

**RECEIVER'S REPORT REGARDING *ORDER* SETTING STATUS CONFERENCE
ON JANUARY 8, 2025, AT 4:00 P.M. [ECF NO. 645]**

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 Report Regarding Order Setting Status Conference on January 8, 2025 at 4:00 p.m.*¹

I. BACKGROUND

1. On December 1, 2021 (the “Application Date”), the Securities and Exchange Commission (the “Commission”) filed its *Emergency Motion for a Temporary Restraining Order and Emergency Ancillary Relief* [ECF No. 3] which included an application for the appointment of a receiver for the Receivership Parties (the “Application”).

2. 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.

3. On December 31, 2024, 2024, the Court entered an *Order* resetting the January 9, 2025 Status Conference to January 8, 2025 at 4:00 p.m. [ECF No. 645]. The Receiver filed the

¹ Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Receivership Order.

Notice of Hearing and Service of Court Order Setting Status Conference on January 8, 2025 at 4:00 p.m. [ECF No. 646] on January 2, 2025.

II. REPORT

A. TAXES

4. The Receiver discovered that not all tax returns had been filed for periods preceding her appointment. Pursuant to 31 U.S.C. § 3713(b) she is (a) arguably responsible for filing all returns (regardless of when due) with the Internal Revenue Service (the “IRS”) and (b) that there may be personal liability if certain taxes are not paid.

5. Of particular concern was the Sahota-related Receivership Parties. The books and records for Receivership Party Barron Petroleum LLC (“Barron Petroleum LLC”) stated that payments had been made for payroll taxes. However, the Receiver received notices from the IRS indicating that while some of the related returns had been filed, payments had not been made by Barron Petroleum LLC prior to this Receivership.

6. As a result, the Receiver directed Court-approved accountants Ahuja & Consultants, Inc. (“A&C”) to investigate what payments had been made or not made by any Receivership Party. As a result of that investigation, it was discovered that certain payments had not been made by Barron Petroleum LLC and Alternative Office Solutions, LLC (“AOS”) and that the IRS was asserting claims for interest, penalties, and other charges in addition to the full amount of the taxes.

7. Unpaid taxes asserted against Barron Petroleum LLC have now been paid—totaling \$130,907.95—but the Receiver would like to attempt to reach a resolution with the IRS that waives or otherwise subordinates any claims for interest, penalties or other charges.

8. The Receiver has now filed all federal tax returns that she has identified as unfiled for all Receivership Parties where she has an arguable obligation to file.²

9. To that end, she has attempted to identify relevant IRS personnel with whom to have settlement negotiations but has been unable to make any progress in identifying a person (or persons) with authority to reach a final resolution with the IRS.

10. Further, the period for the IRS to challenge a tax return is generally three (3) years. The Receiver cannot make a final distribution until it is determined whether there are any additional taxes or other claims asserted by or are due to the IRS.

11. 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 filed and paid all delinquent pre-Receivership tax returns to the California Franchise Tax Board and paid the required fees.

B. DISTRIBUTION STATUS

12. On December 27, 2024, the Receiver made a distribution to 11 Allowed Class 4a and 4b Claimants who did not receive a distribution in September or October and whose completed and signed IRS Form W-9 was received on or before December 20, 2024. Claimants who received the December Distribution did not receive a distribution in September or October.

13. As of January 2, 2025, there is one (1) investor who has outstanding check(s) from the September 11, 2024 distribution. Pursuant to Paragraph 6 of this Court's *Order Granting*

² The taxes payroll due for the period ending June 30, 2021 have not been paid. The Receiver will pay the actual taxes upon notice from the IRS of the amounts due.

Receiver, Deborah D. Williamson's Motion for Order Approving Distribution Plan and Interim and/or Final Distribution [ECF No. 560] (the "Distribution Order"), this check became stale on or about December 10, 2024. Ms. Dominique Douglas has made three attempt to contact the investors regarding the status of their distribution check(s). To date, there has been no response. On January 3, 2025, the Receiver filed a *Notice* of the Receiver's intent to forfeit the remaining investor's distribution for failure to negotiate the distribution checks within ninety (90) days [ECF No. 647].

14. As of January 6, 2025, there were eight (8) investors who have outstanding check(s) from the October 17, 2024 distribution. These will become stale on January 15, 2025. The Receiver has contacted the eight (8) investors and will reissue two (2) of the outstanding, un-negotiated check(s). Ms. Douglas will continue to attempt contact these other seven (7) investors to determine if they have received their check(s) or if they need to be reissued. If not resolved, the Receiver will file a Notice of the Receiver's intent to forfeit the distributions to these investors.

15. On December 27, 2024, the Receiver reissued seventeen (17) distribution checks from the September and October distribution that were lost in the mail, or otherwise allegedly not delivered.

16. As of January 3, 2025, there are twenty-three (23) investors with holds on their Class 4 and 4a distributions for failure to submit a completed and signed IRS Form W-9. On January 3, 2024, the Receiver mailed a sixth letter to these investors providing a January 31, 2025 deadline to submit a completed and signed IRS Form W-9. Thereafter, the Receiver intends to seek

authority from this Court³ to forfeit any and all current or future distributions for the Heartland Receivership for any investor who has not submitted an IRS Form W-9.

C. COMMISSION SETTLEMENT PAYMENTS.

17. To date, the Commission has reached certain settlements with the following Defendants and/or Relief Defendants in this Case:

<u>PAYMENT SCHEDULE FOR JUDGMENTS AGAINST RELIEF DEFENDANTS</u>		
<u>Settling Party</u>	<u>Due Date for Payment</u>	<u>Amount Due</u>
John Muratore	October 24, 2024	\$680,893.33
	January 22, 2025	\$680,893.33
	April 22, 2025	\$680,893.33
	July 21, 2025	\$680,893.33
Thomas Brad Pearsey	October 24, 2024	\$2,748,155.60
Muratore Financial Services, Inc. (joint and several with John Muratore)	October 24, 2024	\$583,505.82
	January 22, 2025	\$583,505.82
	April 22, 2025	\$583,505.82
	July 21, 2025	\$583,505.82

18. Final payments are not due until July 25, 2025.

19. No payment have been received as of the filing of this status report.

D. TERMINATION OF RECEIVERSHIP PARTIES

20. 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],

³ While the Distribution Order provided for such a forfeiture for failure to timely present checks, the Receiver did not anticipate that investors would fail and refuse to complete a W-9, hence the need for authority from this Court.

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].

21. 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].

22. The Receiver has begun the process of terminating Alternative Office Solutions, LLC, Leading Edge LLC, Dodson Prairie Oil & Gas LLC, and Panther City Energy with the Texas Secretary of State. Upon filing the Request for Certificate of Account Status with the Comptroller's office, an agent at the Comptroller's office notified the Receiver's Counsel that Dodson Prairie Oil and Gas and Panther City Energy are unable to be terminated until the natural gas account is closed. The natural gas account allegedly cannot be closed until the P-5 status from "delinquent" to "inactive". The Receiver is attempting to resolve this with the Texas Attorney General's office.

23. The Receiver has begun the process of terminating Barron Energy Corporation in Wyoming. The Receiver has received the Certificate of Dissolution from the Wyoming Secretary of State and on January 3, 2025 filed public notice in the Sheridan Press as required by the Wyoming Business Corporation Act. However, according to Section 17-16-1407(c) of the Wyoming Business Corporation Act, potential claimants must commence a proceeding to commence a claim against Barron Energy Corporation within three (3) years of the public notice

or the applicable statute of limitation. To complete dissolution, the Receiver and A&C will file the final tax return with the IRS and make any required payments.

24. The Receiver will continue to evaluate which additional Receivership Parties can be dissolved.

E. RECOVERY OF ASSETS

25. The Receiver continues to take such actions necessary to preserve Receivership while pursuing recoverable assets and other potential methods for recovery.

a. Partial Interest in Jade Mine in Guatemala.

26. Upon information and belief, a Heartland-related Receivership Party invested in a jade mine in Guatemala. The mine (or one similar to it) was the source for raw and carved jade in the possession of one or more Heartland-related Receivership Parties. The raw and carved jade sold at auction for approximately \$13,004.00 pursuant to Court-approved sale procedures. The Receiver has not personally inspected the mine, obtained an appraisal, or evidence of value of the interest. However, it is more than likely that she will seek to abandon any interest in the mine rather than incur additional expenses.

b. Properties in Bahamas.

27. Upon information and belief, \$1,462,000.00 was sent from Heartland-related Receivership Parties to Barron Petroleum LLC's, and Arcooil Corp's bank account for the purchase of properties in the Bahamas.

28. At the December 5, 2024 *Hearing*, the Court asked the Receiver if she would need to seek Leave of Court to file a complaint against the necessary parties. It is the Receiver's belief

that Paragraph 45 of the *Receivership Order* and other Receivership cases filed in this District⁴ permits her to proceed with filing a Complaint without requesting leave.

29. The Receiver is also evaluating other potential claims against one or more of the Sahota parties.

F. BENEFICIAL OWNERSHIP INFORMATION (“BOI”) REPORT

30. 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 to copies of identifying documents and the current address of the Sahota Defendants and Relief Defendants.

31. 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 substantial time trying to come into 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. The Receiver has stopped all efforts to file reports until further decisions from the Fifth Circuit or the Supreme Court of the United States.

G. OTHER INVESTIGATIONS

32. The Receiver been requested to provide information and potential testimony in connection with a state investigation into parties involved in soliciting and/or advising regarding investments in Heartland.

⁴ See *Securities and Exchange Commission v. Stanford International Bank Ltd Et Al*, Case No. 3-09CV-298-L and related cases.

33. The Receiver and her advisors have also provided information regarding Commission related claims.

34. The Receiver has no information regarding potential criminal investigations or what information (if any) will be requested.

Dated: January 6, 2025

Respectfully submitted,

By: /s/ Dominique A. Douglas

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COUNSEL TO RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on January 6, 2025, the foregoing document was served via CM/ECF on all parties appearing in this case and via email on the following unrepresented parties on this Court's docket:

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