

Gulf Coast Western Wins Important Rulings in Colorado Securities Lawsuit

DALLAS – Dallas-based oil and gas exploration company [Gulf Coast Western, LLC](#) is announcing several favorable court rulings issued by a Colorado State District Court in a lawsuit filed by Colorado Securities Commissioner Fred Joseph.

Commissioner Joseph sued Gulf Coast Western and several other companies and individuals in July 2009 based on claims of securities fraud, alleging in the complaint that Gulf Coast Western and the other defendants offered and sold unregistered securities in oil and gas exploration partnerships.

Gulf Coast Western responded with a countersuit against the Commissioner, claiming that the joint venture interests sold by Gulf Coast Western are not securities. Gulf Coast Western cited a 1999 federal court ruling, which found that similar interests in oil and gas joint ventures were not securities.

Gulf Coast Western also sought to prevent the Commissioner from re-litigating issues that were previously determined in a 2002 Colorado administrative action in which the Commissioner failed to prove that similar joint venture interests were securities. The recent rulings followed cross motions for summary judgment submitted by the parties.

In an 18-page order issued Jan. 6, 2011, the Court denied a summary judgment motion submitted by Commissioner Joseph 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 . . .*"

The Court also ruled in favor of Gulf Coast Western's summary judgment motion seeking to bar the Commissioner from re-litigating the securities issue that was previously resolved in 2002, writing: "*I conclude that Plaintiff is barred in this case from arguing that the joint venture agreements are, on their face, securities . . .*"

The Court also ordered that the trial begin no later than December 2011 in order to ascertain whether Commissioner Joseph could overcome the strong presumption that the Gulf Coast Western joint venture interests are not securities. The case is *Fred J. Joseph v. HEI Resources, Inc., et al.*, No. 09CV7181.

"We are extremely pleased that the Court agreed with our position in the Summary Judgment ruling," says Matthew H. Fleeger, CEO of Gulf Coast Western. "We have vigorously defended our business ethics and the structure of our joint ventures, and have maintained from day one that no securities fraud was committed or securities laws violated. We believe this decision represents a significant step towards a favorable resolution of this case."

Gulf Coast Western was founded in 1970 for the purpose of exploring, developing and acquiring domestic oil and gas reserves, primarily in the Gulf Coast region of the United States.

For more information on the ruling, please contact attorney Bill Mateja from Fish & Richardson at 214-747-5070.