



NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
WESTERN DISTRICT OF MISSOURI

TODD P. GRAVES

Contact Don Ledford, Public Affairs • (816) 426-4220 • 400 East Ninth Street, Room 5510 • Kansas City, MO 64106

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FOR IMMEDIATE RELEASE

FORMER ST. JOSEPH MAN SENTENCED FOR INVESTMENT SCHEME INVOLVING NATURAL GAS WELLS

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a former St. Joseph man was sentenced today for defrauding investors in a natural gas exploration and drilling business.

William True Davis, III, 53, of Edmond, Okla., was sentenced by U.S. District Judge Ortrie D. Smith this morning to six months in prison without parole, with the recommendation that it be served in community confinement with work release. The court also ordered Davis to pay a fine of \$3,000.

Davis facilitated an investment scheme through Sandstone Resources, Inc., Graves said, a company he operated from a base in St. Joseph, from June 1995 to August 2000. **Davis** formed Sandstone and other companies, through which he solicited funds from various investors to finance the location, drilling and connections for natural gas wells in the state of Oklahoma and elsewhere during that period.

Davis solicited investors to give him money in return for a proportionate share of the income produced by the gas wells which he drilled or reworked, Graves explained, typically in sums between \$7,000 to \$10,000 per investor. However, **Davis** admitted in a July 9, 2002, plea agreement that he did not do what he had told investors he would do with their money. Rather than use the solicited funds for gas exploration as he had promised, Graves said, **Davis** intentionally used the money for his own personal purposes, including paying off investors in prior gas well projects.

Davis also admitted that he falsely reported to the investors that wells had been completed and were producing gas, when in fact he knew that drilling or reworking of the wells had not yet been completed. **Davis** mailed the investors false production reports together with

distribution checks to entice the investors into believing he was doing everything he said he would do, Graves said, so that they would invest in his future gas-production ventures.

Davis secretly assigned the investors' share of the income from gas wells to Commerce Bank in St. Joseph, Mo., to secure the repayment of approximately \$200,000 which he owed to that institution, Grave said. **Davis** admitted that he diverted gas well income to pay his personal debts for 20 months, rather than to be distributed to the investors.

Davis acknowledged in his plea agreement that, as a result of his scheme to defraud his investors, the investors collectively suffered a loss of approximately \$59,274.

The case was prosecuted by Assistant U.S. Attorney Kenneth E. Weinfurt. It was investigated by the Federal Bureau of Investigation.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at www.usdoj.gov/usao/mow