



*Office of the United States Attorney
Eastern District of Kentucky
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Oil and Gas Schemers Indicted for Defrauding Investors Out of Millions

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Indictment alleges defendants used investors money for personal purchases

LEXINGTON, Ky. — A Lexington attorney, his wife and two others were indicted today for using an alleged oil and gas scheme to defraud investors out of \$34 million.

The 30 count indictment charges Lexington attorney Bryan S. Coffman and Megan A. Coffman, both 46, Gary Milby, 55, of Campbellsville, Ky. and Vadim Tsatskin, 36, of Ontario, Canada with wire fraud and mail fraud. Bryan and Megan Coffman were also indicted for 11 counts of money laundering.

The indictment alleges that starting in 2004 and continuing until the time of the indictment, Bryan Coffman, Gary Moss Milby and Tsatskin devised an oil and gas production investment scheme using the company names Mid-America Energy, Inc. and Global Energy Group.

According to the indictment, the defendants solicited millions of dollars from corporate and individual investors through a series of misrepresentations about their oil and gas well drilling programs and then used the money for personal purchases such as boats, real estate, vehicles, helicopters, jewelry, personal trips, parties, family travel and trust funds. The United States will seek the forfeiture of the defendants' assets obtained from the scheme.

The defendants allegedly misrepresented themselves and the drilling programs by providing false information such as the expected profit from the drilling program, the use of investor money, successes of previous drilling programs, lack of investor risk and the company's compliance with federal laws among others.

Specifically, the defendants allegedly falsely guaranteed the successful production of oil, told investors to anticipate thousands of dollars of income per month from their investment and that the wells could produce commercial quantities of oil for 10-20 years.

In addition, the defendants also allegedly failed to disclose facts like Global Energy Group was the continuation of Mid-America Energy company which was under criminal

investigation and civil litigation.

According to the indictment, when oil and gas well drilling programs are legitimate, the company identifies a geographical location that could yield oil and gas upon drilling. The company employees speak with potential investors and inform them of the terms, risks, and potential profits of the investment. If the drilling is successful, the oil or gas is sold to a local distributor and the profits are divided between the investors.

James A. Zerhusen, United States Attorney for the Eastern District of Kentucky, and Robin Dalgleish, Postal Inspector in Charge, United States Postal Inspection Service, Charles A. Vice, Commissioner of The Commonwealth of Kentucky Department of Financial Institutions, Division of Securities and Paul R. Johnson, Special Agent in Charge, United States Secret Service, jointly made the announcement today

The investigation preceding the indictment was conducted by the United States Postal Inspection Service, The Commonwealth of Kentucky Department of Financial Institutions, Division of Securities and the United States Secret Service. The indictment was presented to the grand jury by Assistant United States Attorney Kenneth R. Taylor.

The defendants' appearance before the United States District Court has not yet been set by the Court in Lexington, Ky. If convicted, the defendants face a maximum prison sentence of 20 years for the wire and mail fraud counts. Both of the Coffmans face up to 20 years on the money laundering counts. However, any sentence following conviction would be imposed by the court after consideration of the United States Sentencing Guidelines and the federal statute governing the imposition of sentences.

The indictment of a person by a grand jury is an accusation only, and that person is presumed innocent unless proven guilty.

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