



PRESS RELEASE

Colorado Department of Law
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JEFFORY SHIELDS AND NICHOLAS SARTINI INDICTED FOR DEFRAUDING INVESTORS IN SECURITIES SCHEME

DENVER—Colorado Attorney General John Suthers today announced that a statewide grand jury has indicted Jeffory Shields (D.O.B. 10/01/1964) and Nicholas Sartini (D.O.B. 1/16/1968) on 16 counts of securities fraud. The indictment alleges that for approximately 11 months, beginning in January 2012, the two men solicited 21 investors from 13 states to invest in fraudulent exploration and drilling of oil and gas wells.

“Investors lost more than \$1 million in the course of these fraudulent actions,” alleged Suthers. “Thanks to the watchful eye of the Colorado Division of Securities, we have exposed, arrested and will now prosecute the actions of Jeffory Shields and Nicholas Sartini.”

The indictment outlines an ongoing scheme in which Shields and Sartini operated Genesis Natural Resource Group, Inc. Investors received a “confidential memo” describing an oil and gas venture that promised high rates of return. They also guaranteed that some investors would have an ownership stake in their next drilling project if the well known as Two Sisters #1 should be deemed a “dry hole.”

Shields and Sartini represented that investors’ funds would be used for the Two Sisters #1 drilling project and for associated expenses. Instead, the two diverted the investor funds for their personal use and unrelated business expenses. They are accused of failing to disclose the true terms and status of the business. They also failed to disclose that the land leases associated with the drilling were less than the required 40 acres needed to drill for oil and gas and that the lease had reverted back to the original leaseholder due to inactivity in September 2012. Even when the lease expired, the accused continued to solicit, accept and hold investor funds according to the indictment.

“Investors should use extreme caution when looking for an alternative to traditional investments,” warned Commissioner Joseph. “Oil and gas investments tend to be highly risky and unsuitable for traditional, smaller-amount investors.”

The indictment also alleges that Shields and Sartini failed to inform investors of their involvement in previous and pending civil litigation matters. Shields withheld the fact that he had a criminal proceeding pending against him during the time the two men collected investment funds in Two Sisters #1.

Individual investors from California, Colorado, Florida, Iowa, Indiana, Massachusetts, Minnesota, Mississippi, North Carolina, Oklahoma, Ohio, South Dakota and Texas invested in the scheme.

The filing of criminal charges or an indictment is merely a formal accusation that an individual committed a crime. Each defendant should be presumed innocent until proven guilty. These cases will be prosecuted in Douglas County District Court by the Colorado Attorney General's Office in cooperation with the Colorado Division of Securities. If convicted, they face up to twelve years in prison for each count.

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