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## **STATE SECURITIES REGULATORS WARN INVESTORS OF OIL AND GAS SCHEMES**

### ***Con Artists May Seek to Exploit Fears over Middle East Oil Supply***

**Concord, N.H., (March 13, 2003)** - With oil prices near \$40 a barrel because of supply shortages and Middle East war fears, state securities regulators anticipate an increase in oil and gas scams. Regulators in at least six states -- Kansas, Kentucky, Ohio, Oklahoma, Texas and Wisconsin -- have recently taken actions against investment promoters pushing oil and gas schemes and they worry that news of high oil prices could make investors more vulnerable to crooks.

“Con artists always use the headlines as a way to get into investors’ wallets -- and everyone knows oil prices are up because they can see it at the gas pump and in their inflated heating bills,” said Mark Connolly, Director of the State Bureau of Securities Regulation.

Regulators are concerned that a desire to cash in on rising oil prices may lure investors into unsuitable or fraudulent oil and gas ventures. Oil prices were recently near \$40 a barrel, and heating oil prices are up 50% over the past year, according to the U.S. Department of Energy.

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In Texas earlier this year, David M. Phillips, III, of Dallas, was sentenced to 34 months in jail and ordered to pay over \$1 million in restitution in connection with an oil scheme that spanned 17 states. Phillips admitted, in papers filed in U.S. District Court, that none of the invested funds were used to develop oil wells. Instead he and his associates used much of the money for personal expenses.

Mr. Connolly added, "Speculation on oil and gas wells is risky business at any time but particularly so in this atmosphere of instability." He urged investors to do the following:

- Beware of cold callers. High-pressure sales tactics and "once in a lifetime" opportunities are signals to hold onto your wallet.
- Read carefully any written material provided. Make sure that what you are hearing from the promoter is consistent with what you have read.
- Before investing, call your state securities regulator to determine if the investment and the promoter are properly licensed and registered in your state. If they aren't, don't invest.

Any citizen who receives suspicious solicitations regarding oil and gas schemes, or any other questionable investments should contact the Bureau of Securities Regulation at 603-271-6837.