



*Office of the United States Attorney  
Eastern District of Kentucky  
Kerry B. Harvey, United States Attorney*

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## **Oil and Gas Schemers Convicted of Defrauding Investors Out of Millions**

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**FOR IMMEDIATE RELEASE**

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*Defendants used investors' money for personal purchases*

**LEXINGTON** — A Lexington attorney and a Campbellsville businessman were convicted today by a Lexington jury for their roles in devising a scheme to defraud hundreds of investors in oil and gas drilling programs out of \$33 million.

The jury convicted Lexington attorney Bryan S. Coffman, 47, and Gary Moss Milby, 57, of Campbellsville, Ky. of 8 counts each of mail fraud and 9 nine counts each of wire fraud. The jury also convicted Coffman of two securities fraud counts and Milby of one securities fraud count. In addition, Coffman was found guilty on 10 counts of money laundering and one money laundering conspiracy count. He was acquitted on two of money laundering counts.

Coffman's wife, Megan A. Coffman, 48, was acquitted of all money laundering charges.

Evidence at trial proved that starting in 2004 and continuing through 2008, Coffman and Milby organized an oil and gas drilling investment scheme using the company names Mid-America Energy, Inc. and Global Energy Group.

According to testimony, the defendants solicited millions of dollars from approximately 500 corporate and individual investors through a series of intentional misrepresentations and omissions about their oil and gas well drilling programs.

After receiving the money from investors, the defendants used the money for personal purchases such as boats, real estate, vehicles, jewelry, personal trips, parties, family travel and trust funds. The United States has seized some of the defendants' assets obtained from the scheme.

The defendants 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.

Specifically, testimony at the trial showed that the defendants 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 to 20 years.

In addition, the defendants also failed to disclose facts such as that Global Energy Group was the continuation of Mid-America Energy company which was under criminal investigation and facing civil litigation.

According to court documents, 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.

Kerry B. Harvey, United States Attorney for the Eastern District of Kentucky, and Robin Dalglish, 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 after the jury returned its verdict.

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 U.S. Attorney's Office was represented by Robert Duncan and Kenneth Taylor.

The defendants will be sentenced by the United States District Court. If convicted, the defendants face a maximum prison sentence of 20 years in prison when sentenced on August 24.

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