

AMENDED¹ RECEIVER'S THIRTEENTH QUARTERLY REPORT FOR RECEIVERSHIP ESTATES (OCTOBER 1, 2024 – DECEMBER 31, 2024)

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the "Receiver") for the Receivership Parties (as defined in the Court's December 2, 2021 *Order Appointing Receiver* [ECF No. 17] (the "Receivership Order")) and receivership estates (collectively, the "Estates") in the above-captioned case (the "Case" or "Receivership"), hereby files this *Receiver's Thirteenth Quarterly Report for Receivership Estates* (the "Report") for the period October 1, 2024 through December 31, 2024.² The Receivership Order requires the Receiver to file a report within thirty (30) days of the end of each calendar quarter. Reasonable efforts have been made to fairly and accurately summarize the current status of the Receivership but any summary, of necessity, will omit details. The Receiver will be available to attend a status conference or otherwise respond to the Court's questions at the Court's request.

I. OVERVIEW

1. During this Reporting Period (defined below), the Receiver and her team spent a substantial amount of time on the distribution process, focusing on communications with various creditors, including investors (potential and known), vendors, and governmental agency contacts. The Receiver had previously obtained Court approval of the "Net Investment" or "Net Loss" distribution methodology and plan on July 1, 2024 and substantially completed the initial disbursements during this Reporting Period. *See* ECF Nos. 559, 560, 643. The Receiver also sold the last known items of personal property pursuant to Court-approved sale procedures. Additionally, the Receiver and her team continue to analyze various records relating to other potential assets and/or claims of the Estates.

¹ Amended to fix scrivener error.

² Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Receivership Order.

2. On September 11, 2024, the initial distribution was made to 938 creditors which had submitted IRS Form W-9's. \$7,220,863.05 was distributed to Class 4a, \$3,851,465.02 was distributed to Class 4b, and \$650,000.00 to Class 5 (the "September Distribution").

3. On October 17, 2024, a distribution was made to 167 creditors which had submitted IRS Form W-9's. \$985,337.44 was distributed to Class 4a and \$1,848,051.48 was distributed to Class 4b (the "October Distribution").

4. On December 11, 2024, a distribution was made to 11 creditors which had submitted IRS Form W-9's. \$34,590.07 was distributed to Class 4a and \$64,875.44 was distributed to Class 4b (the "December Distribution").

5. The Receiver and her counsel continued daily communications with investors (known and potential) and other creditors via email and phone during the Reporting Period about the status of the Case, status of Distributions, the distribution methodology and plan, and checks that were allegedly lost in the mail.

6. At the beginning of the fourth quarter of 2024, the Receiver had \$9,222,154.03 on deposit. At the end of this Reporting Period (defined below), after issuance of Court-approved distributions, and payments of operating expenses and Court-approved fees and expenses, the amount on deposit was \$3,590,061.74. As of the filing of this Report (January 27, 2025), \$2,264,738.80 is in the Receivership bank accounts.³

II. BACKGROUND

7. On December 1, 2021, the Securities and Exchange Commission (the "Commission") filed its *Emergency Motion for a Temporary Restraining Order and Emergency*

³ This balance includes checks that have been issued but not cleared.

Ancillary Relief [ECF No. 3] which included an application for the appointment of a receiver for the Receivership Parties.

8. On December 2, 2021, this Court determined that entry of an order appointing a receiver over the Receivership Parties was both necessary and appropriate to marshal, conserve, hold, and operate all of the Receivership Parties' assets (the "Receivership Assets") pending further order of this Court. Accordingly, the Court entered the Receivership Order on December 2, 2021, appointing Deborah D. Williamson as the Receiver over the Estates in this Case [ECF No. 17]. That same day, the Court entered the *Order for Temporary Restraining Order and Other Emergency Relief* [ECF No. 12] and the *Asset Freeze Order* [ECF No. 14].

9. Pursuant to the Receivership Order, the Receiver is charged with:

marshaling and preserving all the assets of the Defendants (the "Receivership Assets") and those assets of the Relief Defendants that: (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; (c) were fraudulently transferred by the Defendants; and/or (d) may otherwise be includable as assets of the estates of the Defendants (collectively, the "Recoverable Assets").

Receivership Order, ¶ 2.

10. Additionally, the Receivership Order provides:

Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (the "Quarterly Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered by the report) the existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

Receivership Order, ¶ 56.

11. The Quarterly Status Report is directed to contain the following:
 - A. A summary of the operations of the Receiver;
 - B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
 - C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
 - D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
 - E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and (ii) collecting such judgments);
 - F. A list of all known creditors with their addresses and the amounts of their claims;
 - G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and
 - H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

Receivership Order, ¶ 57.

12. As stated above, the Receiver was appointed on December 2, 2021. The Receiver previously filed the *Receiver's First Quarterly Report for Receivership Estates* [ECF No. 126] for the period of December 2, 2021 through December 31, 2021. The *Receiver's Second Quarterly Report for Receivership Estates* [ECF No. 189] was filed May 2, 2022, covering the period of January 1, 2022 through March 31, 2022. The *Receiver's Third Quarterly Report for Receivership Estates* [ECF No. 242] was filed July 30, 2022, covering the period of April 1, 2022 through June 30, 2022. The *Receiver's Fourth Quarterly Report for Receivership Estates* [ECF No. 274]

was filed October 31, 2022, covering the period of July 1, 2022 through September 30, 2022. The *Receiver's Fifth Quarterly Report for Receivership Estates* [ECF No. 320] was filed January 27, 2023, covering the period of October 1, 2022 through December 31, 2022. The *Receiver's Sixth Quarterly Report for Receivership Estates* [ECF No. 350] was filed on April 14, 2023, covering the period of January 1, 2023 through March 31, 2023. The *Receiver's Seventh Quarterly Report for Receivership Estates* [ECF No. 386] was filed on August 14, 2023, covering the period of April 1, 2023 through June 30, 2023. The *Receiver's Eighth Quarterly Report for Receivership Estates* [ECF No. 426] was filed on October 30, 2023, covering the period of July 1, 2023 through September 30, 2023. The *Receiver's Ninth Quarterly Report for Receivership Estates* [ECF No. 452] was filed on January 30, 2024, covering the period of October 1, 2023 through December 31, 2023. The *Receiver's Tenth Quarterly Report for Receivership Estates* [ECF No. 496] was filed on April 30, 2024, covering the period of January 1, 2024 through March 31, 2024. The *Receiver's Eleventh Quarterly Report for Receivership Estates* [ECF No. 571] was filed on July 16, 2024. The *Receiver's Twelfth Quarterly Report for Receivership Estates* [ECF No. 601] was filed on October 17, 2024. This Report covers the period of October 1, 2024 through December 31, 2024 (the "Reporting Period"). Certain information or activity subsequent to September 30, 2024, may be included for context and/or completeness.

13. One or more of the Heartland-related Receivership Parties raised tens of millions of dollars in the form of short-term promissory notes and equity investments ultimately for the benefit of the various Defendants and/or the various Relief Defendants. The holders of those notes and equity investments are generally referred to as "creditors" and/or "investors" in this Report.⁴

⁴ Any reference to "investor" is not intended to categorize or characterize any claim.

Claims Procedure Summary

14. On July 1, 2024, U.S. District Judge O'Connor entered the *Order Accepting Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 561] and the *Order Sustaining Receiver's Omnibus Objection to Claim Submissions Pursuant to Court-Approved Claims Procedure* [ECF No. 562] (the "Claims Objection Order"). In accordance with the Claims Procedure Order, 734 investor claims are allowed with a total liability of **\$98,790,420.27**. Similarly, 36 non-investor claims are allowed with a total liability of **\$8,601,718.94**. The combined investor and non-investor allowed claim amounts in this Case total **\$107,392,139.21**.

Distribution Plan Summary

15. 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 requested Court approval of the "Net Investment" (also known as the "Net Loss") distribution method for any interim and/or final distributions on allowed claims in this Case and proposed the distribution plan summarized below. The Court considered the Distribution Motion, including the Receiver's proposed distribution plan on June 6, 2024.

16. On June 14, 2024, U.S. Magistrate Judge Ray entered the *Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 555], recommending that U.S. District Judge O'Connor grant the Distribution Motion.

17. On July 1, 2024, U.S. District Judge O'Connor entered the *Order Accepting Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 559] and the *Order Granting Receiver, Deborah D. Williamson's Motion for Order Approving Distribution Plan and Interim and/or Final Distribution* [ECF No. 560] (together, the

“Distribution Orders”), which granted the Receiver’s Distribution Motion, including the distribution plan summarized below.

- A. The distribution plan contains 9 classes of claimants based on the claimant’s relationship to one of more of the 18 Receivership Parties. The Court authorized the exclusion from any Court-approved distribution claim amounts arising from or relating to Texas International Energy Production, Inc. (“TIEP”). Further, the Court authorized the subordination of any “Insider” claims.
- B. The Court permitted the pooling of certain Receivership assets for distribution purposes and approved 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.
- C. The Court authorized a distribution of 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 (“Locke Lord”).
- D. The Court authorized 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.
- E. The Court authorized a final distribution of \$650,000 on a *pro rata* basis to allowed claimants against one or more of the Operators (Class 5).
- F. The Receiver is reserving 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 Court authorized the Receiver to make a push-out election for Heartland Receivership partnerships in the event that there is an audit by the Internal Revenue Service (the “IRS”).
- G. All allowed claimants must provide the Receiver with a completed and signed IRS Form W-9, which is available online 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 form 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 Court ordered that the Receiver only issue distribution checks directly to the allowed claimant.**

18. During this Reporting Period, the initial distribution checks were issued on September 11, 2024 to Class 4a, Class 4b, and Class 5 allowed claimants that remitted a completed and signed IRS Form W-9. The second batch of checks for 167 investors who submitted completed and signed IRS Form W-9 was issued in October 17, 2024. The third batch of checks for 11 investors who submitted a completed and signed IRS Form W-9 was issued on December 11, 2024. As of filing this Report, there are 20 investors who have not submitted a completed and signed IRS Form W-9. The Receiver has filed the *Receiver's Motion For Authority to Forfeit Investor Distribution for Failure to Timely Submit Completed and Signed IRS Form W-9* [ECF No. 663] seeking Court approval to deem those investors to have forfeited any right to distribution.

19. If and when the Receiver determines that additional funds are available for distribution and/or the Heartland Receivership closes is finally closed, the Receiver may propose future distribution(s). **The Receiver does not believe that there will be another significant distribution to investors or other creditors absent a recovery from Val Verde and Crockett counties, the Defendants and/or Relief Defendants, and/or a favorable resolution with the IRS.**

20. **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.**

III. GENERAL OVERVIEW

21. The Receivership Parties were generally in the business of investing in, purchasing, operating, and producing oil and gas assets. Certain Receivership Parties also own (or owned) real estate and other property. The Receiver has continued to actively recover and investigate assets

and liabilities of the Receivership Estates. In prior quarters, the Receiver has taken possession of and sold two aircraft, vehicles, multiple pieces of oil field and construction equipment, real property, Dallas Cowboy tickets, and personal property and abandoned hundreds of operating and non-operating wells that could not be sold, pursuant to Court-approved sale procedures. The Receiver has obtained and preserved hard and electronic data from multiple locations controlled by one or more Receivership Parties, their former counsel, and in Panama. The Receiver and her team have analyzed thousands of documents, including, but not limited to, oil and gas documentation, bank account statements, and document production from various parties in interest. The Receiver and her team prepared for and participated in a mediation and entered into a mediator's proposal, which, ultimately, resulted in the settlement of significant causes of action, including Locke Lord. The Receiver has worked with various counsel, including, but not limited to, her lead counsel, Dykema Gossett PLLC ("Dykema"), Romero | Kosub, the Law Practice of Darrell R. Jones, PLLC, and Reid Collins Tsai LLP ("Reid Collins"). The Receiver has also worked closely with Ahuja & Clark, PLLC n/k/a Ahuja & Consultants, Inc. ("A&C") on tax, accounting, and tracing issues, and Vicki Palmour Consulting LLC ("Palmour") on regulatory, compliance, abandonment, and escheatment issues. Many of the tasks performed by the Receiver apply equally to each of the Receivership Estates. Accordingly, the statements and reports contained within this Report should be read to apply equally to each of the Receivership Estates, except where specifically noted to apply to a specific Receivership Estate.

IV. REPORT

A. TAX AND FORENSIC ACCOUNTING ISSUES.

22. During the Reporting Period, with respect to tax matters, A&C assisted in responding to numerous notices from the IRS and other governmental authorities for various

Receivership Parties. A&C working with the Receiver's Counsel at Dykema, identified various tax returns were not filed, including going back to 2018.

23. The Receiver is still attempting to reach a resolution with the IRS that waives or otherwise subordinates any claims for interest, penalties or other charges for the unpaid taxes asserted against Barron Petroleum LLC.

24. With respect to forensic accounting, A&C aided the Receiver's counsel throughout the disbursement process. A&C continued tracing funds relating to the purchase of the Bahamas properties and analysis documentation on same.

25. The Receiver was informed that the California Franchise Tax Board is demanding the filing of pre-Receivership tax returns for certain Receivership Parties, although the entities involved have no discernable activities in California and the Receiver is aware of no other California taxation nexus. On December 17, 2024, to her knowledge, the Receiver has filed and paid all delinquent pre-Receivership tax returns to the California Franchise Tax Board and paid the required fees.

a. Payroll Taxes.

26. With the assistance of A&C, as of the filing of this Report the Receiver believes she has filed all delinquent returns. The Receiver believes she has paid all delinquent payroll taxes due for Barron Petroleum Group LLC, Alternative Office Solutions LLC, and The Heartland Group Ventures, LLC. Payroll taxes for the second quarter of 2021 for Barron Petroleum LLC were paid in January 2025. The payment generally do not include penalties and interest. The Receiver continues to try to reach a resolution with the IRS regarding remaining delinquent amounts.

B. CASH ON HAND/ADMINISTRATIVE EXPENSES.

27. The Receiver has endeavored to pay all ordinary course administrative expenses, including, but not limited to professional fees to Retained Personnel (to the extent allowed by the Court). The Receiver continues to be cost conscious while balancing the need to protect the value of Receivership Assets and the needs of creditors, investors, and other stakeholders, and such expenses have decreased in this Reporting Period.

a. Termination of Business Receivership Entities.

28. With the assistance of A&C, the Receiver has begun to identify entities under the Receivership which can be terminated.

29. On December 10, 2024, the Receiver filed a *Notice of Proposed Termination of Receivership Party* for Receivership Parties Alternative Office Solutions, LLC [ECF No. 633], Barron Energy Corporation [ECF No. 630], Leading Edge LLC [ECF No. 631], and Dodson Prairie Oil & Gas LLC [ECF No. 632]. The Receiver did not receive any objections and has filed a *Certificate of No Objection* for Receivership Parties Alternative Office Solutions, LLC [ECF No. 642], Barron Energy Corporation [ECF No. 639], Leading Edge LLC [ECF No. 640], and Dodson Prairie Oil & Gas LLC [ECF No. 641].

30. On December 12, 2024, the Receiver filed a *Notice of Proposed Termination of Receivership Party* for Receivership Party Panther City Energy, LLC [ECF No. 635]. The Receiver did not receive any objections and has filed a *Certificate of No Objection* for Receivership Party Panther City Energy, LLC [ECF No. 644].

31. On January 7, 2025, the Receiver filed a *Notice of Proposed Termination of Receivership Party* for Receivership Party Sahota Capital, LLC [ECF No. 650]. The Receiver has not received any objections to date.

32. On January 7, 2025, the Receiver filed a *Notice of Proposed Termination of Receivership Party* for Receivership Party 1178137 B.C. LTD. [ECF No. 651]. The Receiver has not received any objections to date.

33. On January 8, 2025, the Receiver filed a *Notice of Proposed Termination of Receivership Party* for Receivership Party Heartland Production and Recovery, LLC [ECF No. 653]. The Receiver has not received any objections to date.

34. On January 8, 2025, the Receiver filed a *Notice of Proposed Termination of Receivership Party* for Receivership Party Heartland Production and Recovery Fund, LLC [ECF No. 654]. The Receiver has not received any objections to date.

35. On January 8, 2025, the Receiver filed a *Notice of Proposed Termination of Receivership Party* for Receivership Party Heartland Production and Recovery Fund II, LLC [ECF No. 655]. The Receiver has not received any objections to date.

D. RECEIPTS AND DISBURSEMENTS.

36. On October 17, 2024, the Receiver issued checks totaling \$2,833,388.92 to claimants in Class 4 and Class 4a to claimants who has not received payments in September. In Class 4a, \$985,337.44 was issued to 167 claimants. In Class 4b, \$1,848,051.48 was issued to 167 claimants.

37. On December 27, 2024, the Receiver issued checks totaling \$99,465.51 to claimants in Class 4 and Class 4a who has not received payments in September or October. In Class 4a, \$34,590.07 was issued to 11 claimants. In Class 4b, \$64,875.44 was issued to 11 claimants.

38. On January 3, 2025, the Receiver sent a final correspondence to the 23 claimants who have not submitted an IRS Form W-9 providing a January 31, 2025 deadline to submit a

completed and signed IRS Form W-9. The Receiver anticipates filing pleadings with the Court to seek approval to forfeit any right to distribution for failure to submit IRS Form W-9.

E. RECEIVERSHIP PROPERTY.

a. ESI and Documents.

39. Dykema created and continues to host a Relativity Epiq platform to store scanned and/or imaged documents so that the documents can be easily reviewed, tagged, and organized for optimal efficiency. Various Retained Personnel utilize this platform on a routine basis related to their scope of work.

b. Real Estate.

40. As previously reported, immediately upon being appointed, the Receiver took possession of or obtained access to certain locations, including the Heartland office located in Fort Worth, Texas; the Barron Petroleum LLC, Leading Edge Energy LLC, Dallas Resources, Inc. (“Dallas Resources”), and ArcoOil Corp. offices in Graham, Texas, as well as the Graham yard, which was sold before this Reporting Period; an office and storage location in Electra, Texas (the “Electra Office”), which was sold before this Reporting Period; the ranch in Eldorado, Texas (previously occupied by Defendant Manjit Singh (aka Roger) Sahota (“Roger”), his wife, Relief Defendant Harprit Sahota, and his son, Relief Defendant Monroe Sahota), which was sold before this Reporting Period; the home in San Angelo, Texas, owned by Dallas Resources (previously occupied by Relief Defendant Sunny Sahota (“Sunny”) and his family, which was sold before this Reporting Period); and a ranch located off FM 919 in Palo Pinto County, Texas, owned by Dallas Resources, which was sold before this Reporting Period. As of the filing of this Report, the Receiver believes she has sold all domestic real property directly owned by any Receivership Party.

i. Bahamas Properties.

41. There are at least two (2) properties in the Bahamas where funds related to their acquisition can be traced to one or more Receivership Parties. Sunny previously testified in Court that title to two of the properties were in his name and his brother's name. Roger asserted in one or more pleadings that "the Sahotas" acquired the Bahama properties. The Receiver has requested that the Sahota-related parties cooperate in transferring control and title to the Receiver. To date, the Sahotas have not done so. A&C is performing forensic accounting analysis on the Bahamas properties payments. The Receiver anticipates filing pleadings with the Court in January 2025 seeking to compel the transfer of title or otherwise to recover the Bahamian properties for the Estates.

ii. Guatemala Properties.

42. The Receiver understands that there may be Receivership Assets in Guatemala. Upon information and belief, one or more of the Heartland Parties spent more than \$490,000.00 on investments in jade and land in Guatemala where jade can allegedly be mined.

c. *Oil and Gas Properties.*

43. There were hundreds of wells located across multiple leases in Texas. The oil and gas assets are not as valuable as the investors were led to believe. Abandonment of the unsold oil and gas properties (exclusive of Val Verde and Crockett counties) pursuant to Court Order occurred during prior reporting periods. During this Reporting Period, the Receiver and her advisors have continued to spend time addressing issues raised by third parties regarding the Val Verde and Crockett counties oil and gas properties, which are subject to the Court-approved modified farmout agreement.

i. Val Verde and Crockett Counties Farmout Agreement.

44. The operations of SDMB Resources LLC (“SDMB”), as farmee and contract operator, in Val Verde and Crockett counties have continued to deliver very little production. As of June 2024, production has ceased, and SDMB terminated its contracts with gas gathering companies. SDMB asserts that it continues to address operational issues in hopes of increasing the production and seeking replacement gathering companies. To date, the Receiver has received *de minimis revenue* in relation to the Court-approved modified farmout agreement.

45. The primary term of an oil and gas lease is the time period during which no action or incremental investment is required of the “lessee” (here, SDMB) to maintain the lease in force and effect. The last of the primary terms of the Val Verde Leases appears to have expired on April 1, 2024, some of which were extended from their original expiration date by agreement between SDMB and the respective lessors of the Val Verde Leases. There continues to be minimal, if any, production of natural gas from various wells on the Val Verde Leases, and the Receiver is holding *de minimis gross revenue* from the sales thereof that she believes is all revenue paid from the Val Verde Leases. However, it is yet to be determined whether SDMB has preserved the Val Verde Leases in force and by the combination of production from the Val Verde Leases and operations upon the wells intended to reestablish or enhance production. The determination of whether an oil and gas lease is held in force and effect by production from and/or operations upon the respective lease’s wells is lease-specific and factually sensitive. The Receiver has not formed an opinion on this as of the date of filing this Report.

46. Mechanics and materialman’s liens and delinquent trade debt claims have been asserted against the Val Verde Leases and the wells thereon allegedly as a result of SDMB failing to pay its vendors/contractors for services rendered on the Val Verde Leases. To date, the Receiver,

through her counsel, has received multiple notices of intent to file Texas mineral liens and/or mineral lien affidavits, which were sent to SDMB and Receivership Party The Heartland Group Ventures, LLC (“Ventures”).

47. The Receiver and her team continue to communicate with SDMB regarding issues relating to the Court-approved modified farmout agreement.

d. Equipment and Vehicles.

48. As of the date of filing this Report, the Receiver believes she has sold all equipment and vehicles owned by any Receivership Party.

F. BENEFICIAL OWNERSHIP INFORMATION (“BOI”) REPORT

49. Under the Corporate Transparency Act (“CTA”), beneficial owners of reporting entities are required to report beneficial ownership information (“BOI”) to FinCEN. In order to file the BOI report, the Receiver would need copies of identifying documents and the current address of the Sahota Defendants and Relief Defendants.

50. On December 23, 2024, the United States Court of Appeals for the Fifth Circuit (the “Fifth Circuit”) revived the immediate enforcement of the CTA and required reporting compliance by January 13, 2024. The Receiver and A&C spent a substantial amount of time during this Reporting Period trying to come into quickly compliance with the CTA’s reporting requirement, however on December 26, 2024, the Fifth Circuit reversed the December 23rd decision and reinstated the preliminary injunction. On January 23, 2025, the Supreme Court of the United States reversed the Fifth Circuits December 26th decision and reinstated the CTA’s

reporting requirement. The Receiver and her team have resumed efforts to file report by the FinCEN deadline.

G. CLAIMS HELD BY RECEIVERSHIP PARTIES.

51. The Receiver and her team continue analyzing potential causes of action held by various Receivership Parties.

H. KNOWN CREDITORS.

52. The Receiver is aware of “recurring charges” creditors, such as internet service providers, utilities, storage units, and telephone services. The Receiver has terminated these services, if appropriate, and resolved the final amount/number of claims of those service providers.

53. The Receiver has compiled a list of known individuals and entities who are creditors and/or investors in the Receivership Parties (or one of its investment vehicles). According to the records located by the Receiver, there are approximately 726 investors that loaned funds to or invested in one or more of the Receivership Parties (and its related investment vehicles), exclusive of any “roll overs.” A&C has completed verification of the amount each known investor has invested or otherwise advanced. The Receiver worked diligently on the Court-approved claims procedure and completed informal objections to claim submissions, where appropriate, during the prior reporting period. During this Reporting Period, the Receiver continued issuance of Court-approved distributions to allowed claimants in Classes 4 and 5 who remitted a completed and signed IRS Form W-9, as detailed above.

54. Since her appointment, the Receiver received thousands of phone calls, voicemails, and emails from investors, employees, and other interested parties. The Receiver set up an informational website and a dedicated email address for the Case: www.heartlandreceivership.com. The Receiver’s counsel continually updates the website with investor communications, “frequently asked questions” (“FAQs”), key court documents, notices,

and reports. During this Reporting Period, the Receiver's team communicated frequently with the Receiver's claims agent, vendors, investors, and other creditors regarding the distribution process.

I. ADMINISTRATIVE ACTIONS.

55. As stated above, a website has been created to provide information to investors and creditors regarding the status of the Case: www.heartlandreceivership.com. The FAQs should answer the most common questions related to the Case. The FAQs, along with the other sections of the website, allow the Receiver to quickly, inexpensively, and broadly convey information regarding the Case. The Receiver continues to update the website on a rolling basis as information becomes available.

56. An email address was created for direct communication by investors and other parties in interest: heartlandreceivership@dykema.com. The email address was initially being monitored by attorneys at Dykema but is now primarily being monitored by a paralegal, who forwards those emails that require the attention of the Receiver or a Dykema attorney.⁵

J. RECEIVER'S RECOMMENDATIONS.

57. The IRS has a three (3) year period to audit tax returns. Final tax returns will be prepared by A&C. The Receiver does not foresee any need to seek Court intervention regarding this issue.

58. The Receiver anticipates filing pleadings with the Court in January 2025 to compel the transfer of title to the Bahamian properties to the Estates. It is the Receiver's belief that the transfer of title will be a pleading in a newly opened related case, this case may be administratively closed while the related case proceeds.

⁵ Ms. Douglas has been the point of contact with inquiries with respect to the Court-approved distribution plan.

59. The Receiver has begun terminating or cancelling Receivership Entities. As of the filing of this Report, the Receiver has not received any objections by any members, partners, or people with claims of ownership for the Receivership Entities and does not foresee Objection's to potential terminations being filed. If an Objection is filed, the Court may need to make a determination of whether to sustain or overrule the Objection.

60. The Receiver has recovered control of readily identifiable assets and operations and liquidated all or substantially all real and personal property. The Receiver believes that any actions that she may be able to obtain any necessary Court approval prior to the administrative closing of this case.

Dated: January 27, 2025

Respectfully submitted,

By: /s/ Dominique A. Douglas
Danielle R. Behrends
State Bar No.24086961
dbehrends@dykema.com
Dominique A. Douglas
State Bar No.21434409
ddouglas@dykema.com
DYKEMA GOSSETT PLLC
112 East Pecan Street, Suite 1800
San Antonio, Texas 78205
Telephone: (210) 554-5500
Facsimile: (210) 226-8395

and

Rose L. Romero
State Bar No. 17224700
Rose.Romero@RomeroKozub.com
LAW OFFICES OF ROMERO | KOZUB
235 N.E. Loop 820, Suite 310
Hurst, Texas 76053
Telephone: (682) 267-1351

COUNSEL TO RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on January 27, 2025, the foregoing document was served via CM/ECF on all parties appearing in this case, including counsel for Plaintiff Securities and Exchange Commission.

/s/ Dominique A. Douglas
Dominique A. Douglas

EXHIBIT A

RECEIPTS AND DISBURSMENTS

		Current Period (10/01/2024 - 12/31/2024)	Cumulative
1. CASH AT BEGINNING OF PERIOD			
	*3863 IBC Account	\$ 604,375.13	
	*1565 Western Alliance Account	\$ 257,176.47	
	*0955 Western Alliance Sweep Account	\$ 2,368,062.80	
	*4056 Western Alliance Account (Account Opened)	\$ 3,902,309.59	
	*0216 Western Alliance Account (Account Opened)	\$ 23,108.41	
	*2548 Western Alliance Account (Account Opened)	\$ 2,067,121.63	
	*3898 IBC Account (Account Closed)	\$ -	
	*7536 IBC Account (Account Closed)	\$ -	
		\$ 9,222,154.03	
2. RECEIPTS			
<i>*3863 IBC Account</i>			
	11/14/2024 - Texas Comptroller - Refund	\$ 58.78	
	11/18/2024 Transfer from *1565: \$250,000.00		
	Total Deposits to *3863	\$ 58.78	\$ 14,475,687.22
<i>*1565 Western Alliance Account</i>			
	10/31/2024 Interest Income	\$ 311.27	
	10/31/2024 Transfer from *2548: \$1,965.91		
	10/31/2024 Transfer from *0216: \$13.17		
	11/18/2024 Transfer from *0955: \$250,000		
	11/30/2024 Transfer from *0216: \$0.93		
	11/30/2024 Interest Income	\$ 260.25	
	12/01/2024 Transfer from *2548: \$713.92		
	12/02/2024 Interest Income	\$ 236.58	
	12/31/2024 Transfer from *2548: \$343.86		
	Total Deposits to *1565	\$ 808.10	\$ 37,656.84
<i>*0955 Western Alliance Sweep Account</i>			
	10/01/2024 Interest Income	\$ 2,966.93	
	11/01/2024 Transfer from *1565: \$2,290.35		
	11/29/2024 Interest Income	\$ 2,483.38	
	12/02/2024 Transfer from *1565: \$975.10		
	12/31/2024 Interest Income	\$ 2,080.41	
	Total Deposits to *0955	\$ 7,530.72	\$ 197,446.34
<i>*4056 Western Alliance Account</i>			
	10/01/2024 Interest Income	\$ 11,367.19	
	10/02/2024 Bank Fee Refund	\$ 20.00	
	11/01/2024 Interest Income	\$ 3,710.08	
	12/01/2024 Interest Income	\$ 1,322.26	
	Total Deposits to *4056	\$ 16,419.53	\$ 9,419,249.15
<i>*0216 Western Alliance Account</i>			
	10/31/2024 Interest Income	\$ 13.17	
	11/30/2024 Interest Income	\$ 0.93	
	Total Deposits to *0216	\$ 14.10	\$ 2,972.20
<i>*2548 Western Alliance Account</i>			
	10/02/2024 Bank Fee Refund	\$ 20.00	
	10/31/2024 Interest Income	\$ 1,965.91	
	11/30/2024 Interest Income	\$ 713.92	
	12/31/2024 Interest Income	\$ 343.86	
	Total Deposits to *2548	\$ 3,043.69	\$ 25,790.81
<i>*3898 IBC Account (Account Closed)</i>			
		\$ -	
	Total Deposits to *3898	\$ -	\$ 1,439,917.28
<i>*7536 IBC Account (Account Closed)</i>			
		\$ -	
	Total Deposits to *7536	\$ -	\$ 0.01
3. TOTAL RECEIPTS			
		\$ 27,874.92	\$ 25,598,719.85
4. TOTAL CASH AVAILABLE FOR OPERATIONS			
(Line 1 + Line 3)			
		\$ 9,250,028.95	

RECEIPTS AND DISBURSMENTS

	Current Period (10/01/2024 - 12/31/2024)	Cumulative
5. DISBURSEMENTS		
<i>*3863 IBC Account</i>		
10/01/2024 Wire to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
10/17/2024 Check #1341 to US Treasury - Taxes	\$ 105,038.44	
10/17/2024 Check #1342 to US Treasury - Taxes	\$ 25,869.51	
10/21/2024 Check #1345 to US Treasury - Taxes	\$ 15.21	
10/21/2024 Check #1347 to US Treasury - Taxes	\$ 2,300.61	
10/21/2024 Check #1343 to US Treasury - Taxes	\$ 3,758.14	
11/01/2024 Wire to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
11/13/2024 Check #1348 to Contract Oil & Gas Operations LLC - Professional Fees	\$ 5,626.00	
11/18/2024 Check #1354 to Ahuja & Consultants - Professional Fees	\$ 45,214.50	
11/18/2024 Check #1357 to Dykema Gossett PLLC - Receiver & Legal Fees	\$ 233,868.10	
11/18/2024 Check #1356 to Vicki Palmour Consulting, LLC - Professional Fees	\$ 850.00	
11/18/2024 Check #1358 to Law Practice of Darrell R Jones PLLC - Professional Fees	\$ 2,697.00	
12/02/2024 Wire to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
12/06/2024 Check #1355 to Stretto - Professional Fees	\$ 39,323.56	
12/06/2024 Check #1359 to US Treasury - Taxes	\$ 8,956.90	
12/06/2024 Check #1360 to US Treasury - Taxes	\$ 15,520.40	
12/06/2024 Check #1362 to Texas State Comptroller - Taxes	\$ 50.00	
12/20/2024 Check #1361 to Wyoming Secretary of State - Filing Fees	\$ 60.00	
Total Disbursements from *3863	\$ 490,648.37	\$ 7,020,588.11
<i>*1565 Western Alliance Account</i>		
10/01/2024 Transfer to *0955: \$7,176.47		
11/01/2024 Transfer to *0955: \$2,290.35		
11/18/2024 Wire to *3863: \$250,000.00		
12/02/2024 Transfer to *0955: \$975.10		
Total Disbursements from *1565	\$ -	\$ -
<i>*0955 Western Alliance Sweep Account</i>		
11/18/2024 Transfer to *1565: \$250,000		
Total Disbursements from *0955	\$ -	\$ -
<i>*4056 Western Alliance Account (Account Opened)</i>		
Q4 - Distribution Payments Cleared	\$ 1,719,219.32	
10/31/2024 Transfer to *4056: \$3,710.08		
11/30/2024 Transfer to *4056: \$1,322.26		
11/30/2024 Transfer to *4056: \$643.57		
Total Disbursements from *4056	\$ 1,719,219.32	\$ 7,196,969.66
<i>*0216 Western Alliance Account</i>		
10/31/2024 Transfer to *1565: \$13.17	\$ 23,108.41	
11/30/2024 Transfer to *1565: \$0.93		
Total Disbursements from *0216	\$ 23,108.41	\$ 650,000.00
<i>*2548 Western Alliance Account</i>		
Q4 - Distribution Payments Cleared	\$ 951,381.47	
10/31/2024 Transfer # to *1565: \$1,965.91		
12/01/2024 Transfer # to *1565: \$713.92		
12/31/2024 Transfer # to *1565: \$343.86		
Total Disbursements from *2548	\$ 951,381.47	\$ 3,884,259.84
<i>*3898 IBC Account (Account Closed)</i>		
Total Disbursements from *3898	\$ -	\$ 781,215.86
<i>*7536 IBC Account (Account Closed)</i>		
Total Disbursements from *7536	\$ -	\$ 15.00
Total Disbursements from *7536	\$ 3,184,357.57	\$ 19,533,048.47
6. TOTAL DISBURSEMENTS		
7. ENDING CASH BALANCE		
(Line 4 - Line 6)		
*3863 IBC Account	\$ 363,785.54	
*1565 Western Alliance Account	\$ 250,580.44	
*0955 Western Alliance Sweep Account	\$ 2,136,035.44	

RECEIPTS AND DISBURSMENTS

	Current Period (10/01/2024 - 12/31/2024)	Cumulative
*4056 Western Alliance Account	\$ 495,752.05	
*0216 Western Alliance Account (Account Closed)	\$ -	
*2548 Western Alliance Account	\$ 214,399.82	
*3898 IBC Account (Account Closed)	\$ -	
*7536 IBC Account (Account Closed)	\$ -	
	\$ 6,065,671.38	\$ 6,065,671.38