



The United States Attorney's Office

## Central District of California

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Release No. 09-006

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### **FORMER U.S. CONGRESSMAN INDICTED ON CHARGES RELATED TO BOGUS INVESTMENT SCAM INVOLVING INTERNET COMPANIES**

#### ***Scheme Bilked Investors across the Country out of more than \$10 Million***

A former United States Congressman was indicted today on federal money laundering and tax charges related to a investment fraud scheme that took more than \$10 million from victims.

Wester Cooley, 76, of Palm Springs, who represented Oregon's 2nd Congressional District in the 1990s, was named in a seven-count indictment filed this afternoon in United States District Court in Los Angeles.

The indictment outlines a scheme in which Cooley, along with co-schemers George Tannous and De Elroy Beeler Jr., solicited hundreds of victims across the country to purchase unregistered stock in Bidbay.com, Inc. (also known as Auctiondiner.com, Inc.) and several related shell companies. Cooley was the vice president of Bidbay. The indictment alleges that victim investors were lured by several false statements, including claims that Bidbay.com and/or the shell companies would soon be acquired by Ebay, Inc. for \$20 per share. Ebay never had any intention of acquiring Bidbay.com and had even sued Bidbay.com for trademark infringement over the use of "bay" in its name. Investors were also not told that Beeler, who was engaged in soliciting investors for Tannous and Cooley, was a convicted felon awaiting sentencing on unrelated fraud charges.

Cooley is charged with taking more than \$1.1 million of investor money in 2002, laundering it to conceal the fraud scheme, and using much of the money for his own personal benefit. The indictment further alleges that Cooley falsified his 2002 tax return to avoid the payment of taxes on the investor money he received by claiming a bogus deduction and failing to disclose to the Internal Revenue Service nearly a half-million dollars he received from investors.

The charges against Cooley relate to charges previously filed against Beeler and Tannous. Tannous pleaded guilty to one count of conspiracy and one count of subscribing to a false tax return on May 19, 2008, and he is scheduled to be sentenced by United States District Judge Dean D. Pregerson on April 20. Beeler entered guilty pleas to one count of conspiracy and

Dean D. Fregerson on April 20. Deeler entered guilty pleas to one count of conspiracy and one count of mail fraud on December 8, 2008 and is scheduled to be sentenced on June 22.

Cooley is charged with six counts of concealment money-laundering and one count of subscribing to a false tax return. If he is convicted of all seven counts, Cooley faces a statutory maximum sentence of 38 years in federal prison.

*An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed to be innocent until proven guilty in court.*

Cooley will be summoned to appear for an arraignment in federal court in Los Angeles next month.

The case against Cooley is the result of an investigation by the Federal Bureau of Investigation and IRS-Criminal Investigation Division.

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