

**RECEIVER’S MOTION TO APPROVE SALE OF CERTAIN JEWELRY
OBTAINED FROM ELDORADO RANCH OWNED BY
RECEIVERSHIP PARTY DALLAS RESOURCES, INC.**

TO THE HONORABLE U.S. MAGISTRATE JUDGE HAL R. RAY, JR.:

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the “Receiver”) for the Receivership Parties (as defined in the Receivership Order [ECF No. 17])¹ and the receivership estates (collectively, the “Receivership Estates”) in the above-captioned case (the “Case” or the “Receivership”), hereby files this *Receiver’s Motion to Approve Sale of Certain Jewelry Obtained from Eldorado Ranch Owned By Receivership Party Dallas Resources, Inc.* (the “Motion”), requesting entry of an order, substantially in the form of the proposed order (the “Proposed Order”) attached hereto as **Exhibit A**, approving the sale of certain jewelry obtained from Receivership Property owned by Receivership Party Dallas Resources, Inc. (“Dallas Resources”). In support of the Motion, the Receiver respectfully submits as follows:

I. JURISDICTION AND VENUE

1. The Receivership Order places all assets of the Receivership Entities in the exclusive jurisdiction of this Court and venue properly lies in this district. Receivership Order, ¶ 1.

II. RELEVANT BACKGROUND

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

3. 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,

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

hold, and operate all of the Receivership Parties' assets pending further order of this Court. Accordingly, the Court entered the *Order Appointing Receiver* (the "Receivership Order") on December 2, 2021 [ECF No. 17], appointing Deborah D. Williamson as the Receiver over the Receivership Estates in this Case. The Receivership Order directed the Receiver to take possession and control over all funds, property, and other assets in the possession of, or under the control of Receivership Parties. Receivership Order, ¶ 8.

4. Paragraph 8(C) of the Receivership Order authorizes the Receiver to "hold in the Receiver's possession, custody and control all Receivership Property, *pending further Order of this Court.*" *Id.* at ¶ 8(C) (emphasis added). Paragraph 42 of the Receivership Order further authorizes the Receiver as follows:

[L]ist for sale or lease. . . and take all necessary and reasonable actions to cause the sale or lease of all personal or real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

Receivership Order, ¶ 42.

5. In accordance with the Receivership Order, the Receiver located and took actual or constructive possession of certain personal property from various properties owned by Receivership Parties. Specifically, in December 2021, the Receiver's undersigned counsel took possession of personal property from a gun safe located at the Eldorado ranch owned by Dallas Resources.

6. On May 17, 2022, the Receiver filed the *Receiver's Motion for Order Governing Procedures for the Sale or Abandonment of Personal Property and Brief in Support* [ECF No. 203] (the "Personal Property Sale Motion").

7. Defendant Manjit Singh (aka Roger) Sahota (“Roger”) and Relief Defendant Sunny Sahota informally objected to the Personal Property Sale Motion with respect to the sale of certain “Indian” style jewelry (the “Jewelry”), among other things. On June 4, 2022, Roger emailed the Receiver and her counsel the *Declaration of Harprit Sahota*, dated May 26, 2022 (the “Declaration”). A true and correct copy of the email correspondence from Roger and the Declaration is attached hereto as **Exhibit B**. Paragraph 4 of the Declaration provides that the “jewelry in the bag” is owned by Relief Defendant Harprit Sahota (“Harprit”) and was acquired when Harprit and Roger were married or at other times prior to receipt of any funds directly or indirectly from any Heartland-related Receivership Parties. However, the Declaration fails to provide any evidence or support to the claim of purported ownership by Harprit.

8. On June 9, 2022, the Court entered its *Order* [ECF No. 217] granting the Receiver’s Personal Property Sale Motion (the “Personal Property Sale Order”). Paragraph 24 of Personal Property Sale Order requires the Receiver to obtain further order of the Court to sell the “Indian” style jewelry, which is depicted at Exhibit B to the Personal Property Sale Order and also attached hereto as **Exhibit C**. See Personal Property Sale Order, ¶ 24.

III. RELIEF REQUESTED, ARGUMENT, AND AUTHORITIES

9. To date, the Receiver and her counsel have been provided no evidence or documentation supporting the contention by the Sahota family that the Jewelry is in fact owned by Harprit and was not acquired with Receivership Assets or otherwise does not constitute Receivership Assets obtained from Receivership Property.

10. The Receiver obtained an appraisal of the Jewelry, which included 45 pieces, from a professional appraiser. The Jewelry consists of twelve (12) pieces of costume jewelry. For the non-costume Jewelry pieces, the value range per item is estimated at \$300.00 – \$2,600.00, and the average item price is \$736.00.

11. The Receiver respectfully requests that this Court enter the Proposed Order so that the Jewelry can be sold pursuant to the Court-approved procedures in the Personal Property Sale Order.

12. It is well-settled that a receivership's primary goal is to provide a conduit through which assets can be held, liquidated, and distributed to the receivership beneficiaries. *See, e.g., SEC v. Safety Fin. Serv., Inc.*, 674 F.2d 369, 371 (5th Cir. 1982). In this Case, the beneficiaries include over a thousand investors and creditors of the Defendants and the Relief Defendants who orchestrated and operated a Ponzi scheme that divested investors of millions of dollars.

13. A receiver is neither plaintiff or defendant, but instead, acts as the Court's agent with respect to the administration of property. *Clark v. Clark*, 58 U.S. 315, 331 (1855); *FSLIC v. PSL Realty Co.*, 630 F.2d 515, 521 (7th Cir. 1980), *cert. denied*, 452 U.S. 961 (1981) (explaining the "receiver is an officer of the court and subject to its order in relation to the property for which he is responsible until discharged by the court"); *Fed. Home Loan Mortg. Corp. v. Spark Tarrytown, Inc.*, 829 F. Supp. 82, 85 (S.D.N.Y. 1993).

14. While caselaw involving district courts' administration of an equity receivership is "sparse," two basic principles emerge from cases involving receiverships. *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986). First, courts have "extremely broad" powers and discretion to "determine the appropriate action to be taken in the administration of the receivership." *Id.*; *see SEC v. Safety Fin. Serv., Inc.*, 674 F.2d 368, 373 (5th Cir. 1982) (holding that the court overseeing the receivership is given "wide discretionary power" in light of "the concern for orderly administration"). Second, a "primary purpose" of receivership is to promote the orderly and efficient administration of the estate. *Id.* This includes liquidation of the receivership assets. *SEC v. Millennium Bank*, No. 7:09-CV-050-O, 2009 U.S. Dist. LEXIS 140912, at *8 (N.D. Tex. Jul.

21, 2009) (explaining that the court’s discretion includes “the power to permit a Receiver to sell property where appropriate to protect the receivership estate”) (citing *SEC v. Elliot*, 953 F.2d 1560, 1566 (11th Cir. 1992)).

15. When analyzing a receiver’s proposed disposition of property, courts apply the highly deferential “business judgment” standard. *See, e.g., Golden Pac. Bancorp v. FDIC*, No. 95 Civ. 9281 (NRB), 2002 U.S. Dist. LEXIS 24961, at *9 (S.D.N.Y. Dec. 26, 2003), *aff’d by* 375 F.3d 196 (2d Cir. 2004). This standard is identical to the test courts use to analyze whether fiduciaries, such as bankruptcy trustees, acted in accordance with their fiduciary duties. *See, e.g., In re Bakalis*, 220 B.R. 525, 531–32 (Bankr. E.D.N.Y. 1998). Accordingly, when a receiver’s proposed disposition of property is questioned, the issue before the court is whether the receiver exercised discretion in a reasonable manner, in good faith, and for sound business reasons with regards to the procedures implemented to sell the property. *See Corbin v. Fed. Reserve Bank of N.Y.*, 475 F. Supp. 1060, 1071 (S.D.N.Y. 1979) (noting a receiver does not breach its fiduciary duty if it exercises “reasonable business judgment”); *see also Lawskey v. Condor Capital Corp.*, No. 14 CIV. 2863 (CM), 2015 U.S. Dist. LEXIS 96347, at *17–18 (S.D.N.Y. Jul. 21, 2015).

16. Courts have permitted the sale of personal property in receivership cases over the objection of persons claiming ownership where (i) affirmative evidence and documentation proving such ownership was not provided by the purported owner, or (ii) mere conclusory affidavits or vague generalizations were found insufficient to overcome the receiver’s business judgment. *See, e.g., SEC v. Merrill*, No. 1:18-cv-02844-RDB (D. Md. Mar. 22, 2023) (memorandum order) (ECF No. 741); *McKeever v. Green, et al.*, No. CV2021-004315 (Ariz. Apr. 27, 2023) (stipulated order).

17. The Court previously approved procedures by which the Receiver can sell, auction, abandon, or otherwise dispose of personal property in the Personal Property Sale Order. The Receiver, in her reasonable business judgment, believes the sale of the Jewelry pursuant to the Court-approved procedures in the Personal Property Sale Order is in the best interest of the Receivership Estates and their creditors and stakeholders. Without any ownership evidence or documentation to the contrary of Harprit or other members of the Sahota family, the Receiver contends that the Jewelry constitutes Receivership Assets obtained from Receivership Property owned by Dallas Resources and requests that this Court enter the Proposed Order approving the sale of the Jewelry.

18. The Receiver has already secured an auctioneer to conduct auctions of personal property pursuant to the Personal Property Sale Order procedures. Upon entry of an order of this Court authorizing the sale of the Jewelry, the Receiver's auctioneer would be permitted to conduct an online auction, and the Receivership Estates would benefit from the sale proceeds less the auctioneer's commission.

IV. CONCLUSION

19. For the foregoing reasons, the Receiver requests that this Court enter the Proposed Order, substantially in the form attached hereto as **Exhibit A**, granting her Motion, authorizing the sale of the Jewelry pursuant to the Court-approved procedures in the Personal Property Sale Order, and for such further relief to which she may be entitled.

Dated: July 26, 2023

Respectfully submitted,

By: /s/ Danielle Rushing Behrends

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COUNSEL TO RECEIVER

CERTIFICATE OF CONFERENCE

The Receiver, through the undersigned counsel, conferred with counsel for Plaintiff, Securities and Exchange Commission (the "Commission") on July 26, 2023, regarding the relief requested in the Motion. The Commission consents to the relief requested in the Motion.

/s/ Danielle Rushing Behrends

Danielle Rushing Behrends

CERTIFICATE OF SERVICE

I hereby certify that on July 26, 2023, the foregoing document was served via CM/ECF on all parties appearing in this Case, including counsel for Plaintiff, Securities and Exchange Commission and on the following via first-class U.S. mail:

James Ikey
103 Bayonne Drive
Mansfield, TX 76063

Thomas Brad Pearsey
13001 Moultrie Street
Carmel, IN 46032

Bridy Ikey
103 Bayonne Drive
Mansfield, TX 76063

Manjit Singh (aka Roger) Sahota
3371 Knickerbocker Road
Unit #185
San Angelo, TX 76904

IGroup Enterprises LLC
c/o James Ikey
103 Bayonne Drive
Mansfield, TX 76063

Harprit Sahota
3371 Knickerbocker Road
Unit #185
San Angelo, TX 76904

John Muratore
10211 Meredith Drive
Huntington Beach, CA 92646

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Sunny Sahota
3371 Knickerbocker Road
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San Angelo, TX 76904

/s/ Danielle Rushing Behrends
Danielle Rushing Behrends

EXHIBIT A

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

UNITED STATES SECURITIES §
AND EXCHANGE COMMISSION, §

Plaintiff, §

v. §

THE HEARTLAND GROUP VENTURES, LLC; §
HEARTLAND PRODUCTION AND RECOVERY §
LLC; HEARTLAND PRODUCTION AND §
RECOVERY FUND LLC; HEARTLAND §
PRODUCTION AND RECOVERY FUND II LLC; §
THE HEARTLAND GROUP FUND III, LLC; §
HEARTLAND DRILLING FUND I, LP; CARSON §
OIL FIELD DEVELOPMENT FUND II, LP; §
ALTERNATIVE OFFICE SOLUTIONS, LLC; §
ARCOOIL CORP.; BARRON PETROLEUM LLC; §
JAMES IKEY; JOHN MURATORE; THOMAS §
BRAD PEARSEY; MANJIT SINGH (AKA ROGER) §
SAHOTA; and RUSTIN BRUNSON, §

No. 4:21-cv-1310-O-BP

Defendants, §

and §

DODSON PRAIRIE OIL & GAS LLC; PANTHER §
CITY ENERGY LLC; MURATORE FINANCIAL §
SERVICES, INC.; BRIDY IKEY; ENCYIPHER §
BASTION, LLC; IGROUP ENTERPRISES LLC; §
HARPRIT SAHOTA; MONROSE SAHOTA; §
SUNNY SAHOTA; BARRON ENERGY §
CORPORATION; DALLAS RESOURCES INC.; §
LEADING EDGE ENERGY, LLC; SAHOTA §
CAPITAL LLC; and 1178137 B.C. LTD., §

Relief Defendants. §

**ORDER GRANTING RECEIVER’S MOTION TO APPROVE SALE OF CERTAIN
JEWELRY OBTAINED FROM ELDORADO RANCH OWNED BY
RECEIVERSHIP PARTY DALLAS RESOURCES, INC.**

Came on to be heard the *Receiver’s Motion to Approve Sale of Certain Jewelry Obtained from Eldorado Ranch Owned By Receivership Party Dallas Resources, Inc.* (the “Motion”).¹ After considering the Receiver’s Motion, all objections or responses thereto, if any, all evidence submitted to the Court, and the arguments of counsel, the Court is of the opinion that said motion should be **GRANTED** in all respects.

IT IS THEREFORE ORDERED that the Jewelry constitutes Receivership Assets of the Receivership Estates.

IT IS FURTHER ORDERED that the Receiver is authorized to sell the Jewelry, which is depicted at Exhibit C to the Motion, pursuant to the Court-approved procedures in the Personal Property Sale Order [ECF No. 217].

IT IS FURTHER ORDERED that the Receiver may take any action necessary with respect to the relief granted herein.

IT IS FURTHER ORDERED that this Court retains exclusive jurisdiction with respect to this Order.

Signed this ___ day of _____, 2023.

HAL R. RAY, JR.
UNITED STATES MAGISTRATE JUDGE

¹Capitalized terms used but not otherwise described herein shall have the meaning ascribed in the Motion.

Prepared and submitted by:

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COUNSEL TO RECEIVER

EXHIBIT B

Behrends, Danielle Rushing

From: Roger Sahota <rogersahota207@gmail.com>
Sent: Saturday, June 4, 2022 5:47 PM
To: dwilliamson@dykema.com; DRushing@dykema.com
Subject: Harprit Jewelry
Attachments: Harprit Dec for Jewelry Signed.pdf

***** EXTERNAL *****

Her Indian style jewelry in the 24k yellow gold is from before we even moved to Texas. It has no connection to any business or Heartland dealing.

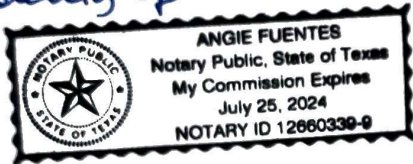
4. There was jewelry in the bag secured by the receiver that dates back to our wedding in 1977 and prior to any dealing with Heartland in 2018. These were my personal items that have no connection to any business dealing.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on May 26, 2022

Sahota
HARPRIT SAHOTA

State of Texas
County of Schleicher



Witnessed before me on June 1, 2022.
Signed by Harprit Sahota. Verified by passport.

Angie Fuentes
Texas Notary

EXHIBIT C

“Indian” Style Jewelry

