

**RECEIVER'S TENTH QUARTERLY REPORT FOR RECEIVERSHIP ESTATES
(JANUARY 1, 2024 – MARCH 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] and receivership estates (collectively, the “Estates”) in the above-captioned case (the “Case” or “Receivership”), hereby files this *Receiver’s Tenth Quarterly Report for Receivership Estates* (the “Report”) for the period January 1, 2024 through March 31, 2024.¹ The *Order Appointing Receiver* [ECF No. 17] (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 analyzed and, where appropriate, objected to claim submissions of the Receivership Parties’ creditors in accordance with the Court-approved claims procedure; continued to identify and ultimately resolved issues with the Railroad Commission of Texas (“RRC”), which included negotiating and filing of the RRC claim stipulation between the Receiver and the RRC; identified and attempted to resolve pre-receivership reporting issues with the Texas Comptroller of Public Accounts (the “Comptroller”); held an online, public auction of personal property pursuant to Court-approved procedures; and negotiated various settlements between the Receiver and third parties, benefiting the Receivership Estates. Amounts owed for production to third parties unaffiliated with any Receivership Party

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

were identified and final royalty payments were issued. The Receiver engaged a third-party escheat vendor to commence the escheatment process with the Comptroller. A substantial amount of time was spent in the first quarter of 2024 on the claims procedure, focusing on communications with various creditors, including investors (potential and known), vendors, and governmental agency contacts, and claim analysis and allowance and/or objection, where appropriate. The Receiver will propose a distribution methodology for Court approval. The Receiver also negotiated the settlement of certain claims and causes of action of certain Heartland-related Receivership Parties with respect to former counsel, Locke Lord LLP. Additionally, the Receiver and her team continue to analyze various records relating to other potential assets and/or claims of the Estates.

2. The Receiver and her team had daily communications with investors and creditors, which steadily increased throughout the Reporting Period (defined below) as claims packages were received by investors and known non-investor creditors and claim submissions were received, both before and after the February 5, 2024 Bar Date (defined below). Specifically, during this Reporting Period, Ms. Behrends, on behalf of the Receiver, held approximately 150 telephone conferences with known and potential investors (not including those calls with non-investor creditors) regarding the claims procedure, including the proof of claim forms and questions on their respective transaction schedule and/or net transaction amount. Additionally, the Receiver and her counsel continued daily communications with investors (known and potential) and other creditors via email during the Reporting Period about the status of the Case and the claims procedure.

3. At the beginning of the first quarter of 2024, the Receiver had \$10,036,025.67 on deposit. At the end of this Reporting Period (defined below), after payments of operating expenses

and Court-approved fees and expenses, the amount on deposit was \$9,629,770.27. As of the filing of this Report (April 30, 2024), \$9,628,871.52 is in the Receivership bank accounts.

II. BACKGROUND

4. On December 1, 2021, 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.

5. 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].

6. 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, at 2.

7. 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.

8. 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.

9. 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. This Report covers the period of January 1, 2024 through March 31, 2024 (the "Reporting Period"). Certain information or activity subsequent to March 31, 2024, may be included for context and/or completeness.

10. 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.²

² Any reference to "investor" is not intended to categorize or characterize any claim.

11. Proof of claim packages, pursuant to the Court-approved claims procedure, were mailed and/or emailed, where available, to known investors, potential investors, and known non-investor creditors. Publication in regional newspapers was completed during the prior reporting period pursuant to the Court-approved claims procedure. **Any known investor that disputed a transaction schedule and/or net transaction amount and any non-investor asserting a claim against any Receivership Party was required to submit a proof of claim to Bankruptcy Management Solutions Inc. d/b/a Stretto (“Stretto”), the Receiver’s claims agent, the Receiver’s claims agent, so that it was actually received on or before February 5, 2024, at 11:59 p.m. Central (the “Bar Date”).**

12. The Receiver will provide a brief claim summary from as of the date of this Report. The Receiver has allowed 712 **investor** claims totaling **\$94,286,329.57**. The Receiver disputes 29 **investor** claim submissions, which total **\$7,405,964.19**. The total potential liability of **investor** claims is **\$101,692,293.76**. The Receiver has allowed 35 **non-investor** claims totaling **\$8,561,718.94**. The Receiver disputes 6 non-investor claims totaling **\$259,121.44**, including 2 unliquidated claims. The total potential liability of **non-investor** claims is **\$8,820,840.38**. The combined potential liability (excluding any amount for the 2 unliquidated claims) of investor and non-investor claim submissions is **\$110,513,134.14**. The Receiver will file a written, formal objection to all outstanding disputed claims on the docket in this Case as a public record, **which will expressly include investor and non-investor name, address, and all claim details**. The Court will determine any claim amount associated with the respective disputed claim at a contested hearing in Fort Worth, Texas. **Failure to appear before Judge Ray may result in the Receiver’s objection to any disputed claim being sustained.**

III. GENERAL OVERVIEW

13. 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. 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, and abandonment 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

14. During the Reporting Period, A&C prepared federal tax returns for the 2023 tax year for certain Receivership Parties with filing obligations. Specific attention to abandonment of assets, intercompany receivables, and equity investor information relevant to K-1 documentation was required. Contemporaneously, A&C prepared and filed Forms 1099-NEC for the 2023 tax year and calculated expense allocations for various Receivership Parties. A&C also assisted in responding to various notices from the Internal Revenue Service, Social Security Administration, Texas Workforce Commission, and other governmental authorities for various Receivership Parties.

15. With respect to forensic accounting, A&C aided the Receiver's counsel throughout the claims process and confirmed interest payments of investors for Heartland's investment funds, whether Heartland-related Receivership Parties received funds, and related issues. A&C also responded to the Receiver's counsel on specific investor questions and provided analysis on disputed investor claim submissions. A&C also analyzed various distribution methods and began distribution method calculations for the Receiver, in addition to drafting a declaration regarding various distribution methodologies. A&C began tracing funds relating to the purchase of the Bahamas properties and preparing tracing and analysis documentation on same.

B. INSURANCE

16. During the Reporting Period, insurance was maintained, as necessary.

C. CASH ON HAND/ADMINISTRATIVE EXPENSES

17. The Receiver has endeavored to pay all ordinary course administrative expenses, including, but not limited to: amounts related to utilities; field personnel; Contract Oil & Gas Operations LLC ("COGO"); court filing and recording fees; license fees, including, but not limited

to, WolfePak; taxes; auction-related fees; and 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.

D. RECEIPTS AND DISBURSEMENTS

18. During the Reporting Period, the Receiver deposited \$123,587.29, relating to sale of assets, production from oil and gas properties, interest, and other sources. As required by the Receivership Order, a Receipts and Disbursements chart is attached hereto as **Exhibit A**.

E. RECEIVERSHIP PROPERTY

a. ESI and Documents

19. 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

20. 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 (“Barron Petroleum”), Leading Edge Energy LLC (“Leading Edge”), Dallas Resources, Inc. (“Dallas Resources”), and ArcoOil Corp. (“ArcoOil”) 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 (“Harprit”), and his son, Relief Defendant Monroe Sahota (“Monrose”)) (the “Dallas Resources Ranch”),

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

21. 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. As discussed above, A&C is performing forensic accounting analysis on the Bahamas properties payments. The Receiver anticipates filing pleadings with the Court to compel the transfer of title to the Bahamian properties to the Estates.

ii. Guatemala Properties

22. 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*

23. 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. During this Reporting Period, the Receiver and her advisors have continued to spend time addressing issues raised by the RRC, landowners, and other parties regarding abandonment of all of the unsold oil and gas properties

(exclusive of Val Verde and Crockett Counties) pursuant to Court order throughout seven (7) Texas counties.

i. Oil and Gas Abandonment

24. In prior reports, the Receiver fully detailed the oil and gas abandonment authorized by the Court. For brevity, on December 16, 2022, the Receiver filed her *Motion for Authority to Abandon Oil and Gas Properties* [ECF No. 296] (the “Oil and Gas Abandonment Motion”), seeking approval to abandon certain oil and gas properties where the RRC has not approved transfer of the related P-4 within a reasonable period of time. On August 15, 2023, the Court entered its *Amended Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 388] (the “Oil and Gas R&R”), recommending that United States District Court Judge Reed O’Connor grant the Oil and Gas Abandonment Motion. On September 5, 2023, the Court entered its *Order Accepting Amended Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 404] (the “Abandonment Order”), granting the Oil and Gas Abandonment Motion. No appeal was timely filed.

25. The Receiver’s oil and gas counsel continued execution of the orderly abandonment process so as to leave the abandoned oil and gas properties in a reasonable state with appropriate signage alerting observers to the need to contact the RRC for visible crises. During the prior reporting period, the Receiver’s team applied stickers to signs located at access points off county roads and at tank batteries at each abandoned oil and gas property in Hardeman, Jack, Palo Pinto, Stephens, Sutton, Wichita, and Young Counties, indicating the appropriate RRC regional field office and respective phone number to call in case of an emergency, as required by RRC regulations. The Receiver and her team completed the abandonment process during this Reporting Period.

ii. General Operations

26. General operation of the oil and gas properties (exclusive of Val Verde/Crockett Counties) ceased during the prior reporting period pursuant to the Abandonment Order. The Receiver and her team managed oil and gas revenue and expenses and distributed royalties on a final basis. The Receiver engaged an escheat vendor to commence the escheatment process in light of the Abandonment Order and returned final royalty packages.

27. The Receiver and her team addressed landowner, working interest, and royalty owner issues related to oil and gas operations on various properties. Communications were maintained and issues were resolved in a timely manner.

iii. General Compliance

28. The Receiver and her counsel reviewed RRC alleged violation notices, many of which the circumstances existed before the appointment of the Receiver. The Receiver and her team immediately communicated with RRC staff and/or counsel, as necessary, given the abandonment status of such properties. The Receiver's counsel will continue to review and monitor RRC correspondence issued post-abandonment and communicate with RRC counsel, as necessary.

iv. General Liability and Pollution Insurance

29. The general liability and pollution coverage for oil and gas operations was maintained during the Reporting Period.

v. Environmental Violation Cleanups and Remediation Expenses

30. The Receiver and her team reviewed environmental issues identified by alleged RRC violation notices received during the Reporting Period and immediately notified RRC counsel of such post-abandonment notices. The Receiver did not expend funds on remediation expenses during the Reporting Period in light of the Abandonment Order.

vi. Val Verde and Crockett Counties Farmout Agreement

31. The operations of SDMB Resources LLC (“SDMB”), as farmee and contract operator, in Val Verde and Crockett counties have delivered very little production. SDMB asserts that it continues to address operational issues in hopes of increasing the production under the Court-approved modified farmout agreement. To date, the Receiver has received *de minimis* revenue from the gas purchaser in relation to the modified farmout agreement.

32. The Receiver’s oil and gas counsel commenced a review of the following oil and gas leases, including a large-scope surface use agreement, which are in the Val Verde Basin in Val Verde and Crockett Counties: I.W. Carson Lease, the Childress Lease, and the West Lease (collectively, the “Val Verde Leases”). The Val Verde Leases were committed to the modified farmout agreement between the Receiver and SDMB. The review included comparing the lease terms and conditions against the operational updates published by SDMB in various correspondence to the Receiver over the last twelve (12) months, as well as comparing the facts recited by SDMB in those correspondences to the terms and conditions of the modified farmout agreement.

33. 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 is minimal production of natural gas from various wells on two (2) of 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 effect beyond the respective primary terms 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.

34. In December 2022, the Receiver incurred \$33,909.82 in post-effective date environmental remediation expenses (the "Expenses") on the Val Verde Leases relating to the modified farmout agreement. SDMB does not dispute that the Receiver is entitled to reimbursement of the Expenses, but SDMB has not reimbursed the Receiver for the Expenses to date.

35. 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 at least five (5) 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"), relating to the modified farmout agreement and totaling approximately \$594,000 (with interest, fees, and other amounts continuously accruing until paid).

36. The Receiver and her team continue to communicate with SDMB and its counsel regarding outstanding issues relating to the modified farmout agreement.

vii. Palmour Accounting and Regulatory Work

37. During the Reporting Period, Palmour continued responding to regulatory and governmental reporting requirements. Palmour continues to analyze reports of various

governmental agencies, including, but not limited to, the Comptroller and the RRC. Palmour also manages WolfePak, an oil and gas software, for the various Receivership Party operators in order to manage revenue and joint interest billing responsibilities. During the Reporting Period, Palmour prepared and filed Form 1099s on behalf of certain Receivership Parties for the 2023 tax year. Integral to Palmour's revenue distribution responsibilities was the distribution of royalty income owed to third party or unaffiliated royalty owners on a final basis in light of the Abandonment Order. During the Reporting Period, Palmour played an integral part in the issuance of final royalty payment packages to royalty owners throughout the abandonment process.

38. The Receiver's team evaluated numerous regulatory non-compliance notices and related issues stemming from deficient regulatory reporting and record keeping by the Receivership Parties prior to the Receiver's appointment. These notices are being monitored by Receiver's counsel. Regulatory compliance and management is nearly complete as a result of the Abandonment Order, and includes, but is not limited to:

- a. Review mail, e-mails, etc. from RRC regarding alleged violations, including field or filing violations;
- b. Conference calls, as needed, with the Receiver and her team regarding abandonment and compliance;

39. Some of the oil and gas-related actions the Receiver and her team took included:

- a. Finalizing royalties and other amounts due to third parties, including running pay, suspense, and flush reports in WolfePak;
- b. Updated contact information for royalty owners of various operators;
- c. Prepared outstanding suspense and flush revenue lists for Panther City and Barron Petroleum, and worked with Receiver's counsel on issues relating to same;
- d. Voided returned checks for final royalty payments and place back into suspense; and
- e. Preparation and reporting items related to escheatment of suspense revenue.

d. Personal Property

40. On October 24, 2023, the Receiver filed the *Notice of Proposed Public Auction of Personal Property* [ECF No. 424] in accordance with Court-approved sale procedures regarding personal property. Vogt Auction Galleries sold certain personal property at an in-person and online auction on January 1, 2024. On January 12, 2024, the auctioneer delivered \$5,048.00 to the Receiver, which was deposited in a Receivership bank account. On January 17, 2024, the Receiver filed the *Receiver's Report Regarding Disposition of Assets at Second Auction of Personal Property by Vogt Auction Galleries* [ECF No. 451]. As of the filing of this Report, the Receiver believes she has disposed of all personal property owned by any Receivership Party that have any recoverable value.

e. Equipment and Vehicles

41. On April 24, 2024, the Receiver located a trailer and a LandStar 550 utility vehicle at a storage unit in Aledo, Texas, which are owned by Ventures. The Receiver's counsel has applied for a certified copy of the trailer title from the Texas Department of Motor Vehicles. The Receiver will liquidate the trailer and the utility vehicle pursuant to Court-approved sale procedures.

F. CLAIMS HELD BY RECEIVERSHIP PARTIES

42. Dykema, on behalf of the Receiver, has begun sending demand letters to certain individuals regarding Texas International Energy Production, Inc. ("TIEP") promissory notes and/or payments to TIEP investors made by Receivership Party Heartland Production and Recovery Fund LLC and/or Receivership Party The Heartland Group Fund III, LLC. During the

Reporting Period, the Receiver received \$77,000.00 in settlement proceeds as a result of Dykema's efforts.³

43. Reid Collins has been engaged to prosecute certain claims held by one or more Receivership Parties, which resulted in a significant settlement with Locke Lord LLP ("Locke Lord") as former counsel to certain Heartland-related Receivership Parties.

i. Locke Lord Settlement

44. On April 2, 2024, the Receiver filed the *Receiver's Motion (I) to Approve Proposed Settlement with Former Counsel to Certain Heartland-Related Receivership Parties, (II) to Enter a Bar Order, and (III) to Approve Payment of Fees and Expenses of Reid Collins & Tsai LLP, Litigation Counsel to Receiver* [ECF No. 464] (the "Locke Lord Settlement Motion"), requesting that the Court, after notice and hearing, approve the Receiver's settlement of certain settled claim and causes of action against Locke and approve fees associated with the Locke Lord settlement to Reid Collins. Additionally, Locke Lord required a bar order as a condition of any settlement with the Receiver. Lastly, the Locke Lord Settlement Motion requested that the Court approve "earmarking" the Net Settlement Proceeds (as defined in the Locke Lord Settlement Motion) for the sole benefit of Heartland Investors (as defined in the Locke Lord Settlement Motion) as returned capital in any interim and/or final distribution approved by the Court.

45. On April 2, 2024, the Court entered its *Order* setting the (i) deadline to object to the Locke Lord Settlement Motion on April 23, 2024, and (ii) a hearing on the Locke Lord Settlement Motion on April 25, 2024, at 2:00 p.m. Central. *See* ECF No. 465. No objections were filed or informally received to the Locke Lord Settlement Motion.

³ To date, the Receiver has received \$143,437.50 in settlement proceeds as a result of Dykema's efforts on this matter.

46. The Receiver filed the *Declaration of Deborah D. Williamson, Receiver, for Hearing on April 25, 2024 at 2:00 P.M. Central* [ECF No. 485] in support of the Locke Lord Settlement Motion on April 18, 2024.

47. After the April 25, 2024 hearing, U.S. Magistrate Judge Hal R. Ray, Jr. entered the *Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 492] (the “Locke Lord FCR”), which recommends that U.S. District Judge Reed O’Connor (i) grant the Locke Lord Settlement Motion; (ii) approve the Locke Lord settlement, including the bar order; (iii) approve that the Net Settlement Proceeds . . . be “‘earmarked’ for the sole benefit of the Heartland Investors in any interim and/or final distribution approved by this Court to reduce their injury and destruction to the value of their respective investments/capital in the Heartland-Related Receivership Parties;” (iv) approve the payment of fees to Reid Collins; and (v) enter the form of proposed order submitted with the Locke Lord Settlement Motion. The deadline to object to the Locke Lord FCR is May 9, 2024. Once the deadline to object to the Locke Lord FCR passes, the Receiver will await an order from U.S. District Judge Reed O’Connor on the Locke Lord Motion.

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

G. KNOWN CREDITORS

49. The Receiver is aware of “recurring charges” creditors, such as internet service providers, utilities, and telephone services. The Receiver has taken steps to terminate these services, if appropriate, and determine the final amount/number of claims of those service providers.

50. 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 is working through the Court-approved claims procedure currently and has completed informal objections to claim submissions, where appropriate. The Receiver will file a written, formal objection to all outstanding disputed claim submissions for resolution by the Court at a contested hearing in Fort Worth, Texas. More information is detailed above in paragraphs 11 and 12.

51. 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,” key court documents, notices, and reports. During this Reporting Period, Ms. Behrends heavily communicated with the Receiver’s claims agent, vendors, former employees, investors, and other creditors regarding the claims process and respective deadlines. The “Claims Process” page on the Receivership website continues to be updated for investors and other creditors.

H. ADMINISTRATIVE ACTIONS

52. As stated above, a website has been created to provide information to investors and creditors regarding the status of the Case: www.heartlandreceivership.com. A FAQ section is on the website, which 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 has and will continue to update the website on a rolling basis as information becomes available.

53. An email address has been 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.⁴

I. RECEIVER'S RECOMMENDATIONS

54. While the Receiver has recovered control of readily identifiable assets and operations and liquidated certain real and personal property, it is too soon to make a final recommendation as to how the Estates should be resolved. The Receiver and her team continue to analyze, have begun pursuing, and/or have settled claims against third parties held by the Receivership Estates. The Receiver and her team continue to reconcile various documents and have sent formal responses to claimants in accordance with the Court-approved claims procedure. Accordingly, the Receiver recommends that the Case continue to allow the Receiver additional time to evaluate what additional claims or causes of action can be asserted and develop a recommendation to maximize the recovery and distribution to investors and other creditors.

⁴ Ms. Behrends has been, and will continue to be, the point of contact with inquiries with respect to the claims process, investor transaction schedules, and investor and non-investor claim submission. Technical support and claims portal inquiries will continue to be addressed and resolved by Stretto.

Dated: April 30, 2024.

Respectfully submitted,

By: /s/ Danielle Rushing Behrends

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COUNSEL TO RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on April 30, 2024, the foregoing document was served via CM/ECF on all parties appearing in this case, including counsel for Plaintiff Securities and Exchange Commission.

/s/ Danielle Rushing Behrends

Danielle Rushing Behrends

EXHIBIT A

RECEIPTS AND DISBURSMENTS

	Current Period (01/01/2024 - 03/31/2024)	Cumulative
1. CASH AT BEGINNING OF PERIOD		
*3898 IBC Account	\$ 555,866.56	
*3863 IBC Account	\$ 1,246,144.90	
*7536 IBC Account	\$ 100,642.97	
*1565 Western Alliance Account	\$ 250,418.29	
*0955 Western Alliance Sweep Account	\$ 7,882,952.95	
	\$ 10,036,025.67	
2. RECEIPTS		
<i>*3898 IBC Account</i>		
03/01/2024 Wire from Gulf Coast Gas Gathering, LLC - Production Income	\$ 1,105.93	
Total Deposits to *3898	\$ 1,105.93	\$ 1,406,007.46
<i>*3863 IBC Account</i>		
01/05/2024 Wire from ██████████ - Settlement Funds	\$ 50,000.00	
01/08/2024 Deposit from Southwest Texas Electric Cooperative - Utilities	\$ 394.08	
01/08/2024 Wire from ██████████ - Settlement Funds	\$ 10,000.00	
01/10/2024 Deposit from ██████████ - Settlement Funds	\$ 5,000.00	
01/17/2024 Deposit from Vogt Enterprises Inc - Proceeds from Sale of Assets	\$ 5,048.00	
03/19/2024 Deposit from ██████████ - Settlement Funds	\$ 6,000.00	
03/19/2024 Deposit from ██████████ - Settlement Funds	\$ 6,000.00	
Total Deposits to *3863	\$ 82,442.08	\$ 14,440,224.38
<i>*7536 IBC Account</i>		
Total Deposits to *7536	\$ -	\$ 0.01
<i>*1565 Western Alliance Account</i>		
01/31/2024 Interest Income	\$ 417.17	
02/29/2024 Interest Income	\$ 390.23	
03/31/2024 Interest Income	\$ 417.15	
Total Deposits to *1565	\$ 1,224.55	\$ 34,429.54
<i>*0955 Western Alliance Sweep Account</i>		
01/02/2024 Transfer from *1565: \$418.29		
01/31/2024 Interest Income	\$ 13,200.52	
02/01/2024 Transfer from *1565: \$417.17		
02/29/2024 Interest Income	\$ 12,369.47	
03/01/2024 Transfer from *1565: \$390.23		
03/29/2024 Interest Income	\$ 13,244.74	
Total Deposits to *0955	\$ 38,814.73	\$ 138,980.98
3. TOTAL RECEIPTS		
	\$ 123,587.29	\$ 16,019,642.37
4. TOTAL CASH AVAILABLE FOR OPERATIONS		
(Line 1 + Line 3)		
	\$ 10,159,612.96	
5. DISBURSEMENTS		
<i>*3898 IBC Account</i>		
01/02/2024 Check #2040 to Black Stone Minerals Co, LP - Royalty Expense	\$ 2.32	
01/02/2024 Check #2042 to Alor LLC - Royalty Expense	\$ 1.77	
01/02/2024 Check #2045 to Bruce R. Lively Trustee - Royalty Expense	\$ 103.85	
01/02/2024 Check #2084 to JR McGinley Jr Recovable Trust - Royalty Expense	\$ 5.00	
01/02/2024 Check #2089 to Lambert Oil & Gas Royalties Co - Royalty Expense	\$ 0.84	
01/02/2024 Check #2053 to D Kirk Edwards - Royalty Expense	\$ 0.71	
01/02/2024 Check #2058 to Gordon Family Protected TR. FBO - Royalty Expense	\$ 209.43	
01/03/2024 Check #2041 to 31 Group - Royalty Expense	\$ 34.59	
01/03/2024 Check #2106 to Sabine Royalty Trust - Royalty Expense	\$ 4.14	
01/03/2024 Check #2051 to David J Flackman - Royalty Expense	\$ 12.56	
01/03/2024 Check #2072 to Hollie Jacobs - Royalty Expense	\$ 1.31	
01/04/2024 Check #2044 to Broughton Petroleum, Inc. - Royalty Expense	\$ 25.50	
01/04/2024 Check #2079 to Joanne L Emerick - Royalty Expense	\$ 0.05	
01/04/2024 Check #2097 to Monarch Resources LLC - Royalty Expense	\$ 182.27	
01/04/2024 Check #2104 to Roanoke Ranch & Investments - Royalty Expense	\$ 450.81	
01/04/2024 Check #2071 to Hexad Oil Company - Royalty Expense	\$ 0.36	
01/05/2024 Check #1857 to Richard D Lueker - Royalty Expense	\$ 24.90	
01/05/2024 Check #2101 to Richard D Lueker - Royalty Expense	\$ 1.27	
01/08/2024 Check #2082 to John Jacobs - Royalty Expense	\$ 5.28	
01/08/2024 Check #2094 to Mark F Shurley - Royalty Expense	\$ 40.59	
01/08/2024 Check #2096 to Mark Shurley Trustee - Royalty Expense	\$ 29.62	
01/08/2024 Check #2110 to Tom R. Cook - Royalty Expense	\$ 0.18	
01/09/2024 Check #2056 to Glover Properties Inc. - Royalty Expense	\$ 0.06	
01/11/2024 Check #2087 to Kayla S. Davidson - Royalty Expense	\$ 21.44	
01/11/2024 Check #2088 to Kristen Shurley - Royalty Expense	\$ 23.12	
01/12/2024 Check #2076 to Jason Leslie Paull - Royalty Expense	\$ 1.62	
01/12/2024 Check #2059 to Gordon Family Protected TR. FBO - Royalty Expense	\$ 209.43	

RECEIPTS AND DISBURSMENTS

	Current Period (01/01/2024 - 03/31/2024)	Cumulative
01/17/2024 Check #2093 to Macmin Co., LLC - Royalty Expense	\$ 1.37	
01/22/2024 Check #2103 to Rio Pecos investors Ltd - Royalty Expense	\$ 55.36	
01/26/2024 Check #2108 to Suzanne Huddleston - Royalty Expense	\$ 44.46	
01/29/2024 Check #2091 to Larry D Johnson - Royalty Expense	\$ 3.93	
01/29/2024 Check #2073 to Ivan Holt - Royalty Expense	\$ 134.25	
01/30/2024 Check #2083 to John Mark McLaughlin - Royalty Expense	\$ 0.82	
02/05/2024 Check #2048 to E3 Land & Minerals - Royalty Expense	\$ 1.10	
02/06/2024 Check #1917 to Carol Chambers - Royalty Expense	\$ 0.04	
02/12/2024 Check #2102 to Richard J. Trabulsi Jr. - Royalty Expense	\$ 2.29	
02/21/2024 Check #2038 to Gordon Family Protected TR. FBO - Royalty Expense	\$ 19.35	
02/26/2024 Check #2114 to Contract Oil & Gas Operations LLC - Contract Operator	\$ 3,150.00	
02/28/2024 Check #2055 to Estate of Chester H. Kenley - Royalty Expense	\$ 40.79	
03/01/2024 Check #2086 to Justin Rogers Paull - Royalty Expense	\$ 119.85	
03/05/2024 Check #1833 to Highlander Energy, LLC - Royalty Expense	\$ 2.82	
03/12/2024 Check #1821 to Clegg Ranch Enterprised, Ltd - Royalty Expense	\$ 4.95	
03/20/2024 Check #2115 to Vicki Palmour Consulting, LLC - Accounting	\$ 6,025.00	
03/20/2024 Check #2116 to Law Practice of Darrell R Jones PLLC - Professional Fees - Attorney Fees	\$ 9,945.00	
Total Disbursements from *3898	\$ 20,944.40	\$ 769,436.41
<i>*3863 IBC Account</i>		
01/02/2024 Check card to Ranch House Storage - Storage	\$ 85.00	
01/02/2024 Check card to Bearcat Self Storage - Storage	\$ 92.01	
01/10/2024 Wire to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
01/23/2024 Check #1306 to Baize Self Storage - Storage	\$ 30.00	
02/01/2024 Wire to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
02/02/2024 Check card to Ranch House Storage - Storage	\$ 85.00	
02/02/2024 Check card to Bearcat Self Storage - Storage	\$ 92.01	
02/15/2024 Check #1307 to Baize Self Storage - Storage	\$ 30.00	
03/04/2024 Check card to Ranch House Storage - Storage	\$ 85.00	
03/04/2024 Check card to Bearcat Self Storage - Storage	\$ 92.01	
03/05/2024 Wire to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
03/14/2024 Check #1308 to Baize Self Storage - Storage	\$ 30.00	
03/20/2024 Check #1310 to Dykema Gossett PLLC - Receiver & Legal Fees	\$ 312,354.35	
03/20/2024 Check #1312 to Ahuja & Clark, PLLC - Accounting	\$ 80,821.50	
03/20/2024 Check #1313 to Stretto - Professional Fees	\$ 110,116.79	
03/29/2024 Check #1309 to US Treasury - Taxes - Other	\$ 3,474.62	
Total Disbursements from *3863	\$ 508,888.29	\$ 5,620,420.69
<i>*7536 IBC Account</i>		
02/29/2024 Check to IBC Bank - Service Fees	\$ 5.00	
03/31/2024 Check to IBC Bank - Service Fees	\$ 5.00	
Total Disbursements from *7536	\$ 10.00	\$ 15.00
<i>*1565 Western Alliance Account</i>		
01/02/2024 Transfer to *0955: \$418.29		
02/01/2024 Transfer to *0955: \$417.17		
03/01/2024 Transfer to *0955: \$390.23		
Total Disbursements from *1565	\$ -	\$ -
6. TOTAL DISBURSEMENTS	\$ 529,842.69	\$ 6,389,872.10
7. ENDING CASH BALANCE (Line 4 - Line 6)		
<i>*3898 IBC Account</i>	\$ 536,028.09	
<i>*3863 IBC Account</i>	\$ 819,698.69	
<i>*7536 IBC Account</i>	\$ 100,632.97	
<i>*1565 Western Alliance Account</i>	\$ 250,417.15	
<i>*0955 Western Alliance Sweep Account</i>	\$ 7,922,993.37	
	\$ 9,629,770.27	\$ 9,629,770.27