Denver District Court Rules in Favor of Heartland Energy Development Corporation in State Challenge Decision; Supports Joint Venture Investment Practices

The Denver District Court ruled in favor of local oil and gas exploration companies in a state challenge over securities regulations.

Denver, CO, October 21, 2013 --(PR.com)-- On October 17, 2013, the Denver District Court ruled in favor of Heartland Energy Development Corporation (HEDC), a Colorado oil and gas exploration company, and other defendants over a challenge brought by the Colorado Securities Commissioner.

The Securities Commissioner filed suit in 2009 alleging that joint venture investment partnerships sold by HEDC and other defendants were securities, despite contrary decisions by a federal district court, the Colorado Securities Board and a jury. Last week's ruling unequivocally supported HEDC by rejecting the State's allegations of securities law violations based on three key findings:

- The joint venture investments were not securities;
- The investor marketing practices were lawful; and,
- The company's joint venture investors possessed “significant knowledge and experience in business affairs” and understood the investment risks.

“The ruling by the Denver District Court is a victory for entrepreneurs and their partners,” said Brandon Davis, chief executive officer of HEDC. “The ruling confirms that our business practices - partnering with investors who are well educated, well financed and completely aware of the inherent risks associated with investing in oil and gas exploration projects are sound.”

In regard to the knowledge and qualification of investors, the court's decision stated:

"The persuasive and credible evidence in the record compels the court's conclusion that the partners in the Joint Ventures were capable of intelligently exercising the partnership powers granted to them in the joint venture agreements."

“The court's decision strongly affirms that joint ventures are not securities,” added A. Thomas Tenenbaum, attorney for HEDC and Brandon Davis. “This case has been followed by regulators and securities lawyers because the court's favorable ruling for HEDC confirms businesses can raise capital through joint ventures without being subject to burdensome securities regulations. Mr. Davis and HEDC stood fast through four years of litigation to have their day in court, and obtained vindication.”

About Heartland Energy Development Corporation and Swan Energy, Inc.
Heartland Energy Development Corporation (HEDC), is a wholly owned subsidiary of Swan Energy, an independent oil and gas company specializing in the exploration and production of domestic oil and natural gas fields. For more information, visit www.swanenergyinc.com.
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