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State fines Portland man \$345,000 for promoting pyramid scheme

(Salem) – The Oregon Department of Consumer and Business Services issued a cease-and-desist order and assessed \$345,000 in civil penalties against a Portland man for promoting an online pyramid scheme.

Kristopher K. Keeney solicited investors for InC, or “I need Cash,” through advertisements on various websites. In Keeney’s pyramid scheme, investors paid \$275 for one spot on a matrix and then were required to recruit others to fill a total of seven spots. Once the matrix was filled, the investor would receive a return of \$825, of which \$275 was automatically reinvested into a new matrix. Keeney collected at least \$95,000 from people throughout the country who wanted to “join” the club and then used participants’ funds for his own purposes instead of returning them to investors as promised.

“Not only are pyramid schemes illegal in Oregon, they are destined to fail as they inevitably run out of people to recruit,” said David Tatman, administrator of the department’s Division of Finance and Corporate Securities. “Consumers should always be wary of offers promising high returns or guaranteeing that you cannot lose money.”

The department found Keeney violated several securities laws, such as selling securities without a license, selling unregistered securities, and making untrue statements that no investor would lose money.

Investigators also found that by promoting his pyramid scheme, Keeney violated a previous agreement with the Oregon Department of Justice, which had prohibited him from promoting a similar multi-level marketing scheme involving charitable entities, an area regulated by DOJ.

Tatman urges consumers to research both the salesperson and the product they are selling before investing. 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.