

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:	)	
	)	
HEARTLAND ENERGY, INC.	)	ADMINISTRATIVE ORDER
CHARLES REED CAGLE	)	NO. OV-2002-0018
RANDY KAMPS	)	
	)	
<u>RESPONDENTS</u>	)	

ORDER TO VACATE

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, has determined as follows:

RESPONDENTS

1. HEARTLAND ENERGY, INC. ("RESPONDENT HEARTLAND"), is represented to be a Colorado and a Texas entity incorporated in both states, with business addresses of 2864 S. Circle Drive, Suite 310, Colorado Springs, CO 80906; 10440 Central Expressway, Suite 1255, Dallas, TX 75231; and 5910 North Central Expressway, Suite 1710, Dallas, TX 75206.

2. CHARLES REED CAGLE ("RESPONDENT CAGLE"), is variously represented to be the chief executive officer, president, director and registered agent of RESPONDENT HEARTLAND, with business addresses of 2864 S. Circle Drive, Suite 310, Colorado Springs, CO 80906; 10440 Central Expressway, Suite 1255, Dallas, TX 75231; and 5910 North Central Expressway, Suite 1710, Dallas, TX 75206.

3. RANDY KAMPS ("RESPONDENT KAMPS") is represented to be the associate vice president of RESPONDENT HEARTLAND, with a business address of 2864 S. Circle Drive, Suite 310, Colorado Springs, CO 80906.

#### STATEMENT OF FACTS

4. On August 28, 2002, the Commission received oil/gas offering documents from an Alabama resident concerning a Texas oil/gas joint venture, named "Heartland Energy, Inc., Yellow Creek #2 Joint Venture", to be drilled in Section 12, Township 15S, Range 15W, Lamar County, Alabama. The Alabama resident advised the Commission that he received these documents from RESPONDENT KAMPS and further advised that he was telephonically contacted by RESPONDENT KAMPS on August 20, 2002 and offered an interest in the joint venture. The Alabama resident further advised that RESPONDENT KAMPS advised him that nineteen units, at a per unit price of fifty-eight thousand dollars (\$58,000) would be sold; that the venture was not a limited partnership, but a full partnership, and that only one unit remained to be sold. The Alabama resident further advised that RESPONDENT KAMPS allegedly told him that he could expect to receive a three hundred percent (300%) profit within the first year of his investment. The Alabama resident forwarded certain information to RESPONDENT KAMPS, but later advised RESPONDENT KAMPS that he was not interested in the investment.

5. Review of the files of the United States Securities & Exchange Commission, Public Information Section, disclosed that no filing has been made with that agency concerning RESPONDENT HEARTLAND or Yellow Creek #2 prospect.

6. Review of the files of the National Association of Securities Dealers, Central Registration Depository, disclosed no record of registration for RESPONDENT HEARTLAND or RESPONDENT KAMPS, and further disclosed no current registration for RESPONDENT CAGLE.

7. Review of the files of the Commission disclosed no record of registration or exemption from registration of RESPONDENTS HEARTLAND, CAGLE OR KAMPS as dealers or agents in the State of Alabama, nor any registration or exemption from registration of security being offered by them under the names Heartland Energy, Inc., or Yellow Creek #2 Prospect.

8. Based upon the foregoing and upon other additional facts, a Cease and Desist Order was issued by this Commission on September 16, 2002, ordering RESPONDENTS HEARTLAND, CAGLE and KAMPS to immediately cease and desist from further offers of or sales of any security into, within or from the State of Alabama.

9. Upon receipt of the Cease and Desist Order, the RESPONDENTS, by and through their attorneys, have provided the Commission with certain information, including documents, affidavits, transcripts and decisions from proceedings in other jurisdictions, and have made certain material representations upon which the Commission is relying in issuing this Order.

10. It has been represented to the Commission that there are only three Alabama residents who are actual investors in Heartland Energy, Inc. and/or Yellow Creek #2 Prospect. Each of these individuals have provided the Commission with signed and sworn affidavits, stating that each of the investors consider themselves to be full partners in the venture, actively exercising their partnership vote, and otherwise do not seek any relief or remedy available to him or her through the Act and/or the federal securities acts. Each of the three investors have represented to the Commission that they are satisfied with their investments with Heartland Energy, Inc. and do not want any regulatory agency to intervene or interfere in what these individuals describe and consider to be a partnership interest.


11. Further, representations have been made by RESPONDENTS HEARTLAND, CAGLE, and KAMPS, by and through their attorneys, that joint venture interests in RESPONDENT HEARTLAND'S joint venture are made only to sophisticated and accredited investors and that the investors are fully informed and advised of their obligations, as partners in these joint ventures, to actively participate in the management and decision making processes regarding the operation of the joint venture.

12. The Commission, having conducted an investigation of the allegations as set forth in Administrative Order Number CD-2002-0018 as the matter pertains to the current Alabama investors, is not herein rendering an opinion as to whether or not the joint venture interests at issue in this case are or are not securities subject to its jurisdiction. However, in view of the representations made to it by the RESPONDENTS, and the affidavits received by it from the Alabama investors, it is the opinion of the Commission that the Cease and Desist Order issued to REPONDENTS HEARTLAND ENERGY, INC., CHARLES REED CAGLE, and RANDY KAMPS on September 16, 2002, is due to be, and is hereby vacated.

13. By vacating the Cease and Desist Order at issue, the Commission is not to be understood to be agreeing that it has no jurisdiction over this matter and expressly retains jurisdiction over the RESPONDENTS if facts are presented to it in the future which might impact upon the findings contained herein.

Entered at Montgomery, Alabama, this 8<sup>th</sup> day of August, 2003.

ALABAMA SECURITIES COMMISSION  
770 Washington Avenue, Suite 570  
Montgomery, AL 36130-4700  
(334) 242-2984  
BY:

  
JOSEPH P. BORG  
Director

