

Court Affirms Take-Nothing Verdict for Company Harmed by Texas Ponzi Scheme

A federal district court judge has affirmed a take-nothing defense verdict for the owner of an Oklahoma City-based company that unknowingly provided services in connection with a mineral royalties Ponzi scheme, finding that the company, Cianna Resources Inc., does not have to repay \$21.7 million the scheme paid to Cianna for mineral interests and commissions.

“Our group of attorneys did an outstanding job and put together a powerful case,” said Sawyer Neely of Dallas-based **Sayles Werbner**, one of the attorneys who represented Cianna. “It certainly was a David-and-Goliath situation, and we appreciate that our hard work resonated with the jury.”

In a release, the firm described the case:

In 2008, Cianna Resources and owner Kyle Shutt entered into a sub-broker agreement with Oklahoma-based Ruthven Oil & Gas, LLC, for the purchase of mineral interests. Ruthven was working with Dallas-based Provident Royalties, Joseph Blimline and others, in what authorities described as a scheme involving nearly 7,800 investors and losses of more than \$400 million.

The scheme collapsed and the company went bankrupt after natural gas prices fell. Mr. Blimline was convicted in 2012 for his role in the scheme, and a bankruptcy trustee later attempted to recover funds from investors who had profited before the collapse, including seeking \$21.7 million from Cianna Resources.

The trial before U.S. District Judge Jane Boyle in Dallas

lasted more than a week when the jury returned the defense verdict on March 28. The successful defense hinged on providing evidence that Cianna had acted in good faith and provided valuable services to an entity. On June 28, Judge Boyle entered a final judgment, denying the trustee's motion for a new trial and rejecting requests to throw out the jury verdict.

Cianna was represented by Bill Johnson, David Elder, and Matt Brockman of Oklahoma City-based Hartzog Conger Cason & Neville, in addition to Mr. Neely.

The case is *Segner et al v. Ruthven Oil and Gas LLC et al*, case number 3:12-cv-01318, in the U.S. District Court for the Northern District.