

State: Biodiesel plant plan a 'scam'

By **JADE McDOWELL**
STAFF WRITER

The Oregon Department of Consumer and Business Services is calling plans for a \$1.37 billion biodiesel plant in Stanfield a "scam," but Ontario developer Robert "Bob" Doughty says he fully intends to build the project.

The state fined Doughty and his companies — Inland Pacific Energy Center LLC and Global Alternative Energy Centers LLC — \$35,000 for violating Oregon securities law and ordered him to cease offering and selling unregistered securities.

According to the department, Doughty lied to investors about owning land in Stanfield and other aspects of the project, convincing at least 12 people to invest a total of \$250,000 that he allegedly used on "extensive" food and travel expenses for himself.

"At various times since 2005, Doughty claimed to have \$120 million in equity funding committed, \$545 million in funding committed, and \$5.6 billion in pending financing; implied that local governments were involved with the project; and said he applied for permits to begin construction," the DCBS wrote in a news release. "None of these claims were ever true and Doughty continues to solicit investments via LinkedIn.com."

Doughty tells a different story. He said preparation for the Inland Pacific Energy Center was "off and going" when the 2008 financial crisis stalled investments. He said "some" funding has now become available to move the project forward but did not elaborate on the source of the funds.

"We fully intend to pursue the project to the best of our ability," he said.

Doughty said he never lied to investors and told them only that he had right of first refusal on a prop-

erty in Stanfield, not that he owned it. He called the state's investigation one-sided and said he plans to appeal the fine.

"I will be doing battle with the state," he said.

Whether Doughty intends on building the plant or not, the DCBS says he does not have the required securities license to solicit or sell investments and has not registered shares in accordance with state securities law. The official order to fine Doughty also describes two investors who told the state they invested in 2007 and have never seen any return on their investment. They said Doughty had misled them on a number of points, including providing a project summary claiming the project was "poised for construction" despite the fact that Doughty did not own any land in Stanfield on which to build the project, had not applied for any of the necessary permits and no investors had committed the hundreds of millions of dollars in funding he claimed had been committed to the project.

After investigation of the two investors' experience, the department issued the fine and followed up with a news release warning the public that the project was a "community-wide investment scam."

"This is another reminder of how important it is to check out proposed investments and the person promoting them," Jean Straight, acting DCBS director, said in a statement. "Renewable energy, gold, silver, oil, gas, new tech ventures, and legal marijuana are all buzzworthy industries that scammers like to use to take your money. We urge anyone considering an investment to contact us to verify the information."

The Inland Pacific Energy Center project is known to longtime residents of Stanfield. The *East Oregonian* wrote articles in 2006 and 2007 detailing Doughty's presentations to

Stanfield city leaders. In March 2006 the newspaper reported that he told the city council odds of the plant being built were "98 to 2" and construction would likely begin within six to seven months. In a March 2007 interview, Doughty told the *East Oregonian* he had a \$504 million deal for debt financing for the project but couldn't disclose the name of the firm because negotiations of some details were still underway.

The articles describe a proposed biorefinery located on 400 acres on Canal Road that could produce up to 120 million gallons of ethanol and 96 million gallons of biodiesel per year, creating as many as 600 jobs in the area by 2010. A 2009 article said Doughty had added plans for a large co-generation plant burning solid waste. It described some Stanfield residents, including Mayor Thomas McCann, as skeptical the project would actually happen.

Blair Larsen, who became the city manager in 2013, said he spoke with Doughty once or twice since then. Although Doughty had various meetings and phone calls with city officials over the years about his plans, Larsen said the city was never put in a position to actually make a decision about granting a permit, zoning change or other approval.

"It was all just theoretical stuff," he said.

Doughty insists that he still plans to create the Inland Pacific Energy Center and that his companies have recently been restructured and "re-

vised."

"We're ready to go," he said. The Oregon Department of Consumer and Business Services urges anyone considering an investment with Doughty to call them first at 866-814-9710.

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STAFF PHOTO BY JADE MCDOWELL.

A collision between a Dodge Neon and a tractor blocked traffic on Canal Road near Christley Lane outside Hermiston Thursday about 5:30 p.m., resulting in one person being transported by ambulance from the scene.

Name of driver in Canal Road crash released

The driver injured in a crash on Canal Road Thursday evening was Kyle Naillon, 20, of Hermiston.

According to Umatilla County Sheriff Terry Rowan, Naillon was northbound on Canal Road near Christley Lane when his Dodge Neon crashed head-on with a tractor driven southbound by Craig Parks about 5:30 p.m.

Naillon was transported to Good Shepherd Medical Center by ambulance.

Rowan said the location of the crash was at a "pretty good curve" and Naillon may have been going "a little too fast for conditions." He said no citations had been issued.

"People just need to use caution in that area," he said.

Del's Feed and Farm Supply to close Oct. 28

The final day for Del's Feed and Farm Supply in Hermiston will be Oct. 28.

The farm supply store on North Highway 395 announced in the spring that it was closing its doors this year as part of a larger decision by parent company Tractor Supply Company to close various locations around the Pacific Northwest.

"Our decision to close these locations was based on many business factors,

and we came to this decision after much analysis," John Logan, regional vice president at Tractor Supply Company, said in a statement. "Del's has been a part of the Hermiston community for many years, and we are thankful to our customers for their loyalty and business."

Close-out sales began last week, with discounts of 15 to 25 percent, and will continue until the store's last day on Oct. 28.

Eastern Oregon Telecom breaks ground

By **JADE McDOWELL**
STAFF WRITER

Eastern Oregon Telecom broke ground Wednesday for a new building that will combine the company's business and warehouse operations into one location.

The new building on Kelli Avenue just off South Highway 395 is expected to be finished by May 1, 2018.

CEO Joe Franell said 10-minute trips back and forth between the current business offices and the place where the company stores its trucks and equipment can really add up.

"It ends up being a lot of time, so our primary reason for moving is for efficiency's sake," he said.

He said the location along South Highway 395 is also more central to EOT's service area. The Kelli Avenue location in particular is advantageous because it has two different entrance and exit points — onto the highway or onto Feedville Road. That area of town is



CONTRIBUTED PHOTO BY DEBBIE PEDRO

Eastern Oregon Telecom broke ground on a new building Wednesday morning, Sept. 27.

also expected to see an increase in traffic due to the newly completed Eastern Oregon Trade and Event Center and the Ranch & Home store currently under construction.

"That's a growth area for our community," he said.

The new building will have a better layout for office space, Franell said,

and will have almost double the amount of space for trucks and equipment storage. The company plans to hire two more employees in the next six to 12 months.

Construction is being completed by McCormack Construction Company of Pendleton and the developer is Richard Hunsaker, who handled the Holiday

Inn Express in Hermiston.

Eastern Oregon Telecom offers high-speed internet and voice services to Hermiston, Pendleton, Umatilla, McNary, Boardman, Irrigon and Plymouth.

Contact Jade McDowell at jmcdowell@eastoregonian.com or 541-564-4536.

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