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FOR IMMEDIATE RELEASE

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TEXAS BROKERAGE FIRM'S LICENSE REVOKED FOR IMPROPER SALES PRACTICES

Colorado Banking and Securities Commissioner Fred Joseph announced today that the Colorado broker-dealer license of **O&G Securities, Inc.**, a Texas based securities brokerage firm, has been revoked. In addition to the revocation of the firm's license, the Colorado securities license of one of the principals of the firm, **Mary Martha Simpson**, was also revoked.

These sanctions were imposed as a result of an action initiated by the Division staff on August 25, 2011. In its Notice of Charges, the Division staff alleged that O&G Securities illegally offered unregistered securities to Colorado investors. O&G Securities operated as an exclusive or "captive" broker-dealer for Champ Oil Company, Inc., a Denton, Texas oil and gas company, in that O&G Securities served as the primary broker-dealer for offer of Champ Oil investments in oil and gas wells. The Staff alleged that O&G Securities "cold called" Colorado investors using a systematic method of contacting potential investors. The Staff alleged that Champ acquired names of investors from marketing firms which Champ purchased. For example Champ acquired the names and contact information for "3,000 accredited farmers – with phones" who were "Men Only" and had "1,000+ Acres" for \$795. In another instance, Champ was offered leads on 12,500 individuals who were "pre-qual" at differing price levels, with names "Scrubbed" against the national and state do not call registries. The Staff alleged that when O&G contacted Colorado investors, they were offered 1/32 interest in an oil and gas well for \$35,000. These investors had no prior relationship with O&G. The Staff alleged that dozens of Colorado residents were contacted through use of these "lead lists."

The Staff charged O&G and Ms. Simpson with offering unregistered securities in Colorado. O&G and Ms. Simpson agreed to the entry of the order revoking their license, neither admitting nor denying the allegations contained in the Notice of Charges. The Order was entered on October 24, 2011.

"Cold calling investors for private offerings of securities is a violation of the law when those securities have not been registered," said Commissioner Joseph. "Investors should always be wary of stock offerings promoted through the use of cold calling, even by a licensed firm. Contact our office to verify that securities have been properly registered before purchasing any security after a cold call." Commissioner Joseph added that "Even genuine oil and gas investments almost always bear a high degree of risk. Investors must realize the distinct possibility that they could lose their total investment in legitimate ventures."

*The **Colorado Division of Securities** is responsible for the administration and enforcement of the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act. The Division licenses and regulates stockbrokers and investment advisers and the securities investments they offer, sell, and advise about in Colorado. The Division also investigates cases of alleged securities fraud.*

***DORA** is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.*

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