

Director's Office, 350 Winter St. NE, Room 200, Salem, Oregon 97301-3878

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For more information, contact DFCS Chief of Enforcement David C. Tatman, (503) 947-7475; Special Assistant Attorney General Caroline L. Smith, DFCS, (503) 947-7994; or Dian E. Cox, DCBS Communications, (503) 947-7897

## State shuts down Portland-area investment scam

(Salem) Cory Streisinger, director of the Department of Consumer and Business Services (DCBS), announced today that Multnomah County Circuit Court Judge Frank L. Bearden has ordered a Portland-area attorney, a law firm, and two promoters of an illegal investment program to pay a total of more than \$2.3 million in fines and sanctions for scores of fraudulent securities transactions.

In a judgment signed October 15, Judge Bearden levied the fines and imposed other sanctions against Guy B. Rencher II, The Rencher Law Firm LLP, Paul James Peiffer of Aloha, and Robert J. Skirving of Portland.

The judgment concludes a civil suit filed last year by DCBS alleging securities fraud and other violations of Oregon Securities Law. Following a summary judgment hearing, judge pro tem Richard Maizels found Rencher, Rencher's law firm, Peiffer and Skirving liable for a total of more than 100 counts of securities law violations that included sales of unregistered securities by unlicensed salespersons and misrepresentations and omissions of material fact in connection with the sales of securities.

In a nine-page opinion and order issued after a three-day hearing to determine penalties and sanctions, Judge Bearden described the investment program as "a classic Ponzi-type scheme," with Skirving as the mastermind and architect of the get-rich-quick scam, Peiffer as the front man and promoter, and Rencher as the lynchpin without whom the scheme could not have gotten off the ground.

"We're pleased to see these defendants sanctioned," said Floyd Lanter, administrator of the Division of Finance and Corporate Securities. "Meanwhile, at DCBS, we continue enforcing Oregon Securities Law and teaching investors how to protect themselves from con artists. Investors in this scheme lost millions of dollars. We want to prevent this from happening to others by punishing the violators to the fullest extent of the law and encouraging investors to do their financial homework before they commit their money."

Rencher joined the Oregon bar in 1980 and operated a trust and estate-planning practice in Portland and West Linn. During 2000 and 2001, he sold illegal investments from his law office to more than a dozen investors for more than \$7 million. Many of the investors were Portland-area residents, and some were clients of Rencher's law firm. Most of them invested — and lost — at least \$100,000.

DCBS officials said that Rencher, Peiffer and Skirving were not licensed to sell securities and that none of the securities they sold were registered. Peiffer and Skirving have prior records of securities law violations. The State had issued two warning letters to Rencher concerning his business activities.

Rencher touted the investment as a low-risk program promising annual rates of return of 15 percent or more. Investors purchased ownership interests in limited liability companies formed by Rencher and his law firm.

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Rencher used some investor funds to purchase certificates of deposit issued by a purported off-shore bank called Bank of the Nations, controlled by Peiffer and Skirving, and collected more than \$300,000 in “management fees.” After the scheme unraveled in mid-2001, Rencher, Peiffer and Skirving filed for bankruptcy in Portland.

Judge Bearden said Rencher, a lawyer, was in a position of trust that he used to sell others on the investment program. Bearden said “... Rencher at no time could give his investors a clear picture of exactly how large sums of money would be made on a monthly basis at an unheard of interest rate during a worldwide recession. The answer, of course, is that it was and is impossible.”

The decree includes a permanent injunction prohibiting defendants Rencher, Peiffer and Skirving from illegally selling securities in Oregon. Judge Bearden also ordered Skirving to disgorge illegal gains of \$750,000 and directed that money to be placed in trust for disbursement to the victim investors.

The maximum fine for violating Oregon Securities Law is \$20,000 per violation. Following is a breakdown of the violations found and sanctions levied:

**Robert J. Skirving** — Fined \$20,000 per violation for each of 39 violations, including 23 sales of unregistered securities and 16 separate sales involving misrepresentation or omission of material facts. Total fine: \$780,000. In addition, Skirving was ordered to disgorge \$750,000 of his illegal gains.

**Paul James Peiffer** — Fined \$10,000 per violation for each of 39 violations, including 23 sales of unregistered securities and 16 separate sales involving misrepresentation or omission of material facts. Total fine: \$390,000.

**Guy B. Rencher II** — Fined \$20,000 per violation for each of 16 violations involving misrepresentation to investors. The Rencher Law Firm LLP was fined \$5,000 for each of 23 counts of selling unregistered securities. Total Rencher and Rencher law firm fines: \$435,000.

Assistant Attorney General Daniel H. Rosenhouse and Special Assistant Attorney General Caroline L. Smith litigated the case for DCBS.

The Department of Consumer and Business Services is a state agency that includes the Workers’ Compensation Division, Oregon OSHA, the Building Codes Division, Oregon Insurance Division, and the Division of Finance and Corporate Securities, in addition to ombudsmen (advocates) for small businesses and injured workers, the Workers’ Compensation Board, the Oregon Medical Insurance Pool, and the Office of Minority, Women, and Emerging Small Business.

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**For photo of Skirving (jpg) and copy of the opinion and order, visit [www.oregondfcs.org](http://www.oregondfcs.org).**

**Photo caption:** Robert J. Skirving, a Portland resident identified by Judge Frank L. Bearden as the mastermind of a scheme to defraud investors.