



# Jesse White

---

## SECRETARY OF STATE

# NEWS

**For Immediate Release:**

July 24, 2008

**For More Information Contact:**

Elizabeth Kaufman

### **Jesse White Announces Father and Daughter Guilty of Defrauding More than 100 Investors of Over \$4 Million Oil and Gas Investment Scam**

A father and daughter pled guilty to a fraudulent oil and gas investment scheme in which over 100 people lost more than \$4 million.

Carl E. Royse, of Fairfield, Illinois, and his daughter Jeanette Riley, of Olney, Illinois, as well as their company Hughes Energy, Inc., pled guilty in federal court to charges of conspiracy to engage in fraudulent interstate transactions and in the sale of unregistered securities. Both face up to five years in prison, mandatory restitution of \$4 million and fines up to \$8 million. The corporation faces fines up to an \$8 million.

“Here is a case where the promoters used the Internet and sales representatives to gain the trust of investors with false promises of new methods of recovering oil.” White said. “With the price of gas on the rise, con-artists are preying on people’s fears to lure them into risky investments promising low risk and high rewards.” White encourages investors to investigate whether a company is registered and the salespeople are licensed before making an investment.”

As part of a federal plea agreement with the U.S. Attorney’s Office of the Southern District of Illinois, the two admitted that from approximately July 2003 until June of 2007, they fraudulently offered and sold fractional interests in well projects to investors nationwide. They operated a Ponzi scheme, using new investor funds to pay off old investors. Royse and Riley misled investors on what they could expect from the investments. The funds were not used for drilling the particular promised well projects, they instead used the funds to make payoffs to complaining investors and to make what was represented to oil investors to be oil production payments. Sentencing is scheduled for October 20, 2008.

The case was the result of an investigation conducted by the Postal Inspection Service and White’s Illinois Securities Department. The case is being prosecuted by U.S. Attorney’s Office for the Southern District of Illinois.

Investors who believe that they have been a victim of securities fraud, should contact Secretary White’s Illinois Securities Department at 1-800-628-7937.

-#-