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## INVESTOR ALERT

For Immediate Release

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### **State Securities Regulator Warns Against Slippery Oil Deals *Oil Patch Scams Remain Favored Ploy To Fleece Investors***

BOISE, IDAHO – Although oil prices have fallen since reaching an all-time high this summer, fraudulent oil and gas deals remain a favorite ploy of con artists nationwide, according to Gavin Gee, Director of the Idaho Department of Finance.

"Securities investments offering profit participation in oil and gas ventures can be legitimate for those who understand and can afford the risk," said Gee "But too often we are seeing doubtful and even outright fraudulent energy deals aggressively promoted to the public."

Skyrocketing prices of oil and natural gas in recent years have made a variety of traditional and alternative energy projects attractive to investors, Gee said. Most of these investments are highly risky and not appropriate for smaller investors. And even where the underlying project is legitimate, any revenues realized can be absorbed by high sales commissions paid to the promoter and dubious 'expenses' skimmed off by the managing partner.

Businesses raising money by soliciting investors must comply with the Idaho Uniform Securities Act (2004). Scam artists tend to target individual victims and make an unsolicited contact, usually with a phone call, offering a "great" business opportunity.

The Idaho Department of Finance, along with its membership organization, the North American Securities Administrators Association (NASAA), has issued an alert to investors who may be considering oil and gas opportunities.

Because these investment scams tend to be interstate in nature, NASAA has coordinated a group of representatives from state securities agencies to share information on oil and gas investment schemes. Over the past two years, state securities regulators have opened more than 260 cases involving oil and gas-related schemes and have issued 122 cease and desist orders against promoters.

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Gee said most oil and gas fraud victims don't realize they have been swindled until after the money is gone. "As in any investment, we ask that investors investigate before they invest and call our office," Gee said. "An investor should do three things before buying into any limited partnership in energy or any other industry. You need to independently research the background of the promoters, get a clear explanation of the deal in writing, and carefully read all the fine print."

Gee noted that scam artists usually tell prospective victims that they are licensed and their investment is registered — and they can be quite convincing. "But unless you can afford to lose your money, don't take them at their word. Find out for sure," Gee said.

The Idaho Department of Finance can tell you whether an individual and his or her company are licensed to sell securities in Idaho, and whether they have a history of disciplinary action, Gee said. The Department can be contacted by calling (208)332-8004 or Idaho toll free at 1-888-346-3378 or through its website at [idaho.finance.gov](http://idaho.finance.gov).

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