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Oil-investment con man sentenced in Denver

(Salem) The Department of Consumer and Business Services wants Oregonians to know that Charles ("Chas") E. Pruitt, a con man who preyed on Oregon senior citizens, was sentenced in Denver, Colorado, to 12 years in prison for securities fraud.

Pruitt is known by Division of Finance and Corporate Securities investigators to have used telephone solicitations to extract several thousand dollars apiece from at least six elderly Oregon residents since 2001. He was court-ordered at sentencing to pay restitution of \$124, 250 to Oregonians.

Pruitt, 48, of Denver, bought a telephone list in order to target 65-and-older Oregonians and sell them interests in Energy Group Company, which, he told them, owned profitable oil and gas wells. Pruitt promised high monthly returns and sent investors prospectuses, maps, and contracts. But Pruitt did not own or have assignment for the wells he described to investors. His was a classic Ponzi scheme, in which he used money bilked from new investors to pay "dividends" to earlier investors, until his checks began to bounce and his scheme to unravel, alarming investors and drawing DFCS attention.

DFCS ordered Pruitt to cease and desist in September 2002; five months later, he was found to be pursuing the scam again.

DFCS warns Oregonians that other scammers may try to take advantage of people who think they'll be able to make lots of money from new oil and gas investment opportunities.

"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 also has information, at <http://www.dfcs.oregon.gov/>. Click on "Licenses" and "Locate a license."

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