

Case No. 4-21cv-1310-O-BP, *SEC v. The Heartland Group Ventures, LLC, et al.*,  
pending in the United States District Court for the Northern District of Texas

**HEARTLAND RECEIVERSHIP  
FREQUENTLY ASKED QUESTIONS**

**LAST UPDATED: 6/6/2022**

**What is a court-appointed Receiver?**

A court appoints the Receiver of property controlled by a person sued in a court case. The United States Securities and Exchange Commission (“SEC”) typically recommends the appointment of a receiver in cases in which the SEC fears a company or an individual may dissipate or waste corporate property and assets. The Receiver is a neutral third-party custodian for the property who is granted certain powers by the court. A receiver’s powers generally include taking legal control of and protecting assets, filing claims on behalf of an entity placed into “receivership,” and, ultimately, distributing assets to any defrauded investors, claimants, or creditors through a court-approved process. A receiver has a fiduciary duty to stakeholders and the court, and typically has the discretion to marshal, manage, and liquidate the receivership company’s assets, while accounting for all receipts and payments. The SEC is more likely to appoint a receiver when there is a danger of property being lost, concealed, or squandered. A receiver is an officer of the court—not an employee of the SEC—and ultimately answers to the court.

On December 3, 2021, the Court entered the *Order Appointing Receiver* (the “Order”). In this receivership case, [Deborah D. Williamson](#), is the Court-appointed Receiver for the following Receivership Parties: The Heartland Group Ventures, LLC; Heartland Production and Recovery LLC; Heartland Production and Recovery Fund, LLC; Heartland Production and Recovery Fund II, LLC; The Heartland Group Fund III, LLC; Heartland Drilling Fund I, LP; Carson Oil Field Development Fund II, LP; Alternative Office Solutions, LLC; Arcooil Corp.; Barron Petroleum LLC; Dodson Prairie Oil & Gas LLC; Panther City Energy LLC; Encypher Bastion, LLC; Barron Energy Corporation; Dallas Resources, Inc.; Leading Edge Energy, LLC; Sahota Capital LLC; and 1178137 B.C. Ltd. (collectively, the “Receivership Parties”).

**Who chooses a receiver?**

A federal district court judge can appoint a receiver following the SEC’s filing of an application, or petition, with the court. The receiver is an officer of the court, not an employee of the SEC, and ultimately answers to the judge.

**Who is the Receiver and what are her responsibilities?**

The Court appointed [Deborah D. Williamson](#) as Receiver to oversee the marshalling of assets of the Receivership Parties, and to make recommendations to the Court regarding the process of distribution of assets to qualifying claimants. [Deborah D. Williamson](#), will also file periodic reports with the Court to advise of her progress, findings, and proposals. These reports will be posted to this website ([heartlandreceivership.com](http://heartlandreceivership.com)) after they are filed with the Court.

### **When will I receive a return of any of my money?**

In order to make a distribution of any size, 1) The Receiver must first confirm that sufficient assets exist sufficient to make a distribution. 2) The Receiver must undertake a process to reconcile the amount of each claim which process will include providing a notice to each investor of the amount which the Receiver believes is owed, the filing of a motion seeking approval of the claims and providing investors with an opportunity to object to the proposed amount of the claim. Claimants may be required to file a claim with supporting documentation. 3) Once the amount of each claims is approved, the Receiver will propose a distribution process which will include a recommendation as to the priority of payment of each class of claim. 4) The Receiver will provide notice to all known potential claimants of the proposed distribution plan and process.

### **What authority does the Receiver have?**

The Court's Order governs the authority of the Receiver in this case. Federal courts have specific powers, known as "equitable" powers, to order relief to advance the purposes of federal securities laws, to preserve investor funds, and to ensure that wrongdoers do not profit from their unlawful conduct. Courts may grant broad powers to receivers, including the authority to sue on behalf of the receivership and to gather, manage, and liquidate receivership assets on behalf of potential creditors and harmed investors. Special legal requirements apply to receivers. The Receiver is charged with acting in "good faith" and performing her duties with "reasonable diligence." The Receiver is required to report to the Court periodically for the property entrusted to her.

The Court granted Receiver Deborah D. Williamson general powers and duties that include, but are not limited to: (1) using reasonable efforts to determine the nature, location, and value of all property interest in the Receivership Parties; (2) taking custody, control, and possession of all Receivership Property and records relevant thereto from the Receivership Parties; (3) suing for and collecting, recovering, receiving, and taking into possession from third parties all Receivership Property and records relevant thereto; (4) managing, controlling, operating, and maintaining the Receivership Estates and holding in her possession, custody, and control all Receivership Property, pending further Court order; (5) terminating, continuing, and modifying any business operations; (6) abandoning any asset that, in the exercise of her reasonable business judgment, will not provide benefit or value to the Receivership Estates; (7) using Receivership Property for the benefit of the Receivership Estates, making payments and disbursement and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging all duties as Receiver; (8) taking any action which, could have been taken by the officers, directors, partners, managers, trustees, and agents of the Receivership Parties, prior to the Receiver's appointment; (9) engaging and employing persons within her discretion to assist her in carrying out the Receiver's duties and responsibilities; (10) taking such action as necessary and appropriate for the preservation of the Receivership Property or to prevent the dissipation or concealment of Receivership Property; (11) issuing subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure, as applicable; (12) bringing such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging her duties; (13) pursuing, resisting, and defending all suits, actions, claims, and demands which may be pending or which may be brought by or asserted against the Receivership Estates; (14) enforcing the rights of any Receivership Parties for policies; and (15) taking other action as may be approved by the Court.

### **What will happen to the Receivership Parties?**

It is too soon to determine what will happen to the Receivership Parties. The Receiver is currently exploring various possibilities with respect to the continued operations of the Receivership Parties' oil and gas interests. At the appropriate time, the Receiver will submit her recommendations to the Court. Ultimately, the Court will be responsible for considering and approving the Receiver's proposed disposition of assets and any process for distributions to creditors and investors. The Court must conclude that the proposed process is fair and reasonable.

### **What will happen to the assets of the Receivership Parties in an SEC receivership?**

The Receiver will submit to the Court a process to distribute the Receivership Parties' assets. The Court is responsible for considering and approving a distribution process. The Court must conclude that a distribution is fair and reasonable. When making payments to injured investors, courts often favor a proportionate approach based on investors' net losses. However, courts are free to choose whatever allocation plan is appropriate based on the facts and circumstances.

### **If I am entitled to receivership assets, what must I do?**

If you receive notification that you are a potential claimant, you should carefully follow the directions provided by the Receiver. The Receiver will set a deadline for submission of claims, so you should follow the instructions carefully to ensure timely submission. ***Failure to file by a claim deadline typically means that a claim will be denied. At this time, there is no deadline to file a claim.***

### **Where can I get additional information about my claim or the Receiver handling it?**

The first source of information about your claim is Receiver, Deborah D. Williamson, and her advisors. To contact the Receiver, please email [heartlandreceivership@dykema.com](mailto:heartlandreceivership@dykema.com).

### **If I have concerns about the Receiver's conduct, what should I do?**

A claimant should first direct any concerns directly to the Receiver or Receiver's team at [heartlandreceivership@dykema.com](mailto:heartlandreceivership@dykema.com). A claimant can direct unresolved concerns to the Court that appointed the Receiver.

### **I worked for one of the Receivership Parties. When will I get paid, and when can I return to work?**

The Receiver is in the process of attempting to obtain information regarding outstanding payroll issues.

### **I am an investor of one of the Receivership Parties. Can I get my money back now?**

No, the Court has entered an order freezing all assets and funds of the Receivership Parties until the Court authorizes otherwise.

**Will I get all of my money back?**

It is too soon to determine how much investors will receive or when. The Receiver is working to protect the assets of the entities in Receivership, but there is no way to predict how much will be returned or when that will happen.

**What is the likelihood that I will get my principal back or any money back based on what I invested?**

At this stage, the Receiver is attempting to marshal all the assets of the Receivership Parties, after which the Receiver will propose a claims and distribution process to the Court in which you will be able to submit a claim for the amount you invested and, if approved by the Receiver and the Court, you will receive a distribution based on that investment. Upon Court approval, the Receiver will implement the claims and distribution process and send a notice to you describing the process and how you may participate.

**Can the Receiver honor any of the promises made by the Receivership Parties prior to her appointment?**

At this time, pursuant to the Court's Order, the Receiver is charged with working to maximize recovery of investors and thereafter to propose a claims and distribution process to the Court, which will be implemented upon the Court's approval. The Receiver cannot honor any promises made by the Receivership Parties prior to her appointment.

**I am an investor in a life settlement policy product associated with the Receivership Parties. Are premiums being paid? Is my investment impacted.**

Under the current Receivership Order, the Receiver is only in control of the specific funds and entities that are identified in the list of Receivership Parties. The funds that included investments in life settlement policies are not included among the Receivership Parties.

**I invested through an investment fund that is not listed as one of the Receivership Parties. Does this case impact me and what do I need to do?**

The Receiver is aware of several additional agent-managed funds that provided investment opportunities but which are not currently included among the Receivership Parties.

**How much of my investment can I expect to receive back?**

It is too soon to determine how much investors will receive from the Receivership Parties. The Receiver is working to protect the assets of the Receivership Parties, but there is no way to predict at this time how much will be returned to each investor or when that will happen.

**Will investors receive the monthly interest payments for their investments, and what is the expectation of getting our principal returned?**

It is not anticipated that there will be any interest payments at this time. The Receiver is evaluating the Receivership Parties' ability to make interest payments and distribute principal to these funds.

**Should I send copies of my papers proving that I am an investor to the Receiver?**

Not at this time.

**Should I file a claim now?**

No. If the Receiver believes it is appropriate to seek the Court's approval for the commencement and parameters of a claims process, she will file a motion with the Court that will also be posted on this website and mailed to all interested parties, including investors. The Court will then have the final say as to the terms and appropriateness of a claims process.

**My investment in one or more of the Receivership Parties is through a self-directed individual retirement account (IRA). Do I need to take any action? Can I withdraw amounts from my IRA that are invested?**

The Receiver is not a financial or retirement advisor and is not in a position to provide financial, tax, or legal advice to investors.

**Can I review the Complaint and the Receivership Order?**

Yes. These documents, and other filings and court orders that may be of interest be found on the [Key Court Documents page](#).

**Is the Receiver my lawyer?**

No. The Receiver is not your lawyer, and she cannot provide you with legal advice. She was appointed by the Court and she is an agent of the Court. She is executing the mandate of the Court. As authorized by the Court in the Order, the Receiver will be investigating all potential claims or methods of recovery that she can bring for the benefit of investors.

You certainly have the right to hire or consult with your own lawyer. You can also have that lawyer contact the Receiver if he or she has any questions about the case.

**Should I hire a lawyer?**

Although the Receiver cannot provide you legal advice, you certainly have the right to hire or consult with your own lawyer. As authorized by the Court, however, the Receiver will be investigating all potential claims or methods of recovery that she can pursue for the benefit of investors in the Receivership Parties.

**How long does the receivership process normally take?**

At this stage of the proceedings, we cannot predict how long it will take to complete this process.

**If I have other questions, how can I get them answered?**

You can contact the Receiver or the Receiver’s team at [heartlandreceivership@dykema.com](mailto:heartlandreceivership@dykema.com).

**Is filing for Chapter 11 bankruptcy an option for the Receivership Parties?**

Pursuant to the Court’s Order, the Receiver may seek Court authorization to file for bankruptcy on behalf of the Receivership Parties, and the Receiver is currently analyzing all options in her efforts to maximize recovery for investors.

**What is the method for determining distribution of funds to investors?**

The Receiver will propose a claims and distribution process to the Court after adjudication of the SEC’s claims against the Receivership Parties, which will be implemented upon the Court’s approval.

**What needs to be done on my part?**

To ensure you continue to receive the Receiver’s updates, please send the following contact information to [heartlandreceivership@dykema.com](mailto:heartlandreceivership@dykema.com): (1) telephone number, (2) email address, and (3) mailing address.

**How can I stay informed of progress in this case?**

The Receiver has established a website ([www.heartlandreceivership.com](http://www.heartlandreceivership.com)) that will be updated on a regular basis.

**What is the best way for me to find out what is happening in the Receivership?**

The Receiver’s website ([www.heartlandreceivership.com](http://www.heartlandreceivership.com)) is the best way to monitor the activities of the Receivership. Due to the number of investors and other interested persons, the website will be the most efficient and cost-effective way of communicating these activities. Of course, you may also feel free to contact the Receiver or her team by emailing [heartlandreceivership@dykema.com](mailto:heartlandreceivership@dykema.com).

**Can I see the Receivership Parties’ financial documents?**

Pursuant to the Court’s Order, the Receiver shall provide a full report and accounting of the business and its assets no later than 30 days after the end of each calendar quarter.

**I need tax documents regarding my investment account. Where can I find these?**

The Receiver cannot generate or provide tax forms and cannot provide tax advice. Please consult with your accountant or lawyer for tax-related questions.

**What happened to my investment in the Receivership Parties?**

The SEC alleges in its Complaint that the Receivership Parties made numerous material misrepresentations and omissions to investors concerning the use of their funds. The Receiver, and the other professionals that she retains, such as attorneys, accountants, and investigators, will

identify and gather the assets that belong to the entities in this Receivership and determine whether any other funds exist. The availability of funds to pay investors will depend upon the results of the liquidation of the Defendants' and Receivership Parties' assets and other undertakings by the Receiver and other parties in connection with the Receivership.

**Who pays for the Receiver (and other professionals)?**

As stated in the Court's Order, the Receiver is paid from the assets of the parties in this Receivership upon Court approval. The Receiver also has been granted permission to retain other professionals, such as attorneys, accountants, and investigators, to assist in the process of identifying and gathering assets that belong to the entities in this Receivership, and otherwise discharging the Receiver's duties. These other professionals are also paid from the Receivership Parties' assets, upon prior approval of the Court.

**What tax consequences will I have?**

The Receiver is not in a position to provide tax advice and suggests that investors consult with their tax professionals for more information on tax-related issues which may arise from this case.

**What if I have information that may be helpful to the Receiver or the SEC?**

You may contact the Receiver or her team by emailing [heartlandreceivership@dykema.com](mailto:heartlandreceivership@dykema.com).

**What is the process for the sale of real estate?**

The process for selling real property in a Receivership is complicated in that court approval is required and the statutory process requires either (A) three appraisals and a sale for no less than 75% of the appraised value or (B) a sale at an auction.

**What is the status of any sale of oil and gas leases or other real property?**

We have set up a data room for potentially interested purchasers of real estate including producing assets. We are requesting each interested party to sign a Confidentiality and Nondisclosure Agreement (CNDA). To the extent available and requested by parties who execute a CNDA, we are adding information to the data room. The Receiver has begun meetings with interested parties.

**Will the Receiver be issuing K-1 or 1099 statements?**

The Receiver requested an extension of time to file tax returns for the Receivership Parties. The Receiver does not know when she will have sufficient information to file returns for the tax year ending December 31, 2021.

**Will the Receiver speak to my tax, legal, financial, or investment advisor for me or with me?**

The Receiver and her team cannot provide any tax, legal, or other advice and will not participate in calls or correspondence with any advisors on behalf of any investors.