

Iowa Insurance Division  
330 Maple Street  
Des Moines, Iowa 50319  
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FOR IMMEDIATE RELEASE

Contact: Craig Goettsch, Securities Bureau  
PH 1-800-351-4665      FX 515.281.3059  
www.iid.state.ia.us  
Sent by: Scott.Kinney@iid.state.ia.us

## **BEWARE OF OIL AND GAS SCHEMES**

*Con artists may seek to exploit fears over Mideast, oil supply*

DES MOINES, IOWA (March 6, 2003) - With oil prices near \$40 a barrel because of supply shortages and Mideast 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 heating bills,” said Craig Goettsch, Securities Bureau, Insurance Division.

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. Heating oil prices are up 50% over the past year, according to the U.S. Department of Energy.

In Kentucky, regulators recently shut down a promoter for Albany, Ky.-based Vision Oil Company who claimed that God, not geology, was the key to finding oil. “God gave me a vision of three oil wells,” Linda Stetler said in a letter sent to potential investors. Regulators allege that over the course of several years Stetler and her company engaged in illegal practices, including inadequate disclosures of risks and selling to unsuitable investors. Vision Oil Co and its agents were fined by the state and ordered to pay restitution to investors.

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.

Goettsch said, “In a time of low interest rates and a shaky stock market, it is crucial investors view promises of high returns with little or no risk with skepticism.” He urged investors to:

- 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. Oral sales pitches may differ significantly from the written disclosures.
- Before investing, call your state securities regulator to check out the investment.

To contact the Iowa Securities Bureau, call 1-800-351-4665 or visit our website at [www.iid.state.ia.us](http://www.iid.state.ia.us).

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**About the iid**

The Iowa Insurance Division (iid) has general control, supervision and direction over all insurance and securities business transacted in the state and enforces the Iowa's laws and regulations. Currently, there are 1,619 licensed companies in Iowa, and 222 of those are domiciled here. The iid investigates consumer complaints and prosecutes companies, agents, and brokers engaging in unfair trade practices. Consumers with insurance or securities-related questions or complaints may contact the iid toll free at 877-955-1212, or visit the division on the web at [www.iid.state.ia.us](http://www.iid.state.ia.us).