

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: 5/16/2024
(updates in *bold italics*)

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 2, 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) 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 claim is finalized, 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. 5) The Court must approve any distribution process.

The Receiver obtained Court approval of a claims procedure in November 2023. Investors and other creditors will receive information via U.S. first-class mail and email (if available) detailing the Court-approved claims procedure, including relevant dates, and personalized transaction schedules for known investors. More information, notices, and forms regarding the claims procedure can be found on the “Claims Process” page of the website.

The Receiver and her team continue working on the claims procedure. Written objections to remaining disputed claims of investors and non-investor creditors will be filed on the docket in this Case as a public record and considered by the Court at a contested hearing in Fort Worth, Texas.

The Receiver filed the Receiver’s Omnibus Objection to Claim Submissions Pursuant to Court-Approved Claims Procedure [ECF No. 500] (the “Claims Objection”) on May 9, 2024, which requests the Court to determine the claim amount, if any, for the remaining 35 disputed claims in this Case. The Court has set the Claims Objection for an in-person hearing on June 6, 2024, at 2:00 p.m. Central. The deadline for disputed claimants to file a response to the Claims Objection is June 3, 2024. There is nothing for you to do in connection with the Claims Objection if you are not listed in the Claims Objection as a “disputed claimant” and been notified that the Receiver objected to your claim.

Also on May 9, 2024, the Receiver filed the Receiver’s Motion for Order Approving Distribution Plan and Interim and/or Final Distribution [ECF No. 534] (the “Distribution Motion”), which requests Court approval of the “Net Investment” distribution method for any interim and/or final distributions on allowed claims in this Case. The Court has set the Distribution Motion for an in-person hearing on June 6, 2024, at 2:00 p.m. Central. The deadline for to file a response or objection to the Distribution Motion is June 3, 2024. There is nothing for you to do in connection with the Distribution Motion unless you object, in which case a written, formal objection must be filed on or before June 3, 2024.

Below, you will find a summary of the Receiver’s proposed distribution plan that will be considered at the June 6, 2024 hearing on the Distribution Motion.¹

- 1. The proposed distribution plan contains 9 classes of claimants based on the claimant’s relationship to one of more of the 18 Receivership Parties. The Receiver proposes to exclude from any Court-approved distribution claim amounts arising from or relating to Texas International Energy Production, Inc. Further, the Receiver proposes to subordinate any “Insider” claims.*
- 2. The Receiver proposes that the Court permit the pooling of receivership assets for distribution purposes and approve the “Net Investment” or “Net Loss” distribution method. Generally, the “Net Investment” or “Net Loss” method provides claimants with a pro rata distribution based on the claimant’s allowed claim amount compared to the total amount of all allowed claims in the Heartland Receivership.*
- 3. The Receiver proposes to distribute approximately \$9,375,000 on a pro rata basis to allowed claimants in Class 4a, which represents a return of capital to Heartland investors arising out of the settlement with Locke Lord LLP. A copy of the Order approving the settlement with Locke Lord LLP is enclosed for more information.*
- 4. The Receiver proposes an interim distribution of \$5,000,000 on a pro rata basis to allowed claimants in Classes 4a and 4b, including Heartland investors and other claimants save and except claimants relating to the five (5) oil and gas operator Receivership Parties (the “Operators”), Sahota Capital LLC, and/or Barron Energy Corporation.*
- 5. The Receiver proposes a final distribution of \$650,000 on a pro rata basis to allowed claimants against one or more of the Operators (Class 5).*
- 6. A disbursement will not be made on disputed claims until an allowed claim amount is determined by the Court. If you did not receive an objection to your claim, then there is no need to take any additional action.*
- 7. The Receiver proposes to reserve sufficient assets to ensure the payment of allowed claims in Classes 1-3 and estimated tax liabilities for the past, 2024, and future tax years. The Receiver also requests authority to make a push-out election for Heartland Receivership partnerships in the event that there is an audit by the Internal Revenue Service.*
- 8. If the Court approves a distribution, all allowed claimants must provide the Receiver with a completed and signed IRS Form W-9, which is available online*

¹ This summary is not intended to be a substitute for reviewing the Receiver’s proposed distribution plan in the Distribution Motion. You should carefully review the Distribution Motion in its entirety. The Distribution Motion shall govern with respect to any inconsistencies contained herein.

at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>. If you do not have access to the Internet, please call 210-554-5845 to request a mailed IRS Form W-9. The completed and signed IRS Form W-9 for can be mailed to Dykema Gossett PLLC c/o Heartland Receivership, 112 East Pecan Street, Suite 1800, San Antonio, Texas 78205 or emailed to heartlandreceivership@dykema.com. The Receiver will only issue distribution checks directly to the allowed claimant.

If and when the Receiver collects additional funds and/or the Heartland Receivership closes, the Receiver will propose future distribution(s) to the Court. Based on current information, the Receiver does not believe that the ultimate recovery will be sufficient to return the full amount of principal contributions to Heartland investors and pay in full all claims of non-investor creditors.

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 has and will continue to submit her recommendations to the Court. Ultimately, the Court will be responsible for considering and approving the Receiver's proposed 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 proposed 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 deadline for submission of claims, if necessary, is February 5, 2024, at 11:59 p.m. Central (the "Claims Bar Date"). You should follow the instructions carefully to ensure timely submission. Investors received a notice of the Receiver's Net Transaction Amount on November 20, 2023. Any investor who disagrees with the proposed Net Transaction Amount and all other creditors must timely submit a claim and supporting documentation. The claim submission deadline has passed, and the Receiver is working on claims reconciliation so that a distribution can be proposed to the Court.

A summary of the Receiver's proposed distribution plan is detailed above.

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.

Known investors were mailed and emailed (where available) an investor notice with instructions and a proof of claim form, including a personalized transaction schedule detailing investment(s) and payment/disbursement information, on November 20, 2023.

Known non-investor creditors were mailed and emailed (where available) a non-investor notice with instructions and a proof of claim form on November 20, 2023.

Investors (if necessary) and other creditors must timely submit a proof of claim and all supporting documentation so that it is actually received by Stretto, the Receiver's claims agent, on or before February 5, 2024, at 11:59 p.m. Central.

More information on the claims process can be found on the “Claims Process” page of the Receivership website. You can also email the Receiver at heartlandreceivership@dykema.com with specific inquiries.

The claim submission deadline has passed, and the Receiver is working on claims reconciliation so that a distribution can be proposed to the Court.

A summary of the Receiver’s proposed distribution plan is detailed above.

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. 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.

Any former employee or contractor of any of the Receivership Parties with a claim must submit a non-investor proof of claim and supporting documentation for any outstanding wages as of December 2, 2021. More information can be found on the “Claims Process” page of the Receivership website.

The claim submission deadline has passed, and the Receiver is working on claims reconciliation so that a distribution can be proposed to the Court.

A summary of the Receiver’s proposed distribution plan is detailed above.

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.

The Receiver will only make distributions on allowed claims in this Case with express Court approval. A summary of the Receiver’s proposed distribution plan is detailed above.

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.

Based on current information, the Receiver does not believe that the ultimate recovery will be sufficient to return the full amount of principal contributions to Heartland investors and pay in full all claims of non-investor creditors.

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 has marshalled all the assets of the Receivership Parties and obtained Court approval of a claims process, after which the Receiver will propose a distribution process to the Court. Once the Receiver completes the claims process, she will know the total amount of claims asserted against each of the Receivership Parties and can propose a distribution process to the Court for approval. You will receive notice of and can participate in any proposed distribution process.

A summary of the Receiver's proposed distribution plan is detailed above.

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. Once the claims process is complete, the Receiver will propose a distribution process for Court approval.

A summary of the Receiver's proposed distribution plan is detailed above.

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

The Court's order approved the "net" calculation method for investor claim amounts. The Receiver will object to any claim that includes interest.

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

The Receiver is aware of known investors through the Heartland books and records. If you agree with the Receiver's proposed claim amount (also called the "Net Transaction Amount"), then you do NOT need to submit a proof of claim or any supporting documentation. If an investor disputes the Receiver's Net Transaction Amount, then they will need to submit a proof of claim detailing the proposed claim amount, along with all supporting documentation, to Stretto, the Receiver's claims agent, so that it is actually received on or before February 5, 2024, at 11:59 p.m. Central. More information can be found on the "Claims Process" page of the Receivership website.

The claim submission deadline has passed, and the Receiver is working on claims reconciliation so that a distribution can be proposed to the Court.

A summary of the Receiver's proposed distribution plan is detailed above.

Should I file a claim now?

Known investors will be mailed and emailed (where available) an investor notice with instructions and a proof of claim form, including a personalized transaction schedule detailing investment(s) and payment/disbursement information, on November 20, 2023. If you agree with the Receiver's proposed claim amount (also called the "Net Transaction Amount"), then you do NOT need to submit a proof of claim or any supporting documentation. If an investor disputes the Receiver's Net Transaction Amount, then they will need to submit a proof of claim detailing the proposed claim amount, along with all supporting documentation, to Stretto, the Receiver's claims agent, so that it is actually received on or before February 5, 2024, at 11:59 p.m. Central.

Known non-investor creditors will be mailed and emailed (where available) a non-investor notice with instructions and a proof of claim form on November 20, 2023. All non-investor creditors of the Receivership Parties MUST submit a proof of claim and all supporting documentation to Stretto, the Receiver's claims agent, so that it is actually received on or before February 5, 2024, at 11:59 p.m. Central.

More information on the claims process can be found on the "Claims Process" page of the Receivership website. You can also email the Receiver at heartlandreceivership@dykema.com with specific inquiries.

The claim submission deadline has passed, and the Receiver is working on claims reconciliation so that a distribution can be proposed to the Court.

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.

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.

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?

After the Court-approved claims process is complete, the Receiver will propose a distribution process to the Court, which will be implemented upon the Court's approval.

A summary of the Receiver's proposed distribution plan is detailed above.

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: (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) 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) 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.

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. Each quarterly report is posted at <https://heartlandreceivership.com/receiver-reports>.

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

Other than Schedule K-1s for equity investors, 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.

What is the process for the sale of real estate?

The Receiver obtained Court approval to sell real property owned by the Receivership Parties. As of November 2023, the Receiver has sold a home in San Angelo, Texas, a ranch in Gordon, Texas, a commercial property in Graham, Texas, and a commercial property in Electra, Texas. The Receiver sold the last remaining piece of real property, a ranch located in Eldorado, Texas, in November 2023.

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

The Court approved sale procedures for oil and gas assets, including an auction to be conducted by EnergyNet; as of May 2023, two such sales have closed. For any oil and gas assets that were not sold via EnergyNet auction, the Receiver has requested and obtained Court authority to abandon such oil and gas properties. On October 9, 2023, the Receiver recorded Notices of Abandonment of certain oil and gas properties in seven (7) counties across Texas. The Receiver is issuing final royalty packages to those royalty owners that have provided a Tax ID number and current mailing address. The Receiver will not be responsible for any royalty payments and will not accept any revenue or production payments from purchasers on or after October 9, 2023.

In December 2022, the Court authorized the Receiver to enter into a modified farmout agreement with respect to certain wells and leases located in Val Verde and Crockett Counties, Texas. The Railroad Commission of Texas approved the transfer of operatorship of these wells and leases to SDMB Resources, LLC, as operator and "farmee" under the modified farmout agreement, in May 2023. Through March 2024, minimal production has occurred in Val Verde and Crockett Counties. The Receiver is unsure if there is any value to the Receivership Estates from the farmout agreement at this time.

The latest update on the Val Verde and Crockett Counties Farmout Agreement is contained on pages 14-15 of the Receiver's Tenth Quarterly Report for Receivership Estates

(January 1, 2024 – March 31, 2024) [ECF No. 496], which can be accessed on the “Receiver Reports” page of the website.

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.

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

The Receiver filed 2021, 2022, and 2023 tax returns for those Receivership Parties with obligations to do so. Heartland equity investors in Heartland Drilling Fund I LP and Carson Oil Field Development Fund II LP were mailed K-1’s to the equity investor’s mailing address on file. K-1’s were issued for investors where funds were traced directly to Heartland. If you were expecting a K-1 and did not receive a K-1 package in the mail, please contact heartlandreceivership@dykema.com so that the Receiver’s team can follow up.

What is the impact of the Railroad Commission of Texas Stipulation entered into by the Receiver and the Texas Office of the Attorney General on behalf of the Railroad Commission of Texas (“RRC”)?

The RRC submitted a non-investor proof of claim for liabilities relating to five (5) oil and gas operator Receivership Parties. The Receiver entered into a Stipulation with the RRC, which includes an allowed claim amount on behalf of the five (5) oil and gas operator Receivership Parties. This does not mean that the RRC will receive payment in full of its allowed claim amount before any other creditor. The Court set the Stipulation for hearing on April 15, 2024.

The Court entered the Order Approving Stipulation Between Deborah D. Williamson, Receiver and Railroad Commission of Texas [ECF No. 498] on May 3, 2024. As a result, the RRC has an allowed claim in the amount of \$7,871,365.45 against the five (5) oil and gas operator Receivership Parties.

What does the Locke Lord LLP settlement motion mean for Heartland Investors?

The Receiver entered into a settlement agreement with Locke Lord LLP, former counsel to certain Heartland Receivership Parties. The Receiver filed a motion for Court approval of the proposed settlement with Locke Lord LLP, which has been set for hearing by the Court on April 25, 2024. Service of the Locke Lord LLP settlement motion and corresponding notice of hearing was completed by Stretto, the Receiver's noticing agent, on April 4, 2024. Any response or objection to the Locke Lord settlement motion must be filed on the docket on or before April 23, 2024.

The Locke Lord LLP settlement motion requests the entry of a bar order with respect to the certain "Locke Released Parties" (as defined in the settlement agreement). If approved by the Court, the "Locke Released Parties" would be released by the Receiver and the Heartland Receivership Parties, and the Receiver would earmark the Net Settlement Proceeds (as defined in the settlement motion) for the benefit of Heartland Investors as returned capital, pending further Court approval of a distribution methodology and disbursement.

The Court approved the settlement with Locke Lord LLP and issued its Order on May 10, 2024. Any distribution of the Net Settlement Proceeds to Heartland Investors is subject to further Court approval of a distribution plan, as detailed above.