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News Release

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Man pleads guilty to securities fraud

MINNEAPOLIS – Yesterday in federal court in St. Paul, the former acting chief financial officer for Bixby Energy Systems, Inc., pleaded guilty to lying to investors in order to get them to commit large sums of money to the business. Dennis Luverne Desender, age 64, pleaded guilty to one count of securities fraud. Desender, who was charged via an Information on September 14, 2011, entered his plea before United States District Court Judge Susan Richard Nelson.

In his plea agreement, Desender admitted that from January of 2010 through May of 2011, he and others used manipulative and deceptive practices in an effort to sell securities. During that time, Desender was a consultant for Bixby, but previously he was the company's CFO, charged with raising funds for Bixby projects, including a coal gasification energy system. Desender admitted he and others communicated with potential investors and shareholders to induce them, through fraud, into providing money to Bixby. Desender also admitted soliciting unqualified investors to invest in the company. In exchange for investment funds, investors were sold Bixby securities.

While some investment money was used by Bixby, Desender admittedly used a significant portion of the funds for salaries and commissions paid to himself and others. In addition, Desender admitted that false information was then provided to investors in order to induce existing investors to remain financially involved with Bixby and entice potential investors to join. Desender admittedly concealed information to investors regarding the coal gasification project, saying it was ready for market, when, in fact, it was not. Desender also admitted that he was responsible for approximately \$4.3 million in losses to investors.

For his crime, Desender faces a potential maximum penalty of 20 years in prison. Judge Nelson will determine his sentence at a future hearing, yet to be scheduled. This case is the result

of an investigation by the Internal Revenue Service-Criminal Investigation Division, the U.S. Postal Inspection Service and the Federal Bureau of Investigation. It is being prosecuted by Assistant U.S. Attorney Christian S. Wilton.

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