



Commonwealth of Kentucky Public Protection Cabinet

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FOR IMMEDIATE RELEASE

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The following press release was issued by the Office of the United States Attorney Eastern District of Kentucky. The Kentucky Department of Financial Institutions (DFI) assisted in the investigation. The Office of the U.S. Attorney prosecuted the case.

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Local Oil Operator Admits Role In Multi-Million Dollar Fraud Scheme

FRANKFORT — A central Kentucky oil operator has admitted to his role in a scheme that defrauded investors nationwide out of millions of dollars.

On March 3, Mark Cornell pleaded guilty to securities fraud before U.S. District Judge Gregory Van Tatenhove. In January of this year, John G. Westine Jr., a leader of the scheme, was convicted by a jury of mail fraud, money laundering conspiracy, and securities fraud. A third member of the scheme, Michael Hicks, pleaded guilty to mail fraud in November 2014. Westine and Hicks are scheduled to be sentenced in May.

In his plea agreement, Cornell admitted that his role in the scheme was to act as the local operator of a series of reworked wells for which production levels were exaggerated. Cornell was paid large sums of money by Westine and his associates to rework the wells and to provide guarantees of these excessive production levels. Those fraudulent guarantees were used by Westine and his associates to sell royalty interests in the wells to investors, via high-pressure telephone tactics.

In total the defendants defrauded approximately 200 investors nationwide out of more than \$3 million.

The investigation started when investors submitted complaints to the Kentucky Department of Financial Institutions, Division of Securities.

Kerry B. Harvey, U.S. Attorney for the Eastern District of Kentucky; Dugan Wong, Inspector in Charge of the U. S. Postal Inspection Service; and Charles Vice, Commissioner of the Kentucky Department of Financial Institutions, jointly announced the guilty plea.

The investigation was conducted by the U.S. Postal Inspection Service, including Postal Inspector Roberta Bottoms, and the Kentucky Department of Financial Institutions, Division of Securities.

Assistant U.S. Attorneys Ken Taylor and Neeraj Gupta are prosecuting this case on behalf of the federal government.

Cornell is scheduled to be sentenced in June. He faces a maximum sentence of 20 years imprisonment. The Court will impose a sentence after carefully considering the U.S Sentencing Guidelines and the federal statutes.

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By Office of U.S. Attorney Kerry B. Harvey of the Eastern District of Kentucky

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