



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. This is the first of four defendants in this case to be sentenced.

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Cincinnati Man Sentenced to Three Years Imprisonment For His Role in Multi-Million Dollar Fraud Scheme in Kentucky

FRANKFORT — A Cincinnati man has been sentenced to three years in federal prison after pleading guilty to his role in a Kentucky oil investment scheme that defrauded over 200 victims nationwide out of more than \$3,000,000.

On Monday, U.S. District Judge Gregory F. Van Tatenhove sentenced Michael Hicks for mail fraud. As Hicks admitted, and as shown by evidence at the trials of Hicks's co-defendants, from 2012 to 2014, Hicks was part of a scheme that used high-pressure telephone calls to sell investments in oil wells, located in in Barren, Monroe, and Cumberland Counties in Kentucky, to victims around the country.

These sales presentations included fraudulently guaranteed and exaggerated oil production numbers, and failed to disclose material facts and risks about the investments. Members of the scheme avoided detection by using false names when communicating with investors, repeatedly changing their company's name, and shifting addresses between Bowling Green, Louisville, Covington, Nashville, and Los Angeles. Every investor lost all or nearly all of their investment.

As part of his guilty plea agreement, Hicks admitted that he willingly joined the scheme, opened bank accounts in various names, operated mailing addresses in various names, cashed or deposited investor checks made out to various company names, and then withdrew and mailed the victims' money to his co-defendants in California.

Hicks also agreed to testify against his co-defendants John Westine and Henry Ramer, who were each convicted of mail fraud, securities fraud, and money laundering conspiracy, in separate jury trials in January 2015 and May 2015. Westine, Hicks's half-brother and a resident of Malibu, Calif., was a leader of the scheme. Ramer, another leader of the scheme, worked as a salesman and manager of two Los Angeles-based telemarketing sales operations. A fourth member of the scheme, Mark Cornell, a local Kentucky oil well operator who assisted the conspiracy by exaggerating his oil

production numbers, pleaded guilty to securities fraud in March 2015. These three other defendants will be sentenced by the same judge in August and September.

Under federal law, Hicks must serve at least 85 percent of his prison sentence. Hicks will be placed under the supervision of the U.S. Probation Office for an additional three years after his prison sentence, and was also ordered to pay over \$3,000,000 in restitution to his victims.

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 sentence.

The investigation started when investors submitted complaints to the Kentucky Department of Financial Institutions, Division of Securities. 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 prosecuted these cases on behalf of the federal government.

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

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