpture.

6. JC provided WM with documentation purporting to show that she had entered into a contract with the Museum for the purpose she described to WM. Such documents included correspondence appearing to be written on the Museum's official letterhead, executed agreements between JC and the Museum, and bank statements.

7. WM relied upon these documents and JC's representations in forming the belief that JC had in fact contracted with the Museum to provide financing and shipment services for the marble sculpture.

8. JC forged all of the purported documentary proof that she provided to WM, including the documents appearing on Museum letterhead, the contracts, and the bank statements. JC never had any agreement, written or otherwise, with the Museum.

9. Between September 6, 2018, and February 11, 2019, through a series of payments WM sent $229,600 to JC. WM paid this money through persons JC identified as "transfer agents."

10. Respondent was one such transfer agent.

11. WM made wire transfers totaling $18,000 to Respondent for the purposes of investing with JC and with the expectation that Respondent would transfer those funds to JC on WM's behalf. Those wire transfers were made in two transactions as follows:

a. On or about September 6, 2018, WM made a wire transfer of $3,000 to Respondent.

b. On or about September 12, 2018, WM made a wire transfer of $15,000 to

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Respondent.

12. WM made these investments with the expectation that he would receive a profit.

13. WM requested but never received a return of his principal investments or any interest.

14. At no time did JC register any securities with the Division.

15. At no time was Respondent licensed as a salesperson in Oregon.

16. Respondent is 64 years old. In approximately 2014, Respondent connected with a person identified herein as LS through an online dating site. Respondent believed he was in a long-distance romantic relationship with LS.

17. In or about October 2017, LS asked Respondent to send her money for the purpose of paying fines related to a criminal conviction she claimed she received in Australia. Respondent transferred funds twice to LS for a total of $52,500 for this purpose.

18. LS subsequently informed Respondent that she was to be the recipient of a significant inheritance from a relative in South Africa. She told Respondent that she needed to pay taxes or fees in order to receive that inheritance, and that once she did she would repay him the money he had previously sent her. LS asked Respondent if people could send funds to his account so that he could transfer those funds to South Africa in order to pay the taxes and fees. Respondent agreed.

19. Between approximately July 2018 through January 2019, Respondent received funds into his bank account and transferred those funds to another bank account in South Africa in accordance with LS's instructions. Two such fund transfers originated with WM, as described above. Respondent did not know the people transferring money into his account, including WM, but Respondent believed WM and others were providing money to pay LS's inheritance taxes.

20. Respondent never recovered any of the funds he paid to LS nor did he retain any of the funds transferred through his account to South Africa.

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21. Respondent did not realize that he was an unwitting agent in LS and JC's fraudulent scheme.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

22. Under ORS 59.015(19)(a), "security" means a note, stock, treasury stock, bond, evidence of indebtedness, investment contract, or, in general, any interest or instrument commonly known as a "security."

23. The investments made by WM in JC's purported enterprise constitute "securities" under ORS 59.015(19)(a), as those investments were investment contracts.

24. Under ORS 59.055, it is unlawful for any person to offer or sell any security in this state unless the security is registered, the security is exempt from registration, or the security is a federal covered security.

25. By selling WM securities that were not registered or exempt from registration and that were not federal covered securities, JC violated ORS 59.055.

26. Under ORS 59.135(3), it is unlawful for any person, directly or indirectly, in connection with the purchase or sale of any security to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

27. By claiming to have an agreement with the Museum and by furnishing WM with forged documents purporting to demonstrate the existence and terms of that agreement, JC engaged in an act or practice which operates or would operate as a fraud or deceit in connection with the conduct of a securities business in violation of ORS 59.135(3).

28. Under ORS 59.015(18)(a), "salesperson" means a person, other than a broker-dealer, who represents or purports to represent a broker-dealer, issuer, or owner of securities in effecting or attempting to effect in any manner transactions in securities.

29. The transfer agents JC employed, including Respondent, constitute

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"salespersons" under ORS 59.015(18)(a).

30. Under ORS 59.165(1), it is unlawful for any person to transact business in this state as a broker-dealer or salesperson unless the person is licensed under the Oregon Securities Law.

31. By transacting business in Oregon as a salesperson without being licensed under the Oregon Securities Law, Respondent violated ORS 59.165(1).

32. Under ORS 59.245(4), if the Director has reason to believe that any person has engaged, is engaging, or is about to engage in any violation of the Oregon Securities Law, the Director may issue an order, subject to ORS 59.295, directed to the person to cease and desist from the violation or threatened violation.

33. Because the Director has reason to believe that Respondent violated ORS 59.165(1), the Director may issue an order directed to Respondent to cease and desist from that violation pursuant to ORS 59.245(4).

34. Under ORS 59.995(1)(a), any person who violates or who procures, aids, or abets the violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995, or any rule or order of the Director shall be subject to a penalty of not more than $20,000 for every violation, which shall be paid to the General Fund of the State Treasury.

35. Because Respondent violated ORS 59.165(1) and because Respondent aided or abetted JC in the violation of ORS 59.055 and 59.135(3), Respondent is subject to a penalty of not more than $20,000 for each of those violations pursuant to ORS 59.995(1)(a).

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ORDERS

The Director ISSUES the following ORDERS:

Order to Cease and Desist

36. Pursuant to ORS 59.245(4), the Director hereby ORDERS Respondent, and all entities owned or controlled by Respondent, his successors and assignees, to CEASE AND DESIST from violating ORS 59.165(1), 59.055, 59.135(3), or any administrative rule

adopted by the Director under those statutes.

Order Assessing Civil Penalties

37. Pursuant to the authority of ORS 59.995(1), the Director hereby assesses $20,000 in CIVIL PENALTIES against Respondent for violating ORS 59.165(1) and for aiding or abetting JC in the violation of ORS 59.055 and 59.135(3).

38. The Director SUSPENDS the collection of the foregoing twenty thousand dollars ($20,000) of civil penalties and agrees to waive such amount at the end of a period of three (3) years from the effective date of this Order, provided Respondent complies with the Oregon Securities Law and the terms and conditions of this Order. If Respondent fails to comply with the Oregon Securities Law or otherwise fails to comply with the terms of this Order, the suspended portion of the civil penalty shall become immediately due and payable.

39. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any party not covered by this Order.

IT IS SO ORDERED.

Dated this 4th day of December, 2019.

LOUIS SAVAGE, Acting Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Richard Wimbourne, have read the foregoing Order and I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this order. I understand that the Director reserves the right to take further action against me to enforce this Order or to take appropriate action upon discovery that I have committed other violations of the Oregon Securities Law. I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

Signature: /s/ Richard Wimbourne

State of Maryland

County of Montgomery

Signed or attested before me on this 23rd day of November, 2019 by Richard Wimbourne.

/s/ Ronald K. Foster

Notary Public

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