
News from

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ABRAMS ANNOUNCES RAID ON WALL STREET OIL SCAM

Attorney General Robert Abrams announced a noon-time raid today on a nationwide boiler room operation which was allegedly engaged in the fraudulent sale of hundreds of thousands of dollars worth of tax sheltered oil leases in Texas.

The operators of the scheme were allegedly telephoning prospective investors all over the country urging them to invest in minimum amounts of \$10,750 in an oil drilling operation. Investors were told that the wells would be drilled in a proven area where numerous commercially viable wells already are yielding 40 to 50 barrels per day. Texas authorities, however, reported to the Attorney General that the area in question has no producing wells and is categorized as an exploratory "wildcat" area.

State police assigned to Mr. Abrams' office raided the offices of Noah Bower and Associates on the 10th and 11th floors of 82 Wall Street in Manhattan. They arrested Noah Bower of 4499 Henry Hudson Parkway in the Bronx, the principal of the firm, and several salespersons. The defendants were charged with two felonies, grand larceny in the second degree and scheme to defraud, as well as misdemeanor violations of the State's securities laws.

According to court papers made public today, prospective investors were told that investments were being offered as a tax shelter to a very limited number of sophisticated investors. Mr. Abrams charged, however, that the offerings were made to hundreds and perhaps thousands of persons all over the country who were telephoned one after the other by salespersonnel from 82 Wall Street. Investors who expressed interest were sent so-called "private placement memoranda" which were individually numbered to create the impression that only a few investors were being solicited.

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Bower Associates was selling partnerships which would finance the drilling of individual oil wells. Each partnership would consist of 35 units valued at \$10,750 each, and an investor could buy any number of units.

It was also charged that Noah Bower and the other defendants were acting as a front for Wilmer Jean Burr and Robert D. Burr, two brothers who control Lincoln Drilling Inc., a Dallas firm. The court papers allege that Lincoln Drilling paid a modest \$1,000 for drilling rights to a 20-acre parcel and is selling those rights to investors for \$25,000.

Potential investors were told that Noah Bower's operation was part of a larger operation by Lincoln Drilling involving some 140 sheltered oil lease limited partnerships. "If these representations are correct, we are talking about a scam involving a potential of 50 million dollars," Attorney General Abrams stated.

Mr. Abrams said that his office had to move quickly on this investigation because of the danger that the defendants would have left the premises after January 1, when tax shelters would no longer be in such demand.

The investigation was conducted by Assistant Attorneys General Howard Newman and Eugene Berman under the direction of Orestes J. Mihaly, Chief of the Bureau of Investor Protection and Securities. The state police were under the supervision of Robert McTigue with the cooperation of Captain James Tansey of Manhattan State Police detail. The investigation was conducted with the cooperation of Richard Latham and Ray McGregor of the Texas Securities Board.