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How the 'Frack Master' scam fooled both media, investors

When it comes to getting duped, the same traits that allow a con man to fool investors can also work with news outlets, too.

Here's an example: Anyone can watch Chris Faulkner allegedly pull what could be one of the biggest oil and gas investment scams in 21st century Texas.

And it's all on YouTube. Type Chris Faulkner and CNN in the search box, as The Watchdog did, and

THE WATCHDOG



DAVE LIEBER
watchdog@dallasnews.com

you'll see several news clips still online of the man who promoted himself as one of the world's top experts on oil and gas drilling — the self-proclaimed "Frack Master."

Search Faulkner's name with other networks, such as CNBC and Fox Business, and you'll find more clips.

Earlier this month, Faulkner was arrested and charged with securities fraud, mail fraud and money laundering for what federal investigators call an investment scheme that pulled in between \$60 million and 80 million.

These criminal charges come on top of civil charges two years ago that shut

down his Dallas business, Breitling Energy.

Faulkner, 41, is not only said to have fooled investors with false drilling claims. He tricked prominent news outlets, too.

His media appearances helped build his credibility which, in turn, enabled him to attract more investors.

The Dallas Morning News told you about this in a masterful 2016 story — "The Rise and Fall of the 'Frack Master'" — that won a

national writing award. But with Faulkner's new criminal charges, this remains a cautionary tale about how easy it is to get taken by people who claim to be experts but really aren't.

Empty promises

"He's an extraordinary promoter," says Larry Friedman, a Dallas lawyer who represented him on civil

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Fake expert shows dangers of meager vetting

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charges brought by the U.S. Securities and Exchange Commission.

Faulkner claimed to be an oil and gas veteran (he was actually a newbie who previously owned a Bedford web hosting company). He said he drilled a lot of wells (he didn't). He claimed to have a college degree (no), and even bragged of a doctoral degree (again, not).

For a long time, nobody seemed to notice.

"He came up with the Frack Master title," says Matt Alexander, an Addison lawyer representing a dozen investors in a lawsuit against Faulkner. "The guy had no experience. He's not a geologist. He's not a geophysicist. But he was a great alleged con man."

While appearing on news shows, he was also pilfering his companies for millions of dollars, which he spent on cars, jewelry, clothes, art and chartered flights, feds say.

He spent thousands of dollars on escorts and strippers, court records show.

He also was a top donor to Lt. Gov. Dan Patrick, who appointed him to a short stint on his drilling advisory panel, and to Ryan Sitton, member of the Texas Railroad Commission, which regulates the industry.

Blogger exposed him

Before his troubles with the law, Frack Master appeared most days on KRLD-AM delivering an oil and gas report, sponsored by his Breitling Oil and Gas company.

That gig didn't end well. *The News* reported in 2016 that a Dallas County judge

About this column

The Watchdog Desk at *The Dallas Morning News* works for you to shine light on questionable practices in business and government. We welcome your story ideas and tips. Follow The Watchdog column on Fridays and Sundays.

Contact The Watchdog

Email: watchdog@dallasnews.com
Call: 214-977-2952
Write: Dave Lieber
P.O. Box 655237
Dallas, TX 75265

ordered Breitling to pay \$172,000 to KRLD's parent company because Faulkner failed to pay his bill.

I called KRLD General Manager Brian Purdy to see if the bill was ever paid. No response.

Credit goes to environmental blogger Sharon Wilson, who first raised suspicions in 2014 about Frack Master's background after he fought a fracking ban in Denton. Within two years, after civil charges were filed against him, most of his media appearances dried up.

Cable news regular

The Watchdog contacted some of Faulkner's favorite media outlets.

CNN and CNBC did not respond to my requests about how they vet experts. A Fox Business spokeswoman told me she was looking into how Faulkner originally got on that network. In addition, two video networks that often featured Faulkner — Energy Live News and Texas Insider TV — also ignored The Watchdog's interview requests.

The Dallas Morning News was not immune to

Faulkner's supposed expertise. He was quoted as an industry expert in four stories in 2012 and one in 2014. There were none after that, which is fortunate, considering his offices were in Dallas. *The News* never referred to him as "Frack Master."

I showed my findings to *News* Editor Mike Wilson.

He said, "There's an old saying in our business: 'If your mother says she loves you, check it out.'"

"We could have checked this guy out better," he said.

How to check them out

Proper vetting of experts "doesn't happen much at all," media analyst Rick Edmonds of the Poynter Institute said. "There's an awful lot of taking these folks at face value ... It's difficult to catch people who are smart when presenting themselves and who talk a good game."

"This case should embarrass all news organizations that used him," says Philip Seib, who wrote a column for *The Morning News* from 1980 to 1999.

Now a journalism professor at USC Annenberg School for Communication and

Journalism, Seib said, "News organizations need to do a better job of vetting experts. If he's glib on the air or talking with reporters, they say, 'Well, he seems to know what he's talking about and says it well. So that's good enough for us.'"

"You break the trust relationship with the public when you put on a phony. They could have made a couple of phone calls and found out this fellow was under suspicion, and it wasn't quite right. There are plenty of other people who can talk about oil and gas."

Friedman, Faulkner's civil lawyer, schooled The Watchdog on proper vetting techniques.

His staff does background checks on every expert witness in his cases, on both sides, he said.

"We do a background search for degrees, testimony, articles published, speeches they've given, if they've been sued and any criminal background."

What does he find? "A lot of times they're the top people in their field, and that's good to know. But a lot of times, they're charlatans."

This cautionary tale is a reminder for me, too, to check out even my mother's love.

Avoid investment scams

Alexander, who represents oil and gas scam victims, recommends verifying a company and its sales staff through the government's "BrokerCheck" program.

He says potential investors should learn about a company's operations, how it acquires drilling leases and who is involved.

Learn if a company:

securities violations.

- Uses phone banks operated by an aggressive sales staff.

- Brings in a deal "closer."

- Keeps the office door locked and has a camera outside to keep away angry investors.

- Seeks out-of-state investors who are less likely to visit the office.

- Sells securities without being properly registered.

Watchdog Dave Lieber of The Dallas Morning News is leader of Watchdog Nation, which shows Americans how to stand up for themselves and become super consumers.

Twitter: @DaveLieber