IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
v.	§	**Civil Action No. 4:21-cv-01310-O-BP**
	§	
THE HEARTLAND GROUP VENTURES, LLC, *et al.*,	§	
	§	
Defendants.	§	

ORDER GRANTING RECEIVER, DEBORAH D. WILLIAMSON'S MOTION FOR ORDER APPROVING DISTRIBUTION PLAN AND INTERIM AND/OR FINAL DISTRIBUTION

This matter is before the Court on the Receiver's Motion for Order Approving Distribution Plan and Interim and/or Final Distribution (the "Motion"). The Court, having considered the Motion and the information submitted in support, responses or objections, if any, the arguments of counsel, and the pleadings on file find that the Motion should be, and hereby is, **GRANTED**.

IT IS THEREFORE ORDERED that:

1. The Motion is **GRANTED** in its entirety.

2. The Court finds the distribution plan (the "Plan") set forth in the Motion is fair and reasonable and is approved, including, without limitation:

   a. The division of those who submitted claims to the Receiver ("Claimants") into nine classes based on their relationship to the Receivership Estates;

   b. The pooling of Receivership Estates assets for distribution;

   c. The subordination of Class 9 Claimants such that allowed Class 9 Claimants shall not receive any distribution until allowed Class 1, 2, 3, 4, 5, 6 and 7 Claimants are paid in full;

d. The netting of Claimant investments and Claimant recoveries based on their losses; and

e. The use of the Net Investment or Net Loss methodology to calculate distributions to allowed Class 4 Claimants.

3. The Receiver shall reserve sufficient assets to ensure the payment of allowed Class 1, 2, and 3 Claimants and protection of assets in dispute.

4. Subject to paragraph 6 below, the Receiver is authorized to make an interim distribution of $5,000,000.00 to allowed Class 4 Claimants in accordance with the Plan, withholding and reserving from the distribution the amount sought on disputed claims.

5. Subject to paragraph 6 below, the Receiver is authorized to make a final distribution of $650,000.00 to allowed Class 5 Claimants in accordance with the Plan, withholding and reserving from the distribution the amount sought on disputed claims.

6. To be eligible for the distribution payment, each allowed Class 4 and 5 Claimant must provide the Receiver with a completed and signed W-9 on the most recent form W-9, found online through the Internal Revenue Service website. The Receiver shall only issue distribution checks directly to the allowed Claimant. The allowed Claimant shall have ninety (90) days from the date the distribution check is issued to negotiate the payment. To the extent the distribution payment is not negotiated within ninety (90) days from the date of the check, such check shall be canceled, and the underlying funds will remain to the Receivership Estates for distribution to other allowed Claimants in this Case pursuant to the priority established by the Plan or as otherwise ordered by this Court. No other distribution will be made to or for the benefit of such Claimant.

7. Certain of the Receivership Parties are classified as partnerships for federal income tax purposes.[1] With respect to those Receivership Parties classified as partnerships (each, a

[1] Currently including Receivership Parties Carson Oil Field Development Fund II, LP, Heartland Drilling Fund I, LP, The Heartland Group Fund III, LLC, The Heartland Group Ventures, LLC, and Sahota Capital LLC.

"Receivership Partnership"), the Receiver is responsible for preparing IRS Form 1065, U.S. Return of Partnership Income (a "Partnership Return") and delivering Schedule K-1s to the partners. Any net gain or loss for such Receivership Partnership, along with other items of income, gain, loss, and credits, is passed through to the partners. However, under the centralized partnership audit regime enacted by the Bipartisan Budget Act of 2015, if a Partnership Return is audited by the IRS, any adjustments to partnership-related items for such tax year (the "Reviewed Year") resulting in an imputed underpayment of tax, along with applicable penalties and interest (collectively, an "Imputed Underpayment"), becomes a liability of the partnership under Section 6225 of the Internal Revenue Code of 1986, as amended (the "Code"). Under Code Section 6226(a)(1), the person designated as the "Partnership Representative" (as defined in Code Section 6223) has the authority to make a push-out election with respect to the Imputed Underpayment (a "Push Out Election"), in which case, the liability for the applicable Imputed Underpayment will be transferred to the partners who owned an interest in the partnership during the Reviewed Year. Given that the IRS has the ability to audit a Partnership Return for three years following the filing of the Partnership Return, the Receiver shall have the authority or otherwise be able to make the Push Out Election for any Receiver Partnership Return. As a result, if an Imputed Underpayment is assessed to a Receivership Partnership with respect to a Receiver Partnership Return, this Court orders that at such time the Partnership Representative shall make on a timely basis, a Push Out Election, and any corresponding elections applicable for state and local tax purposes, to treat a "partnership adjustment" as an adjustment to be taken into account by each partner of each Receivership Partnership in accordance with Section 6226(b) of the Code and that each respective Receivership Partnership be required to pay no amount pursuant to Section 6225 of the Code.

SO ORDERED this **1st** day of **July, 2024**.

Reed O'Connor
UNITED STATES DISTRICT JUDGE