

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, *et al.*,

Defendants.

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Civil Action No. 4:21-cv-01310-O

ORDER

Before the Court are two motions (ECF Nos. 107, 109) that United States District Judge Reed O'Connor referred to the undersigned Magistrate Judge. ECF Nos. 108, 110. The Court addressed the motions by telephonic hearing today, January 31, 2022.

First at issue is the Receiver's Motion to Approve Settlement with Landlord of 777 Main Street, Fort Worth, Texas, and to Sell Office Furniture Located at 777 Main Street (ECF No. 109). For good cause shown at the hearing, and noting no objections, the Motion to Approve Settlement (ECF No. 109) is **GRANTED**. Accordingly, the Receiver may sign the Motion's attached Mutual Release and Settlement Agreement (*id.* at 13-16) and Quitclaim Bill of Sale (*id.* at 18-20) and take all other actions reasonably necessary to consummate the transactions referenced in those documents.

Secondly at issue is the Receiver's Expedited Motion to Approve Procedures and Sale of Certain Oil Field Equipment, Vehicles, and Other Personal Property Via Auction (ECF No. 107), Defendant Roger Sahota's Response (ECF No. 118), and the Receiver's Reply (ECF No. 120). At the hearing, Defendant Sahota explained liquidating the subject assets is premature and should be delayed pending a reserve report and valuation of the Receivership's mineral

leases, as the assets could be used to extract value from the leases. *See also* ECF No. 118 at 3-4. But because it is undisputed the assets are Receivership property, and there is otherwise no evidence casting doubt on the Receiver's business judgment to proceed with sale, the Expedited Motion (ECF No. 107) is **GRANTED**.

Accordingly, the Receiver is authorized to execute the Proposed Sales Procedures, as detailed in the Expedited Motion, which includes authorizing the Receiver to transfer title to the Property listed in Exhibit A (*id.* at 14) to the successful bidder at auction. Specifically, the Receiver is authorized to execute the following Proposed Sales Procedures:

- a. Execute the agreement with Permian International Energy Services, LLC ("Permian") to auction the Property. In the Receiver's business judgment, marketing and selling the Property through Permian is in the Receivership Estates' best interests for the following reasons: (i) Permian originally sold the rigs and perhaps other property, such as drill pipe, to one or more of the Receivership Parties—Barron Petroleum LLC ("Barron") and/or Arcooil Corp. ("Arcooil")—so Permian is familiar with some of the Property; (ii) Permian has agreed to a flat 8% commission without payment of any additional expenses by the Receivership Estates, which is a significant discount to the original Permian proposal and general industry pricing; and (iii) Permian already has an auction scheduled for February 23, 2022, which is an additional benefit as the price of some or all of the Property is tied to oil prices which can fall quickly.
- b. Provide Permian the locations of the Property that are listed on Exhibit C to the Motion that the Receiver has already identified and gathered, and permit Permian to inspect the Property.

- c. Permian will thereafter advertise the Property by category for sale to the public. Permian may market the Property on its website, <https://permianint.com/>, through a downloadable brochure.
- d. The Receiver will post a copy of the notice of an auction (the “Notice”) on the Receiver’s website for this Case, www.heartlandreceivership.com, to provide notice to the public of the auction. The Notice will act as formal legal notice of the proposed sale and will allow investors and any other individual or entity to object to the proposed sale or otherwise to timely respond to the Notice or be deemed to consent to the sale. The Notice will be posted on the Receiver’s website no less than fifteen (15) calendar days prior to any public auction.
- e. Due to the number of items of Property and the vulnerability to oil and gas prices, the Receiver seeks approval from the Court to establish the “negative notice” procedure set forth herein for each auction to avoid the unnecessary administrative fees and expenses that would accompany individual sale motions for each item of Property.
- f. Each Notice will contain the following language directly below the title of the Notice:

This Notice of Proposed Public Auction (the “Notice”) relates to the auction and sale of certain categories and/or items of personal property (the “Property”) of the Receivership Estates by public auction. If you oppose the auction or sale of the Property identified in this Notice, or if you have a claim to or against the Property, you should immediately contact the undersigned counsel for Receiver Deborah D. Williamson (the “Receiver”). If you and the Receiver cannot agree, you must file a written objection (or a claim of ownership or interest in the Property, identifying the source of your claim) to the proposed auction or sale by [_____] which is seven (7) days of the date this Notice was filed with the Court. Your objection or claim must state why the proposed auction or sale

should not be approved by the Court as to specific pieces of Property. Any objections must be filed at the following address:

United States District Court for the Northern District of Texas
Fort Worth Division
Clerk of Court
501 West 10th Street, Room 310
Fort Worth, Texas 76102

If no party files a timely objection, Permian will be authorized to conduct the public auction and close on the sale of the Property.

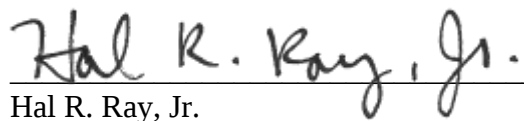
- g. In the event no objection is filed within seven (7) days of the Notice Date, the Receiver will thereafter be authorized, without further Order of the Court, to hold a public auction and sale of the Property under the terms identified in the Notice.
- h. In the event an objection is filed within seven (7) days of the Notice Date, such objecting party or party asserting a claim shall state why the proposed auction should not be approved by the Court and the basis for such belief (an “Objection”). To the extent that the objecting party alleges a claim to or against the Property, the Objection shall describe such claim.
- i. The Receiver’s response to an Objection to the proposed auction of an item of Property or a claim shall be filed within five (5) days of the filing of the Objection.
- j. The Court may thereafter determine whether hearing is necessary to (i) approve the public auction, (ii) overrule any Objection, or (iii) sustain an Objection.
- k. If no Objection is filed, or if the Court approves the auction subsequent to an Objection, the Receiver’s sale of the Property shall be free and clear of all liens, claims, and encumbrances, unless the Court orders that, such liens, claims, or encumbrances shall attach to the proceeds of such sale.
- l. The public auction will continue until bidding on the Property subsides and the

auction of the item is closed.

- m. The Receiver would thereafter deposit and retain the net proceeds of the sale (after payment to Permian) in the bank account of the Receiver.
- n. The Receiver shall, when reporting on the Receivership Estates generally, report on the results of any auction of the Property that occurred during the relevant reporting period.

IT IS FURTHER ORDERED that the Receiver is authorized to employ the professional services of Permian, as broker and auctioneer for the Receiver. The Receiver may pay Permian an 8% commission on the sale of the Property without payment of any additional expenses by the Receivership Estates. The Receiver is further authorized to dispose of the category of items listed in Exhibit A (ECF No. 107 at 14) through public auction free and clear of any liens, claims, interests, and encumbrances, and the Court approves the use of the Property Sales Procedures described in the Expedited Motion for the sale of any similar equipment or similar personal property assets which may be recovered by the Receiver in the future.

It is so **ORDERED** on January 31, 2022.



Hal R. Ray, Jr.
UNITED STATES MAGISTRATE JUDGE