

## Colorado Securities Commission Dismisses Claims Against Gulf Coast Western

DALLAS – [Gulf Coast Western, LLC](#), announces a settlement agreement reached with Colorado Securities Commissioner Fred J. Joseph that has resulted in today's dismissal with prejudice by a Colorado state district court of all claims against the company, its CEO and other officers over its sponsored oil & gas joint ventures.

The Colorado Securities Commissioner filed suit in 2009 against Dallas-based Gulf Coast Western, company CEO Matthew H. Fleeger, and other companies and individuals. The Commissioner alleged in his complaint, *Fred J. Joseph v. HEI Resources, Inc., et al.*, No. 09-CV-7181, that Gulf Coast Western, among other things, violated state securities laws by failing to register interests in company-sponsored oil & gas joint venture partnerships as securities.

Gulf Coast Western vigorously responded with a countersuit against the Commissioner asserting that the joint venture interests were not securities. The company ensures that all joint venture participants are accredited, have access to all information necessary to actively manage their joint ventures, and have the ability to control their venture. Due to this active involvement of its capable joint venture partners and their ability to control their partnerships, Gulf Coast Western maintained that the joint venture interests did not constitute securities.

On Jan. 6, 2011, a Colorado state district court denied the Commissioner's summary judgment motion and ruled in favor of Gulf Coast Western's motion for partial summary judgment after finding that the contested joint venture interests "are strongly presumed not to be securities."

In the settlement reached Jan. 17, 2012, and the resulting order of dismissal issued by the Colorado court today, all claims against all Gulf Coast Western defendants, which included the company and current and former officers and employees, including Mr. Fleeger, Nicholas Troyer and Steve Ziemke, were dismissed with prejudice and without payment of disgorgement, rescission, restitution or other monetary amounts.

"We are thrilled with this agreement and the dismissal of all claims against Gulf Coast Western. We believe the dismissal by the State of Colorado validates that we are an honest and ethical company and are serious about taking whatever legal steps are necessary to protect our partners and the structure of Gulf Coast Western-sponsored joint ventures," stated Mr. Fleeger. "We were well down the path to successfully defending our company and sponsored joint venture partnerships in court, but are thrilled that this dismissal allows us to refocus all of our attention back to our exploration activities and supporting our joint ventures and partners. We are confident we would have prevailed, especially in light of the earlier rulings by the court, but avoiding the significant cost and distraction of a protracted legal battle was a better use of our resources."

Gulf Coast Western, headquartered in Dallas, Texas, was founded in 1970 for the purpose of exploring, developing and acquiring domestic oil & gas reserves, primarily in the Gulf Coast region of the United States. In 2011, the Company made the independent decision to divest itself of its Colorado operations, as well as assets previously acquired from Colorado-based HEI Resources, Inc. HEI Resources was not dismissed from the lawsuit and will continue to defend itself against the Commissioner's claims. Should HEI Resources prevail in the case by establishing the joint venture interests it sponsored are not securities, consistent with the district judge's prior summary judgment rulings, the settlement allows Gulf Coast Western, in its sole discretion to: (1) subsequently reopen a Colorado sales and marketing office, which it otherwise agreed to not do for three years, and (2) offer/sell joint venture interests to Colorado residents, which it otherwise agreed to not do for two years.

**For more information on the settlement and Gulf Coast Western, please contact Bill Mateja at 214-747-5070 or Matthew H. Fleeger at 800-284-1782 or [info@gulfcoastwestern.com](mailto:info@gulfcoastwestern.com).**