

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

For immediate release Wednesday, July 28

For more information, call David Tatman,
DFCS Deputy Administrator, (503) 947-
7485 or Dian Cox, DCBS Communications,
(503) 947-7897 or

State officials warn of oil-investment scam directed at seniors

(SALEM) Oregon residents, particularly those 65 and older, are warned by the Division of Finance and Corporate Securities of the Department of Consumer and Business Services to beware of investment solicitations for phony oil and gas schemes.

DFCS warns that Charles ("Chas") E. Pruitt, who pleaded guilty to securities fraud in Denver on July 27 and is due to be sentenced in October, may still be attempting to sell phony oil-well investments. He is known by investigators to have used telephone solicitations to extract several thousand dollars apiece from at least six elderly Oregon residents and victims in other states since 2001.

Pruitt, who is not licensed as a securities salesperson, promised high monthly returns to investors, which were to be generated by Energy Group Company, Inc. DFCS and Denver district attorney investigations found that Pruitt studied demographic lists of prospective clients, focused on those 65 and older, and, after selling them phony securities, sent them several monthly checks in varying amounts before such checks either stopped or were not payable due to insufficient funds. Pruitt did not own or have assignment for oil wells, and the securities he offered were not registered. He sent "investors" a prospectus, map, and contract.

Pruitt was issued a cease-and-desist order by DFCS in September 2002; five months later he was found to have been pursuing the same scam in Oregon.

DFCS warns Oregonians that similar oil and gas schemes are cropping up as the nation's gas and oil prices have climbed, and victims may be more willing to believe that new, potentially profitable oil and gas opportunities are appearing.

"Anyone solicited by phone to invest in oil or gas or any other so-called investment offers or programs should call the Division of Finance and Corporate Securities to ensure that the offering is registered or exempt and that the salesperson is licensed," said Floyd Lanter, DFCS administrator. "Scam artists usually tell prospective victims that they are licensed and their investment is registered or exempt — and they are quite convincing. But unless you can afford to lose your money, don't take them at their word; find out for sure.

"Any time you are approached with a new investment opportunity," he added, "especially over the phone, you should determine the validity of the offering and the salesperson by checking with DFCS."

The phone number to call to check licensing and registration is (503) 378-4140. DFCS' Web site, <http://www.dfcs.oregon.gov/>. Click on "Licenses" and "Locate a license."

###