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State stops 'boiler room' operation *Sales staff pushed high-risk investments*

(Salem) – The Oregon Department of Consumer and Business Services – the state's securities regulator – issued cease-and-desist orders and assessed fines of more than \$400,000 against two Portland-area men and two Oregon-based companies for illegally operating a “boiler room” to sell risky investments by telephone nationwide.

The department, through its Division of Finance and Corporate Securities (DFCS), fined Douglas Goodrum, Alliance Resources, and Alpha Energy \$340,000, and Alex Bailey \$100,000, for misleading prospective investors into purchasing unregistered investments in high-risk oil and gas ventures while unlicensed to sell securities. Goodrum also is permanently barred from having any management, consulting, or ownership role with a broker-dealer, investment adviser, mortgage lending firm, or insurance company. Jay Reynolds of Portland, a salesman in the boiler room, was fined \$21,000 for his actions in the scheme.

Goodrum and Bailey operated a boiler room, which employed salespeople with little or no investment knowledge or experience to “cold call” investors using a script, much as a telemarketer would do. In addition to managing the operation with Bailey, Goodrum – who received substantial monetary compensation for each sale – served as a “closer” who was called upon by his salespeople to convince uncertain prospective investors to invest their hard-earned money. In 2002, DFCS issued a cease-and-desist order against Goodrum and Leading Solutions, a company he owned, for similar violations of Oregon's securities laws.

“We took steep action against Douglas Goodrum because he was previously ordered to stay away from investors' savings, yet refused to do so,” said David Tatman, DFCS administrator. “I urge any Oregon resident who is solicited to make an investment by telephone to be cautious, and to contact our office to make sure the person calling them is properly licensed to sell investments before deciding to buy.”

Oregon consumers can reach the division by calling, toll-free in Oregon, 1-866-814-9710 or by visiting www.dfcs.oregon.gov.

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The Division of Finance and Corporate Securities (DFCS) helps ensure that a wide range of financial products and services are available to Oregonians and protects consumers from financial fraud and abuse. It does that by licensing financial institutions and service providers, regulating the sale of securities in Oregon, investigating complaints and alleged violations of financial-service laws, and providing education and other resources to consumers.

The Department of Consumer and Business Services is Oregon's largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.