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SEC Obtains Emergency Relief, Charges Ten Entities and Five Individuals in Connection with \$122 Million Oil and Gas Offering Fraud

Litigation Release No. 25284 / December 8, 2021

*U.S. Securities and Exchange Commission v. The Heartland
Group Ventures, LLC, et al., No. 4:21-cv-01310 (N.D. TX filed
December 1, 2021)*

The Securities and Exchange Commission today announced fraud charges against The Heartland Group Ventures, LLC, Heartland Production and Recovery LLC, six other Heartland-affiliated entities, four Heartland-affiliated individuals, James Ikey, John Muratore, Thomas Brad Pearsey, Rustin Brunson, and oil and gas operators, Manjit Singh (aka Roger) Sahota, ArcoOil Corp. and Barron Petroleum LLC, in connection with five fraudulent, unregistered oil and gas offerings totaling over \$122 million. On December 2, 2021, the United States District Court for the Northern District of Texas issued a temporary restraining order against all of the defendants and relief defendants, an order freezing assets of certain defendants and relief defendants, and an order appointing a receiver over the assets of the entity defendants and certain relief defendants.

[► SEC Complaint](#)

According to the SEC's [complaint](#), which was filed under seal on December 1, 2021 and unsealed today, since at least October 2018, the Heartland-affiliated Defendants have fraudulently raised approximately \$122 million from more than 700 investors nationwide, purportedly for working over existing wells or drilling new wells in Texas, through five unregistered securities offerings—three debt funds and two equity funds. The complaint alleges that the Heartland-affiliated Defendants spent only about half of the investor funds they raised on oil and gas projects, which collectively generated less than \$500,000 in revenue. The complaint also alleges that beginning in at least 2019, the Heartland-affiliated Defendants used investor monies to make more than \$26 million in Ponzi payments to debt fund investors, and made material misrepresentations and omissions to investors regarding the oil and gas projects.

As further alleged in the complaint, the Heartland-affiliated Defendants sent a total of more than \$54 million of Heartland investors' money to Defendants Sahota, ArcoOil, and Barron Petroleum and a third Sahota entity, Relief Defendant Dallas Resources Inc., for oil and gas projects. The Sahota-related Defendants made material misrepresentations about the existing and potential production of wells, and used millions of dollars in Heartland investor funds to purchase a private jet, a helicopter, real estate in the Bahamas, and on other non-oil and gas expenditures for themselves, according to the complaint.

The SEC's complaint charges The Heartland Group Ventures, LLC, Heartland Production and Recovery LLC, as well as 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, and Alternative Office Solutions, LLC (collectively "the Heartland-Affiliated Entities"); ArcoOil Corp. and Barron Petroleum LLC; and Ikey, Muratore, Pearsey, and Sahota with violating the antifraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and aiding and abetting violations of these provisions. The complaint charges Brunson with violating the antifraud provisions of Sections 17(a)(2) and 17(a)(3) of the Securities Act. The complaint also charges the Heartland-Affiliated Entities, Ikey, Muratore, Pearsey, and Brunson with violating the registration provisions of Sections 5(a) and 5(c) of the Securities Act and aiding and abetting violations of these provisions. The SEC's

complaint seeks injunctions against future securities law violations, disgorgement of the defendants' ill-gotten gains, civil penalties, and officer and director bars against Ikey, Muratore, Pearsey, and Sahota. The SEC's complaint names the following entities and individuals as relief defendants from which it seeks disgorgement: Dodson Prairie Oil & Gas LLC; Panther City Energy LLC; Muratore Financial Services, Inc.; Bridy Ikey; Encypher Bastion, LLC; IGroup Enterprises, LLC; Harprit Sahota; Monroe Sahota; Sunny Sahota; Barron Energy Corporation; Dallas Resources, Inc.; Leading Edge Energy, LLC; Sahota Capital LLC; and 1178137 BC LTD.

The SEC's investigation, which is continuing, was conducted by Stephanie Reinhart, Jaclyn Janssen, and Rebecca Hollenbeck of the Chicago Regional Office with the assistance of Joseph Dugan in the Fort Worth Regional Office. The case was supervised by Amy Flaherty Hartman. The SEC's litigation will be led by Jonathan Polish.

Modified: December 8, 2021

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