

**DECLARATION OF CAROLYN BREMER, CPA, AHUJA & CLARK, PLLC, IN
SUPPORT OF RECEIVER’S MOTION FOR ENTRY OF AN ORDER SETTING
CLAIMS BAR DATE, ESTABLISHING CLAIMS PROCEDURE, AND APPROVING
NOTIFICATION PROCESS [ECF NO. 408]¹**

I, CAROLYN BREMER, CPA, do hereby declare as follows:

1. I am over the age of 18 years old and possess personal knowledge with which I am able to submit this Declaration.

2. I received a B.A. in English and Business Administration from Louisiana State University and a M.S. in Accountancy from San Diego State University. I am a Certified Public Accountant in Texas and Virginia.

3. I am the Managing Director of the Advisory Department at Ahuja & Clark, PLLC (“A&C”). I have over 24 years of experience in public accounting and forensic accounting. I specialize in fraud investigations, business disputes, data analytics, receivership support, and compliance consulting. I work with a wide range of clients and industries to include legal counsel, private and public companies, public sector and governmental agencies.

4. A&C is the Court-approved tax and forensic accountants to Deborah D. Williamson, Receiver, in the Receivership. *See generally* ECF No. 187. Since its retention by the Receiver, A&C has determined the population of investors (those who deposited investment funds with one of the Heartland Receivership Parties included in the Receivership), the amount of funds invested, the type of investments, and any return of funds back to investors by one of the Heartland Receivership Parties. All of the information collected by A&C was used to calculate the Net Transaction Amount or net claim amount for each Known Investor to support the overall Claims Procedure for the Receiver.

¹ Capitalized terms used but not otherwise defined herein shall have the meaning ascribed in the *Receiver’s Motion for Entry of an Order Setting Claims Bar Date, Establishing Claims Procedure, and Approving Notification Process* [ECF No. 408] (the “Claims Motion”).

5. A&C was provided access to the Heartland Receivership Party books and records, which appear to have tracked the investor activity through or around the end of September 2021. The books and records contained information such as investor contact information, advisor information, custodian information (if applicable), investment funds received, parent fund receiving investments, date received, effective and maturity dates for investments, rollover funds (if applicable), interest rates, investment status, payment of funds, specific notes related to investments, and other related documentation. Based on a review of other supporting documentation, A&C found that the information maintained in Heartland Receivership Party records regarding investors appeared to be accurate.

6. A&C was also provided access to and reviewed bank statements for the Receivership Parties, interest payment schedules, Schedule K-1 documentation for the two equity investment funds, 1099-INT documentation, accounting records, and other files and reports from Heartland Receivership Parties.

7. A&C determined there were 726 investors who deposited investment funds into a Heartland Receivership Party. For each investment deposited, A&C reviewed the corresponding investor name, date the funds were received, parent fund receiving the funds, advisor name, associated feeder fund (if applicable), type of investment, status of investment, effective and maturity dates, interest rate or balloon payment if debt investment, and funds returned to the investor (if applicable). Each individual investment was noted with a separate investment number. A&C noted there were 84 investors who received a full return of their investment along with any associated interest. Any investor with a full return of their investment amount should have no claim related to their investment. A&C utilized the books and records to confirm the receipt and return of any investment funds.

8. There were certain investors who originally invested in Texas International Energy Production Inc. (“TIEP”) whose investments were purportedly assumed by a Heartland Receivership Party with no receipt of the associated funds. Any of these investments that were rolled into a Heartland Receivership Party are not included in the Claims Procedure. However, if any additional funds were added to the original TIEP rollover into a Heartland Receivership Party by the investor initially or later, only these “added” funds were considered in the Claims Procedure.

9. Any investment which matured and was re-invested with a Heartland Receivership Party was considered a “rollover”. In some circumstances, additional money may have been added upon maturity and included with the rollover amount. Both the rollover and the additional funds added were included in the Claims Procedure, unless the rollover related to an initial TIEP investment noted above.

10. The respective fund name where the investment funds were deposited determined the type of investment. Numerous feeder funds were associated with each of the five (5) parent investment funds. Three parent funds were considered debt investment funds: Heartland Production & Recovery Fund, LLC; Heartland Production & Recovery Fund II, LLC; and The Heartland Group Fund III, LLC. If an investment was a debt investment, the books and records included the interest rate along with the monthly interest payment or a balloon percentage and amount.

11. Two parent funds were considered equity investment funds: Heartland Drilling Fund I, LP and Carson Oil Field Development Fund II, LP. If the investment was an equity investment, then the investor would have received a Schedule K-1 for each tax year invested.²

² A&C, on behalf of the Receiver, has sent equity investors their Schedule K-1 documentation for the tax years 2021 and 2022.

12. Interest payments on the debt investments ranged from 8% to 12% and balloon payments ranged from 9% to 37%. Certain interest payments were traced to Heartland Receivership Party bank statements based on monthly interest schedules prepared pre- Receivership by Heartland Receivership Parties. The relevant books and records disclosed the total interest payments made to investors. In addition, certain balloon payments were traced back to Heartland Receivership Party bank statements. All interest or balloon payments received by the investor are included as a reduction to the Net Transaction Amount or total net claim amount. The last monthly interest payment date from the Heartland Receivership Party bank accounts and various other records was September 25, 2021.

13. The Net Transaction Amount for each Known Investor was calculated as the sum of total investment funds received by a Heartland Receivership Party reduced by the amount of investment funds returned and reduced by the total amount of interest payments received. The Receiver is requesting that the Net Transaction Amount be the Allowed Claim amount for each Known Investor.

14. A&C made the following assumptions:

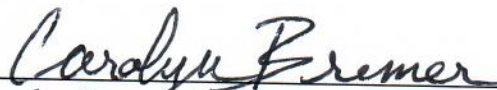
- a. If an investment was to mature in July 2021, August 2021, or September 2021, and there was no note in the books and records stating that the investment was returned, then A&C assumed that the principal investment was not returned to the investor and is still outstanding.
- b. If the rollover investment amount increased, then A&C assumed that the investor added funds to the rollover investment, even if there was not a “funds received” date in relevant books and records for the new investment.

- c. If there was no note that the principal funds were returned upon maturity but there was a “funds received” date for the new investment, then A&C assumed that the principal funds were returned to the investor, who in turn resubmitted the funds, essentially rolling over the investment.
- d. If it appeared per the books and records that the rollover investment amount decreased, then A&C assumed that a Heartland Receivership Party returned a portion of the initial investment to the investor upon initial maturity.
- e. If the books and records provided a “funds received” date for a rollover investment amount equal to the previous investment amount, then A&C assumed that there was no new money added to the investment, even though there was a “funds received” date for the new investment recorded in the books and records.
- f. In some circumstances, A&C noted that investors submitted funds to a Heartland Receivership Party with a “funds received” date but the status of the investment was “Waiting on Verification,” “Waiting for Additional Funds,” or “Waiting on Documents.” In these instances, A&C confirmed payment and considered the investment funds as received by a Heartland Receivership Party.
- g. If the investment had a status of “Matured” and did not appear to be re-invested, then A&C assumed that the investment funds were returned by a Heartland Receivership Party to the investor with the exception noted above for investments that matured in July 2021, August 2021, or September 2021.
- h. All the TIEP investment funds noted as paid out by a Heartland Receivership Party per the books and records, including the corresponding interest payments, were traced to bank statements. Therefore, A&C concluded that the investment amounts

reported in the records maintained by Heartland could be reasonably relied upon for accuracy.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 10th day of October, 2023.

A handwritten signature in cursive script that reads "Carolyn Bremer". The signature is written in black ink and is positioned above a horizontal line.

Carolyn Bremer, CPA
Managing Director, Advisory Department
Ahuja & Clark, PLLC