

## New York Law Firm Zwerling, Schachter & Zwerling to Pursue Securities Fraud Claims Against Provident Royalties

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Press release from: [Zwerling, Schachter & Zwerling, LLP](#)

NEW YORK – The New York law firm of Zwerling, Schachter & Zwerling, LLP, has been retained by clients to pursue potential claims of securities fraud involving Dallas-based Provident Royalties, LLC.

On July 7, 2009, the U.S. Securities and Exchange Commission filed suit against Provident Royalties and its three principals alleging securities fraud. Paul "Russ" Melbye, Brendan Coughlin and Henry Harrison are accused of engaging in a classic Ponzi scheme involving the sale of approximately \$485 million in oil- and gas-related securities to more than 7,000 investors between September 2006 and January 2009.

Provident Royalties allegedly promised annual returns of up to 18 percent from investments in oil and gas real estate, leases, and mineral rights through its broker-dealer, Provident Asset Management. The SEC also claims that Provident Royalties and its principals misled investors about what they were buying and how the funds would be used.

According to the SEC, the bulk of new investor money went to pay promised returns to earlier investors. Authorities claim Provident Royalties used less than half the new investor money to purchase new interests in oil and gas properties.

“The last few years saw an explosion of oil and natural gas investment, especially in places like the Barnett Shale in North Texas,” says Jeffrey Zwerling, a founding partner of Zwerling, Schachter & Zwerling. “Once the price of oil and natural gas plummeted last year, it appears that the bottom fell out of Provident Royalties.”

Mr. Zwerling and his firm represent investors who lost significant amounts of money in Provident Royalties’ investments. The firm will be investigating the actions of Provident Royalties, its principals and related companies, including Provident Asset Management, LLC., Provident Energy, LP, and Shale Royalties, Inc.

Zwerling, Schachter & Zwerling, LLP represents clients nationwide in financial-related class action lawsuits. With offices in New York City, Garden City, N.Y. and Seattle, the firm currently plays a leading role in numerous major securities and complex commercial litigations pending in federal and state courts. The firm has been recognized by courts throughout the country as highly experienced and skilled in complex litigation, particularly with respect to federal securities class-action litigation. To learn more, please visit the firm’s Web site at [www.zsz.com](http://www.zsz.com).

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