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SUMMARY

The law is crystal clear that this Court can freeze *any* of the Sahota Defendants' assets that it deems necessary to ensure they can pay disgorgement and penalties. Thus, Defendant Roger Sahota's contention that he came into possession of certain funds, now frozen, before he engaged in his alleged fraud is irrelevant. The law is also clear that this Court can freeze the Sahota Relief Defendants' assets. Courts require accountings from defendants or relief defendants who seek carve-outs to asset freezes for living expenses or attorney's fees. The Sahotas offer no such accounting as part of their Motion. In any event, the gravity of Sahota's malfeasance and the SEC's duty to prevent the depletion of potentially forfeitable assets would render any carve-outs inequitable and ill-advised. For these reasons, the Sahotas' Motion should be denied in its entirety.

I. The Court Properly Froze the Sahota Defendants' Assets.

The Sahotas' Motion depends largely on their mistaken belief that the Court may not freeze Sahota Defendant¹ assets obtained prior to the perpetuation of Sahota's fraud. The law says otherwise. This Court has broad equitable powers to freeze *all* assets necessary to ensure the Sahota Defendants' ability to repay investors their ill-gotten gains—without regard to whether those assets are causally tied to Sahota's fraud. *See, e.g., SEC v. Lee*, No. 14-CV-347-LAB-BGS, 2019 WL 4934181, at

¹ The Complaint defines the Sahota Defendants as Manjit "Roger" Sahota ("Sahota") and two of his entities, ArcoOil Corp. and Barron Petroleum, LLC. (Compl. ¶ 4.)

*6 (S.D. Cal. Oct. 7, 2019) (requests for frozen funds “have been denied where the frozen assets fell short of a potential disgorgement order, regardless of whether the funds were tainted (*i.e.* traceable to illegal activity).”) (citing cases); *SEC v. Callahan*, No. 12-CV-1065(ADS)(AYS), 2015 WL 10853927, at *2 (E.D.N.Y. Dec. 24, 2015) (“The fact that the [defendant’s] account may not contain funds tainted by [the defendant’s] fraud is of no moment. That is because the purpose of an asset freeze is to preserve all of the defendant’s assets for the victims of his fraud, and therefore, a ‘defendant can be ordered to disgorge funds that were not causally tied to the fraudulent activity.’”) (citation omitted; citing cases); *SEC v. Forte*, 598 F. Supp. 2d 689, 693 (E.D. Pa. 2009) (“because it appears likely that the investor losses dwarf Defendant’s remaining assets, even if Defendant could show that some of the frozen funds are from ‘untainted’ sources, I would not release those funds”) (citation omitted; citing cases); *SEC v. Lauer*, 445 F. Supp. 2d 1362, 1370 (S.D. Fla. 2006) (“Many district courts faced with this argument agree that ‘[t]here is no requirement that frozen assets be traceable to the fraudulent activity underlying a lawsuit.’”) (citation omitted; citing cases); *SEC v. Grossman*, 887 F. Supp. 649, 661 (S.D.N.Y. 1995) (“It is irrelevant whether the funds affected by the Assets Freeze are traceable to the illegal activity.”).

Perhaps to dodge the import of this well-established body of precedent, Sahota attempts to demote himself to the ranks of “an effective relief defendant” (ECF No. 130 at p. 9), since unlike with defendants, courts may limit the scope of a freeze to assets that relief defendants received from defendants and defendants’ wrongdoing.

See, e.g., SEC v. Ahmed, 123 F. Supp. 3d 301, 311 (D. Conn. 2015) (describing certain circumstances under which the SEC must trace ill-gotten gains to relief defendants).

Given this important distinction between a defendant and a relief defendant—and in light of the equitable nature of asset freeze relief generally²—Sahota’s efforts to pass as a relief defendant should be considered against his fraudulent conduct that merited his status as a named defendant in the first place.³ The remainder of Section I details such evidence and allegations. Critically, in his Motion, Sahota denies almost none of these allegations, and he disputes almost none of this evidence.⁴ (*See* ECF No. 130 at 11-12).

Sahota Misrepresented Well Status. In approximately mid-2019, Heartland principals asked Sahota to pay Heartland directly for production relating to two wells

² *See Levi Strauss & Co. v. Sunrise Int’l Trading Inc.*, 51 F.3d 982, 987 (11th Cir. 1995) (“A request for equitable relief invokes the district court’s inherent equitable powers to order preliminary relief, including an asset freeze, in order to assure the availability of permanent relief.”).

³ Sahota did not file a motion to dismiss the fraud allegations against him and instead, like all of the Sahota individuals, answered the Complaint. (ECF Nos. 133, 134, 135, 136.)

⁴ Instead, Sahota claims there was no showing of investor harm. The investors would beg to differ, but in any event, the SEC is not required to allege or prove investor harm. *See, e.g., Kuehnert v. Texstar Corp.*, 412 F.2d 700, 704 (5th Cir. 1969) (“The Commission may act under sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933 and under [section] 10(b) [of the Securities Exchange Act of 1934], involved here, to enjoin a potential fraud or prosecute a fraud that failed, without proof of actual loss to any victim.”) (citations omitted); *Berko v. SEC*, 316 F.2d 137, 143 (2d Cir. 1963) (SEC’s “duty is to enforce the remedial and preventive terms of the statute in the public interest, and not merely to police those whose plain violations have already caused demonstrable loss or injury”); *SEC v. Bancorp, Ltd.*, 195 F. Supp. 2d 475, 490-91 (S.D.N.Y. 2002) (“SEC does not need to prove investor reliance, loss causation, or damages” in actions under antifraud provisions).

operated by his company, Defendant ArcoOil Corp. (Compl. ¶ 117.) Sahota falsely told them the wells were shut in, meaning closed off and not producing. (*Id.*) He did not disclose that he had completed one of the wells in April 2019 or that it had started producing oil, nor did he share production revenue with Heartland. (*Id.*)

Sahota Gave Heartland a Doctored Reserve Report. In approximately January 2020, a Heartland principal requested a reserve report for the Carson lease for the stated purpose of sharing the report with Heartland investors. (Compl. ¶ 118.) In response, Sahota sent him a one-page reserve report, written by a petroleum geologist, which showed \$146 million worth of gas reserves for the Carson lease. (*Id.*) Heartland distributed the report to investors and to feeder fund managers, who solicited investments for Heartland. (*Id.*) The report had been fraudulently altered. (*Id.*) The report's author had written a similar report and provided it to Sahota, but his report had not included a projected dollar figure for recoverable gas. (*Id.*)

In a sworn declaration,⁵ Mr. Massey testified that the \$146 million financial projection in the reserve report that Sahota gave Heartland was not his, and was never included in the reserve report he wrote for Sahota. (ECF No. 6-1, pp. 409-13.) Mr. Massey explained that only a “certified petroleum reservoir engineer,” and not a petroleum geologist like himself, would have been qualified to project an EUR

⁵ The declarations discussed in this section are contained in the Appendix the SEC filed in support of its emergency motion for a TRO and other ancillary relief, including an asset freeze and receivership appointment. (*See* ECF No. 6-1). Declaration citations refer to ECF file stamp page numbers.

(estimated ultimate recovery) in terms of dollars. (*Id.* at p. 410.) Tellingly, no Massey reserve report is among the documents the Sahotas proffer in support of their current reserve claims. (*See* ECF Nos. 130, 130-1.)

Sahota Gave Heartland Doctored Revenue Statements. Beginning in approximately January 2020, Sahota provided a Heartland principal with purported monthly statements from a gathering company that purchased oil from the Wolfcamp lease wells. (Compl. ¶ 119.) The statements had been altered from the original versions, which were sent to the Sahota Defendants, to show inflated or otherwise altered oil production revenue. (*Id.*)

Ms. Betina Gilmore of TransOil Marketing testified in her sworn declaration that the TransOil statements Heartland received from Sahota differed in several ways from TransOil's actual statements. (ECF No. 6-1 at pp. 415-420.) For example, revenue for January 21, 2020 was inflated from \$14,068.71 to \$50,420.10. (*Id.* at p. 418 ¶¶ 11-12, pp. 421-424.) The Sahotas' Motion downplays the magnitude of the difference in reported revenue (ECF No. 130 at pp. 11-12 and n.12)—thereby all but admitting the SEC's allegation that Sahota provided Heartland with altered revenue figures.

It can be no coincidence that Sahota provided Heartland's principal with the doctored TransOil statements showing inflated revenue in January 2020, the same month that he provided Heartland with the doctored Massey reserve report. At that time, Heartland's ownership had recently changed (*see* Compl. ¶ 88), and Sahota found himself dealing with new Heartland leadership, whom he needed to lobby for

continued funds from Heartland's investors. His doctoring of these documents served its intended purpose; the new Heartland leadership sent more than \$40 million of fresh investor funds to Sahota's entities. (Compl. ¶ 116.)

Furthermore, production figures are among those that can be verified using publicly available Texas Railroad Commission records (*see* Compl. ¶ 2), making alterations to those figures risky.⁶ A comparison of the doctored TransOil statements spanning January 2020 to May 2021, attached to Ms. Gilmore's declaration as Exhibit 3 (ECF No. 6-1 at pp. 425-439), and the authentic statements for the same months attached as Exhibit 4 (*id.* at pp. 440-454), suggests that Sahota later adopted a different tactic: the doctored versions consistently underreport Sahota's 77% working interest as 75%, slightly reducing Heartland's expected share of the profits.⁷

Sahota Made Misrepresentations During a Field Trip. In April 2021, Heartland hosted a "field trip" to a gas well being drilled on the Carson lease attended by at least one investor, Heartland personnel, and feeder fund managers who solicited investments for Heartland. During that trip, Sahota falsely told attendees that the first well drilled would initially produce *4 million mcf* of gas per

⁶ Heartland could discover discrepancies in Sahota's production figures by comparing his statements to Texas Railroad Commission data. While the SEC's Complaint alleges that Heartland failed to research well production in Texas Railroad Commission records in 2018 and 2019 (Compl. ¶¶ 50, 60, 72, 100), it makes no such allegations for 2020 or 2021.

⁷ Sahota and Heartland were to split costs and profits for all of their deals 51/49. (Compl. ¶ 64.) Sahota did not deny this allegation in his Answer. (ECF No. 133 at ¶ 64.)

day. (Compl. ¶ 120.) In reality, that well has produced no more than 7 *mcf* of gas per day since it started producing gas in approximately May 2021. (*Id.*)

Mr. Zachary Miller testified in his sworn declaration that, as a Heartland investor and feeder fund manager, he attended the April 13, 2021 “field trip” to wells including the BU20 “discovery” well in Val Verde County, where attendees met with Sahota. (ECF No. 6-1 at pp. 455-457.) In the transcription of Mr. Miller’s cell phone recording—which is attached to his declaration—Sahota states that the first well drilled would initially produce 4 million mcf of gas per day: “So we—right now we got about 4500 pounds of pressure on it, so we will start like 4 million MCF a day, and then of course it’s going to decline. But we’re thinking that maybe a million, 2 million.” (*Id.* at pp. 461-462.) The at most 7 mcf of gas per day that well has actually produced since then falls several digits shy of 4 million.

The Sahotas’ Motion attempts to cast Sahota as “speaking of the potential output once [fracing] had occurred.” (ECF No. 130 at p. 12, n.13.) But that is pure revisionism. In fact, Sahota indicated that fracing would occur *only if output declined*: “We haven’t done frack [*sic*] or anything on this. We just did the acidizing. It it’s—keep it up to, what, 2 million, 3 million (inaudible) and just leave it there. If it’s a little lower, then we’ll do it (inaudible). But sometimes they don’t need to frack.” (ECF No. 6-1 at p. 462.)

In an Unregistered Offering, Sahota Falsely Claimed That Barron Petroleum Had Used “Its Own Money” To Buy Assets That Heartland Had

Largely Paid For. In October 2021, the same month Heartland ceased transferring funds to the Sahota entities, Sahota launched an unregistered offering of what he called “BARR Tokens” through Barron Energy and Barron Petroleum. (Compl. ¶¶ 138-139.) The marketing materials for that offering state that from 2017 to 2020, Barron Petroleum invested \$200 million “of its own money” acquiring oil and gas properties and drilling wells that match the description of Sahota’s projects with Heartland, and for which approximately \$54 million of Heartland investor funds were used. (*Id.* ¶ 139.) The offering strongly suggests Sahota’s attempt to dissipate Heartland assets without its knowledge.

II. Though Not Required, the SEC Alleges and Offers Supporting Evidence Establishing that the Frozen Assets Constitute Sahota’s Ill-Gotten Gains From His Fraud.

Contrary to the Sahotas’ characterization in their Motion, the SEC did not merely *suggest* that Sahota misapplied some of Heartland’s funds to purchase a private jet, helicopter, and real estate in the Bahamas. (ECF No. 130 at p. 6, n.5.) Rather, the SEC *expressly alleges* that Sahota used Heartland investor funds for these and other personal expenses. Of the \$54 million that Sahota’s entities received from Heartland—funds Sahota kept flowing through his fraudulent conduct—the SEC alleges that Sahota used millions for personal expenses, including purchases he would have been unable to make without using Heartland funds. (Compl. ¶¶ 121-122.) Among them are the private jet, helicopter, and real estate in the Bahamas, of

which approximately \$1.4 million, \$1.8 million, and \$600,000 of those purchases, respectively, are directly traceable to Heartland investor funds. (*Id.* ¶ 122.).⁸

Remarkably, the Sahotas' Motion suggests *still more ill-gotten gains* by Sahota. The Sahotas state that they drew no salaries from the Sahota entities between 2017 and 2021.⁹ (ECF No. 130 at p. 7 and n.8.) But they admit that their “[p]ersonal expenses were paid by their companies.” (*Id.* at 8.) This admission identifies additional ill-gotten gains the Sahotas received beyond those specifically alleged in the Complaint.

Additionally, the Sahotas admit that Heartland paid Sahota entities more than \$22 million to purchase interests in Barron-owned mineral leases and wells (ECF No. 130 at p. 5), and they list several leases the Sahota acquired since 2017¹⁰ (*id.* at pp. 4-5, 7). Tellingly, though Sahota and Heartland were to split costs and profits 51/49 for all of their projects (Compl. ¶ 64; *see also* Roger Sahota Answer, ECF No. 133 ¶ 64), the Sahotas' Motion declines to disclose the purchase price that Sahota

⁸ The Sahotas present no tracing analysis as they recast these items as among approximately \$10 million in purchases they claim they made using approximately \$12 million in non-Heartland funds since January 2018 (*see* ECF No. 130 at p. 7-8 and n.8). Sahota claimed in his Answer that he lacked sufficient information to admit or deny the allegations concerning his use of Heartland funds for personal expenses, including the jet, helicopter, and real estate in the Bahamas, and therefore denied them. (ECF No. 133 at ¶ 122.)

⁹ Upon information and belief, the Receiver has obtained documentation that directly contradicts this claim.

¹⁰ The Sahotas present certain of these leases as acquired “pre-Heartland” (ECF No. 130 at p. 5) but fail to disclose that Heartland later paid Sahota entities millions for at least two of them—the Conway lease in Palo Pinto County and the Carson lease in Val Verde County (*see* Compl. ¶¶ 62, 64).

actually paid for the leases on behalf of Heartland and himself (*see* ECF No. 130). Their silence in this regard strongly suggests that the Sahotas received hefty, undisclosed commissions on these purchases—which constitute *even more* ill-gotten gains.

In an apparent bid to absolve themselves of such claims and minimize the tally of their ill-gotten gains, the Sahotas’ Motion recasts Heartland’s 49% of *costs paid* as the purchase of a 49% *interest* in leases and equipment (*see* ECF No. 130 at p. 5). Worksheets attached to Sunny Sahota’s declaration includes this newly-minted 49% *interest* characterization. (*See* ECF No. 130-1 at pp. 13, 15.)

While Sunny Sahota testifies in his declaration that he prepared these worksheets “based on my review of bank records,” (ECF No. 130-1 at p. 7, n.4), their true genesis predates this litigation. In fact, the items and prices they reflect appear to come straight from a “Copy of Master AFE Expense Log 9-24-2021.xlsx” spreadsheet that Sunny Sahota emailed to Heartland principals on September 25, 2021. Critically, that spreadsheet does not reflect the “*for* 49%” or “*for* 49% *ownership*” language that appears in Sunny Sahota’s worksheets. Instead, the spreadsheets that Sunny Sahota sent to Heartland before the SEC filed this lawsuit state that Heartland was paying for 49% of the “*cost*” of leases and equipment the Sahotas procured for their projects:

- (1) **Leases: Compare** “49%” and “Heartland 49% Cost” (with two references to 100% cost) in September 2021 spreadsheet (Appendix hereto at A7) **with** “Heartland Oil & Gas Property Purchase Payments for 49%” in declaration worksheet (ECF No. 131-1 at p. 13);

- (2) **Pipeline: Compare** “HEARTLAND TOTAL (49% Cost)” in September 2021 spreadsheet (Appendix at A9) *with* “for 49% Ownership” in Pipeline Asset table of declaration worksheet (ECF No. 131-1 at p. 15);
- (3) **Drill Pipe and Frac Pipe: Compare** the lack of any 49% reference in September 2021 spreadsheet (Appendix at A11, A13) *with* “for 49% Ownership” in 35,000 Foot of Drill Pipe and 8,000 Foot of Frack Pipe tables of declaration worksheet (ECF No. 131-1 at p. 15);
- (4) **Drilling Rigs: Compare** “Heartland 50% Cost” in September 2021 spreadsheet (Appendix at A15) *with* “for 49% Ownership” in 2-Drilling Rigs table of declaration worksheet (ECF No. 131-1 at p. 15).

Put another way, before this litigation, the Sahotas misrepresented to Heartland that it was paying a specified percentage of the *cost* of leases and drilling equipment. But before this Court, Sunny Sahota attempts to conceal Sahota’s fraud by altering his father’s fraudulent spreadsheets to reflect Heartland’s *interest* in such leases and equipment.

III. The Sahotas’ Assurances of Oil and Gas Assets Do Not Merit Termination or Modification of the Asset Freeze Order.

Courts are empowered to freeze defendants’ assets to preserve the status quo and prevent dissipation of ill-gotten gains so that such funds remain available to fund subsequent disgorgement orders and civil penalties. *SEC v. Faulkner*, No. 3:16-CV-1735-D, 2017 WL 4238705, at *3 (N.D. Tex. Sept. 25, 2017); *SEC v. AmeriFirst Funding, Inc.*, No. 3:07-CV-1188-D, 2007 WL 2192632, at *2 (N.D. Tex. July 31, 2007).

Sahota assures the Court that here, no such precautionary measures are necessary, as the Receiver is sitting on a veritable goldmine: “the Receivership has sufficient assets to satisfy the financial remedies that may be imposed against all of

the Sahotas and Sahota-related entity Defendants and Relief Defendants.” (ECF No. 130 at pp. 1-2.) The source of this bounty, Sahota explains, lies in the “likely enormous deposits of oil and gas, worth far more than the potential financial remedies that might be imposed in this case against all defendants.” (*Id.* at p. 9.)

In other words, the Sahotas ask the Court to ignore the SEC’s allegations that Sahota kept Heartland investor funds flowing to his companies through a years-long series of misrepresentations and falsified documents he provided to Heartland principals and others about reserves, revenue, and production (*see* Compl. at ¶¶ 117-121); to ignore that Heartland received less than \$300,000 in revenues from assets described in the Motion despite the \$54 million it paid Sahota’s entities (*id.* at ¶¶ 115, 121, 139); and to engage in the Court-sanctioned gambling of investor recovery by the very same person who fraudulently squandered their funds in the first place.

The movants have fallen woefully short of meeting their burden to establish the admissibility, authenticity,¹¹ or veracity of the documents they offer this Court in support of their sketchy proposition. The Motion is the same hyperbole and superlatives that Sahota pushed on Heartland and its investors, with the addition of a case caption and a signature block.

¹¹ The Sahotas’ Motion and Appendix contain no sworn declaration by Trevino Resources with regard to its purported offer for assets (ECF No. 130-1 at pp. 21-24) or by Dr. William Purves with regard to his purported reserve analysis (*id.* at pp. 25-27), resume (*id.* at pp. 28-32), or 3D seismic data analysis (*id.* at pp. 33-139).

Even a cursory review of these documents leads to the inescapable conclusion that they:

- (1) are incomplete analyses and at best highly speculative;¹²
- (2) contradict what can charitably be described as the Sahotas' unimpressive production track record;¹³
- (3) dwarf the only "offer" presented¹⁴ (which, it is worth noting, is further proof of Sahota's attempt to dissipate Heartland assets without its knowledge);¹⁵
- (4) are unsupported by information sufficient to confirm that the projections even relate to Sahota assets;¹⁶ and

¹² For example, Dr. Purves describes the possible and probable reserves estimate that he purportedly emailed to Sahota on June 16, 2021 as "difficult to properly assess at this time and hence should be treated in a more speculative manner until more wells and results occur." (ECF No. 130-1 at p. 26.) The estimated Sahota-Carson value attached to the Declaration of Albert G. McDaniel describes itself as "a quick look." (*Id.* at p. 222.)

¹³ Heartland's \$54 million resulted in less than \$300,000 in revenues from all of its Sahota projects since February 2019. (Compl. ¶¶ 115, 121, 139.) As for non-Heartland-related wells, the Sahotas' Motion alleges inconsistent production revenue covering an unknown timeframe, pegging income as \$15,000 to \$30,000 per month (ECF No. 130 at p. 3, n.3) or \$10,000 to \$20,000 per month (*id.* at p. 5, 10).

¹⁴ In November 2021, Trevino Resources purportedly offered \$62.5 million for all lease interests and equipment held by Barron and Heartland in Val Verde (where the Carson lease is located), Crockett, and Schleicher (where the Wolfcamp lease is located) Counties. (ECF No. 130 at p. 6; ECF No. 130-1 at pp. 23-24; *see also* Compl. ¶ 64.) In contrast, Mr. McDaniel estimates the "rough value" of the Carson lease alone as \$1.7 *billion*. (ECF No. 130 at p. 7; ECF No. 130-1 at p. 222.)

¹⁵ Not unlike Sahota's alleged BARR Token offering a month before, the Trevino Resources offer makes no suggestion that Heartland had any part in—or knowledge of—Sahota's attempt to liquidate assets that Heartland partially owned (*see* ECF No. 130-1 at pp. 21-24), even though the Sahotas acknowledge that Trevino's offer included all lease interests and equipment held by Barron *and Heartland* in several counties (ECF No. 130 at p. 6).

¹⁶ For example, the Declaration of Richard G. Boyce refers to a May 5, 2010 report of gas reserves "for 4,807 acres in Crockett County, Texas held by Petro Grande, LLC, known as the Childress/Soto Prospect." (ECF No. 130-1 at pp. 141-142.) Neither Mr. Boyce's Declaration nor the Sahotas' Motion specifies which, if any, of those 4,807 acres are owned

- (5) even if somehow accurate, would still require the expenditure of tens of millions of dollars—which the Receiver does not have, and which the Sahotas have not volunteered—to finance the Sahotas’ massive proposed wager.¹⁷

IV. The Court Properly Froze the Sahota Entity Relief Defendants’ Assets.

As for the Sahota entity Relief Defendants,¹⁸ asset freeze orders may be properly directed to non-defendant parties who hold funds on a defendant’s behalf. *SEC v. Cavanagh*, 155 F.3d 129, 136 (2d Cir. 1998) (“Federal courts may order equitable relief against a person who is not accused of wrongdoing in a securities enforcement action where that person: (1) has received ill-gotten gains; and (2) does not have a legitimate claim to those funds.”); *see also Smith v. SEC*, 653 F.3d 121, 128 (2d Cir. 2011). Even funds a relief defendant received from a partially legitimate source may be properly frozen if that source also contained ill-gotten gains. *Ahmed*, 123 F. Supp. at 311 (denying asset freeze modification absent showing that spouse’s salary had been segregated from tainted assets); *see also SEC v. Rosenthal*, 426 Fed. App’x 1, at *3 (2d Cir. 2011) (“SEC is not required to trace specific funds to their

or leased by the Sahotas or what, if any, relationship Petro Grande, LLC has with them. (*See id.*; ECF No. 130 at 7.)

¹⁷ For example, Mr. Boyce’s evaluation assumes investments of more than \$110 million (ECF No. 130-1 at p. 143); Dr. Michael Fraim’s projections assume drilling and stimulation “Capex” of more than \$8 million (*id.* at p. 177); and Mr. McDaniel’s estimate assumes 100 wells at an estimated cost to drill and complete *per well* of \$3 million (*id.* at p. 222), a cost he obtained from Sahota himself (*id.* at p. 219, ¶ 5.).

¹⁸ The Asset Freeze Order applies only to Sahota *entity* Relief Defendants, not individual Relief Defendants Harprit, Sunny, or Monroe Sahota. (ECF No. 14 at p. 2, ¶ A.)

ultimate recipients” where relief defendants received funds from a source in which legitimate and ill-gotten gains were commingled).

The SEC alleges that the Sahota-related Relief Defendants received ill-gotten gains to which they were not entitled (Compl. ¶¶ 33-40, 117-122), and that the Sahota Defendants engaged in numerous fraudulent acts to receive Heartland investor funds (Compl. ¶¶ 117-122, 138-139). The Sahotas’ Motion, for its part, admits that the Sahotas’ personal expenses were paid by their companies between 2017 and 2021. (ECF No. 130 at p. 8.) The asset freeze should therefore remain in place as to the Sahota entity Relief Defendants.

V. The Court Properly Appointed a Receiver Over the Sahota Entities and Should Not Terminate or Modify the Receivership Order.

The Sahotas rely not on legal support in their bid to terminate the Receivership over the Sahota entities, but instead on their audacious claim that they have been unfairly put into a receivership “because they have assets and the Heartland defendants and relief defendants apparently do not.” (ECF No. 130 p. 13.) This argument brings to mind “the mythical defendant who murdered both of his parents and then asked the Court for mercy in his punishment because he was now an orphan.” *United States v. Garcia*, No. SA-04-CR-404(2)-FB, 2005 WL 1683628, at *1 (W.D. Tex. July 8, 2005).

“The appointment of a receiver is a well-established equitable remedy available to the SEC in its civil enforcement proceedings for injunctive relief.” *SEC v. First Fin. Grp. of Texas*, 645 F.2d 429, 438 (5th Cir. 1981). Receiverships are

particularly necessary where, as here, a corporate defendant, through management, defrauded investors. “[I]n such cases, it is likely that, in the absence of the appointment of a receiver to maintain the status quo, the corporate assets will be subject to diversion and waste to the detriment of those who were induced to invest in the corporate scheme and for whose benefit, in some measure, the SEC injunctive action was brought.” *Id.* Because of the well-founded allegations of fraud against the Sahota Defendants and the likelihood that assets would be dissipated absent a Receivership, the Receivership should remain in place as to all Sahota entities.

VI. The Court Should Not Modify the Asset Freeze Order for Living Expenses or Legal Expenses.

The Sahotas have provided scant support for their claimed living expenses, no detail for their requested legal expenses, and no information regarding assets they have to pay either. Having failed to meet this burden, their request should be denied.

Living Expenses. “The defendant’s interest in having access to funds needed to pay ordinary and necessary living expenses ... must be balanced against the government’s interest in preventing the depletion of potentially forfeitable assets.” *SEC v. Dobbins*, No. 3:04-CV-0605-H, 2004 WL 957715, at *3 (N.D. Tex. Apr. 14, 2004) (quoting *United States v. Thier*, 801 F.2d 1463, 1474 (5th Cir. 1987)). Denial of a request to use frozen assets for living expenses is appropriate where a defendant fails to provide enough information to evaluate the request, including with regard to other available assets not derived from alleged fraud and the number of supported

dependents. *See Dobbins*, 2004 WL 957715, at *3 (denying asset freeze modification for living expenses).

Rather than provide such information for the Court to assess, the Sahotas' Motion makes a blanket statement that "the Sahotas do not have a source of income outside of the Sahota-related entities now held by the Receiver." (ECF No. 130 at p. 16.)¹⁹ Sunny and his wife, Monroe and his wife, and Harprit Sahota are not parties to the asset freeze order (*see* ECF No. 14 at p. 2, ¶ A), but they remain silent on their ability or attempts to obtain employment (*see* ECF No. 130).

The Sahotas' Motion suggests that they hold assets not derived from the fraud, including five acres of land in Twentynine Palms, California that Sunny Sahota purchased in 2006 or 2007 and a home in Arlington, Washington that Sunny Sahota purchased in June 2017. (ECF No. 130 at p. 4.) Which begs the question: Why aren't the movants using such properties as a source of income? Further, publicly available information suggests that the Sahotas are renting out at least one of the Bahamas properties they purchased using Heartland funds.²⁰ Because the Sahotas failed to

¹⁹ The Sahotas and their entities have provided the SEC with only a cursory interim accounting consisting of a list of leases—a far cry from the fulsome accounting required of them by the Order for Temporary Restraining Order and Other Emergency Relief (ECF No. 12 at p. 14, ¶ XIII). That missing accounting is critical for evaluating the Sahotas' access to assets.

²⁰ *See* <https://www.vrbo.com/2266040> ("Oceanfront Paradise on 9 Acres," hosted by Premier Host Monraaj Sahota, another of Sahota's sons not subject to the asset freeze) (Appendix hereto at A17).

provide the information necessary to evaluate their request, the Court should decline to grant them a carve-out for living expenses.

The Sahotas seek to continue living rent-free in the homes owned by Relief Defendant Dallas Resources, with the Receivership picking up the tab for their utilities, insurance, and other residence-related costs. To state their request is sufficient in and of itself to compel its denial.

Legal Expenses. There is no Sixth Amendment right to counsel in a civil action. *See Lassiter v. Dep't of Soc. Servs.*, 452 U.S. 18, 24-28 (1981); *FTC v. Assail, Inc.*, 410 F.3d 256, 267 (5th Cir. 2005) (“The Sixth Amendment right to counsel is inapplicable in civil cases.”); *Sanchez v. U.S. Postal Serv.*, 785 F.2d 1236, 1237 (5th Cir. 1986) (per curiam) (“[T]he Sixth Amendment right to effective assistance of counsel does not apply to civil litigation.”). Regarding legal fees, “[b]ecause the use of frozen assets to pay attorney fees can be disallowed even in criminal cases, a civil litigant has no greater right to counsel than one who stands accused of a crime.” *Dobbins*, 2004 WL 957715, at *2.

Conversely, the law is well-settled that *investor victims* are within *their* rights not to effectively fund the defense of those who defrauded them. As Judge Easterbrook held in terms wholly applicable here:

Parties to litigation usually may spend their resources as they please to retain counsel. “Their” resources is a vital qualifier. Just as a bank robber cannot use the loot to wage the best defense money can buy, so a swindler in securities markets cannot use the victims’ assets to hire counsel who will help him retain the gleanings of crime.

SEC v. Quinn, 997 F.2d 287, 288 (7th Cir. 1993) (citations omitted); *see also SEC v. Stanford Int'l Bank, Ltd.*, No. 3:09-CV-298-N, 2009 WL 8707814, at *3 (N.D. Tex. Oct. 9, 2009) (“In keeping with the principle that a defendant cannot fund a defense with ‘loot’ or ‘gleanings of crime,’ this Court denied Stanford’s earlier motion to unfreeze \$10 million in assets to pay attorneys fees ... Stanford had not made an accounting showing that the requested amount was ‘untainted by potential fraud.’”) (citations omitted); *Dobbins*, 2004 WL 957715 at *2 (declining to unfreeze assets for attorney’s fees, in part because those assets may have been the fruit of the fraud at the heart of the case); *SEC v. Coates*, No. 94-cv-5361 (KMW), 1994 WL 455558, at *3 (S.D.N.Y. Aug 23, 1994) (“A defendant is not entitled to foot his legal bill with funds that are tainted by his fraud.”).

In weighing whether to modify an asset freeze to allow for legal expenses, the Court must determine whether such a carve-out “is in the best interests of the defrauded investors” and “has a duty to ensure that Defendants’ assets are available to make restitution to the alleged victims.” *Dobbins*, 2004 WL 957715, at *2; *see also SEC v. Lee*, 2019 WL 4934181, at *6 (“Critically, requests for the release of frozen assets to pay attorney’s fees have been denied where the frozen assets fell short of a potential disgorgement order, regardless of whether the funds were tainted (*i.e.* traceable to illegal activity).”). Denial is appropriate where a defendant fails to establish the reasonableness of the request or the availability of other resources to pay for such expenses. *Dobbins*, 2004 WL 957715, at *2.

Sahota claims that he “does not have another source of income to pay legal fees to defend against the SEC’s claims against him.” (ECF No. 130 at p. 16). He requests \$250,000 in funds “to pay for *their* legal defense.” (ECF No. 130 at p. 17 (emphasis added).)

The Sahotas’ Motion provides no information to support their \$250,000 request, such as the person(s) or entity (or entities) for whose benefit the expenses would be used,²¹ which attorney(s) would provide the legal defense, whether their attorney(s) have already been paid, the hourly rate, and—as with living expenses—what other resources they have available to pay their attorneys. Even had they made such a showing, however, it would be manifestly unfair to require Sahota’s victims to pay his attorney’s fees in this matter. For all of these reasons, the Court should decline to grant them a carve-out for legal expenses.

CONCLUSION

WHEREFORE, Plaintiff United States Securities and Exchange Commission respectfully requests that the Court deny the Motion to Terminate or Modify Asset Freeze and Receivership Orders filed by Defendant Manjit “Roger” Sahota and Relief Defendants Harprit, Sunny, and Monroe Sahota (ECF No. 129) and grant such other and further relief as this Court deems just and proper.

²¹ The Sahotas’ Motion implies that the expenses would be used to defend not only the Sahota Defendants, but also the Sahota-related Relief Defendants from whom the SEC seeks ill-gotten gains.

Dated: March 8, 2022

Respectfully submitted,

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**

By: /s/ Stephanie L. Reinhart
Stephanie L. Reinhart

Jonathan S. Polish (IL Bar No. 6237890)
Stephanie L. Reinhart (IL Bar No. 6287179)

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DECLARATION OF STEPHANIE L. REINHART

I, Stephanie L. Reinhart, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct:

1. I am a Senior Counsel with the United States Securities and Exchange Commission (“SEC”) in its Chicago Regional Office, located at 175 West Jackson Boulevard, Suite 1450, Chicago, Illinois 60604. I am a member of the SEC Division of Enforcement staff working on the SEC’s case against The Heartland Group Ventures, LLC, et al. (Case No. 4:21-cv-1310). I make this declaration in support of the SEC’s Response to Motion to Terminate or Modify Asset Freeze and Receivership Orders.

2. Attached to this Declaration are true and correct copies of the following documents:

- a. Sept. 25, 2021 email from sunny@arcooil.com with subject “Master AFE as of Sept 24, 2021” and attaching “Copy of Master AFE Expense Log 9-24-2021.xlsx” (A4 – A5);
- b. **“Acreage” Tab** of “Copy of Master AFE Expense Log 9-24-2021.xlsx” (A6 – A7);
- c. **“Sahota Carson # 1 & 2 HEARTLAND Total (49% Cost)” Table from “Carson1&2 Pipeline” Tab** of “Copy of Master AFE Expense Log 9-24-2021.xlsx” (A8 – A9);
- d. **“Drill Pipe” Tab** of “Copy of Master AFE Expense Log 9-24-2021.xlsx” (A10 – A11);
- e. **“Frac Pipe” Tab** of “Copy of Master AFE Expense Log 9-24-2021.xlsx” (A12 – A13);

- f. **“Two International 90 Rigs Total (\$2,050,000) Table from “Miscellaneous” Tab** of “Copy of Master AFE Expense Log 9-24-2021.xlsx” (A14 – A15); and
- g. Mar. 6, 2022 capture of <https://www.vrbo.com/2266040> (“Oceanfront Paradise on 9 Acres,” hosted by Premier Host Monraaj Sahota) (A16 – A17).

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: March 7, 2022

/s/ Stephanie L. Reinhart
Stephanie L. Reinhart (IL Bar No. 6287179)
**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**
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EXHIBIT 1

Sept. 25, 2021 email from sunny@arcooil.com with subject “Master AFE as of Sept 24, 2021” and attaching “Copy of Master AFE Expense Log 9-24-2021.xlsx”

Reinhart, Stephanie L

From: sunny arcooil.com <sunny@arcooil.com>
Sent: Saturday, September 25, 2021 7:20 PM
To: james@theheartlandgroup.net; jlewis@theheartlandgroup.net
Subject: Master AFE as of Sept 24, 2021
Attachments: Copy of Master AFE Expense Log 9-24-2021.xlsx

These are AFE for each well as to date with updates on the Acreage. The drilling costs on the AFE's are close to complete, but we will have completion costs and expenses coming next as we move forward. We have several bills due from the drilling that we would like to clear off before completion costs come in.

Thanks

EXHIBIT 2

“Acreage” Tab
Copy of Master AFE Expense Log 9-24-2021.xlsx

Val Verde (\$3,064,000 Purchase) 1,000 Acres & 3D Seismic			\$3,064,000.00
DATE	DESCRIPTION	Payments	
2/6/2019	Val Verde Purchase (Payment #1)	-5500 000.00	
4/1/2019	Val Verde Purchase (Payment #2)	-5500 000.00	
4/22/2019	Val Verde Purchase (Payment #3)	-5500 000.00	
6/3/2019	Val Verde Purchase (Payment #4)	-5500 000.00	
6/26/2019	Val Verde Purchase (Payment #5)	-51 064 000.00	
Heartland 100% Cost (\$3,064,000)			\$3,064,000.00
BALANCE:			\$0.00

Second Val Verde 3,000 Acre Purchase (\$5,134,800) 49%			\$2,516,052.00
DATE	DESCRIPTION	Payments	
1/16/2020	Val Verde Purchase- (Payment #1)	-245 000.00	
4/29/2020	Val Verde Purchase- (Payment #2)	-2 180 500.00	
7/2 /2020	Val Verde Purchase- (Payment #3)	-590 552.00	
Heartland 49% Cost (\$2.5 6 052.00)			\$2,516,052.00
BALANCE:			\$0.00
ACTUAL COST D Ifference for 212.25 Acres 49% of (\$350,212.50) (1140 Acres on First Option and 3,072.25 Acres on Second Option)			\$171,604.12
7/20/2020	Val Verde Purchase-Additional Acreage	\$ 07 000.00	
Heartland 49% Cost (\$171,604.12)			-\$107,000.00
BALANCE:			\$64,604.12

Carson 2- 1,000 Acres Purchase (\$1,650,000) 49%			\$808,500.00
DATE	DESCRIPTION	Payments	
9/23/2020	Carson 2 Down Payment- (Payment #1)	-\$275 000.00	
10/27/2020	Carson 2- (Payment #2)	-547 9 6.68	
11/23/2020	Carson 2- (Payment #3)	-547 916.68	
12/29/2020	Carson 2- (Payment #4)	-547 916.68	
2/18/2021	Carson 2 Payment #5	-547 9 6.68	
3/2/2021	Carson 2 Payment #6	-547 916.68	
4/1/2021	Carson 2 Payment #7	-547 9 6.68	
4/29/2021	Carson 2 Payment # 8	-547 9 6.68	
5/28/2021	Carson 2 Payment # 9	-547 9 6.68	
6/25 - 7/2	Carson 2 Payment # 10	-547 9 6.68	
7/22/2021	Carson 2 Payment # 11 (Difference)	-\$5 406.16	
8/13/2021	Carson 2 Payment #11 (D ifference)	-\$42 5 0.52	
9/26/2021	Carson 2 Payment #12	-\$54 333.20	
Heartland 49% Cost (\$808,500)			\$808,500.00
BALANCE:			\$0.00

Third Val Verde 3,200 Acre Purchase (\$5,263,747.50) 49%			\$2,579,236.27
DATE	DESCRIPTION	Payments	
12/22/2020	Val Verde Purchase- (Payment #2)	-\$2 5 9 236.27	
7/29/2020	Val Verde Purchase-Down Payment	-\$250 000.00	
Heartland 49% Cost (\$2,579,237.27)			\$2,829,236.27
BALANCE:			-\$250,000.00

Carson 1 Third Val Verde 3,048.7 Acres Purchase \$5,030,355			\$5,030,355.00			
DATE	DESCRIPTION	Total	50% of Total Payment Due	Payments Due	Payments Made	
	Heartland 49%	\$2 464 873.95	\$1 232 436.98			
6/29/2021	Down Payment			\$1 232 436.98	\$1 232 436.98	
7/22/2021	Payment #1			\$410 812.33	\$4 0 812.33	
8/26/2021	Payment #2			\$410 812.33	\$4 0 812.33	
9/30/2021				\$0.00	\$0.00	
Total Payments Made				\$2,464,873.95	\$4,081,313.64	
BALANCE Due				\$2,464,873.95	\$4,081,313.64	

West Ranch- 6,174.93 Acres Purchase (\$10,188,634) 49%			\$4,992,430.66
DATE	DESCRIPTION	Payments	
10/7/2020	West Ranch Down Payment (Payment # 1)	-\$250 000.00	
10/27/2020	West Ranch- (Payment #2)	-\$200 000.00	
11/23/2020	West Ranch- (Payment #3)	-\$200 000.00	
12/29/2020	West Ranch- (Payment #4)	-\$200 000.00	
2/18/2021	West Ranch Payment #5	-\$200 000.00	
3/2/2021	West Ranch Payment #6	-\$200 000.00	
4/1/2021	West Ranch Payment #7	-\$200 000.00	
4/29/2021	West Ranch Payment #7	-\$200 000.00	
5/28/2021	West Ranch Payment #8	-\$200 000.00	
6/25 - 7/2	West Ranch Payment #9	-\$200 000.00	
7/22/2021	West Ranch Payment #10	-\$200 000.00	
8/26/2021	West Ranch Payment #11	-\$200 000.00	
Heartland 49% Cost (\$4,992,430.66)			\$2,450,000.00
BALANCE:			\$2,542,430.66

Wolfcamp (\$8,000,000 Purchase) 100%			\$8,000,000.00
DATE	DESCRIPTION	Payments	
1/4/2019	Heartland- Deposit for 49% Wt in Wolfcamp (Payment #1)	-\$1 500 000.00	
4/1/2019	Heartland- Wolfcamp (Payment #2)	-\$500 000.00	
3 /3 /2020	Heartland- Wolfcamp (Payment #3)	-\$200 000.00	
2/1 /2020	Heartland- Wolfcamp (Payment #4)	-\$200 000.00	
2/14/2020	Heartland- Wolfcamp (Payment #5)	-\$200 000.00	
2/2 /2020	Heartland- Wolfcamp (Payment #6)	-\$200 000.00	
12/20/20	Heartland- Wolfcamp (Payment #7)	-\$200 000.00	
1/17/2020	Heartland- Wolfcamp (Payment #8)	-\$200 000.00	
8/10/2020	Payment #1 of \$75 000	-\$75 000.00	
8/19/2020	Payment #2 of \$75 000 (Reallocated to BU19 Overage)	-\$17 697.83	
8/25/2020	Payment #3 of \$75 000	-\$75 000.00	
8/3 /2020	Payment #4 of \$75 000 (Reallocated to BU20 Overage)	-\$75 000.00	
9/8/2020	Payment #5 of \$75 000 (Reallocated to BU20 Overage)	-\$75 000.00	
9/14/2020	Payment #6 of \$75 000 (Reallocated in Part to BU20 Over)	-\$13 404.81	
9/2 /2020	Payment #7 of \$75 000	-\$75 000.00	
9/30/2020	Payment #8 of \$75 000	-\$75 000.00	
0/7/2020	Payment #9 of \$75 000	-\$75 000.00	
10/1 /2020	Payment # 0 of \$75 000	-\$75 000.00	
10/20/2020	Payment #11 of \$75 000	-\$75 000.00	
10/27/2020	Payment #12 of \$75 000	-\$75 000.00	
11/ /2020	Payment #13 of \$75 000	-\$75 000.00	
1 /12/2020	Payment #14 of \$75 000	-\$75 000.00	
1 /17/2020	Payment #15 of \$75 000	-\$75 000.00	
1 /2 /2020	Payment # 6 of \$75 000	-\$75 000.00	
12/ /2020	Payment #17 of \$75 000	-\$75 000.00	
12/8/2020	Payment # 8 of \$75 000	-\$75 000.00	
12/15/2020	Payment #19 of \$75 000	-\$75 000.00	
12/22/2020	Payment #20 of \$75 000	-\$75 000.00	
12/30/2020	Payment #21 of \$75 000	-\$75 000.00	
1/5/2021	Payment #22 of \$75 000	-\$75 000.00	
1/12/2021	Payment #23 of \$75 000	-\$75 000.00	
1/19/2021	Payment #24 of \$75 000	-\$75 000.00	
1/26/2021	Payment #25 of \$75 000	-\$75 000.00	
2/2/2021	Payment #26 of \$75 000	-\$75 000.00	
2/24/2021	Payment #27 of \$75 000	-\$75 000.00	
2/4/2021	Payment #28 of Multi \$75k	-\$225 000.00	
* Being Paid Off v a \$75,000 Per Month Payments *			
Heartland 100% Cost (\$8,000,000.00)			\$5,181,102.64
BALANCE:			\$2,818,897.36

JW Conway (\$3,000,000 Purchase)			\$3,000,000.00
DATE	DESCRIPTION	Payments	
4/5/2019	Heartland- Conway (Payment #1)	-\$300 000.00	
5/16/2019	Heartland- Conway (Payment #2)	-\$450 000.00	
6/27/2019	Doida Law Group- Final Payment Conway (Payment #3)	-\$500 000.00	
6/28/2019	Doida Law Group- Final Payment Conway (Payment #4)	-\$1 750 000.00	
Heartland 100% Cost (\$3,000,000.00)			\$3,000,000.00
BALANCE:			\$0.00

Carson 2- 3,807.80 Acres Purchase (\$6,282,870.00) 49%			\$3,078,606.30
DATE	DESCRIPTION	Payments	
	Carson 2 3 807.80 Payment- (Payment #1)		
Heartland 49% Cost (\$3,078,606.30)			\$0.00
BALANCE:			\$3,078,606.30

EXHIBIT 3

“Sahota Carson # 1 & 2 HEARTLAND Total (49% Cost)” Table
“Carson1&2 Pipeline” Tab
Copy of Master AFE Expense Log 9-24-2021.xlsx

SAHOTA CARSON # 1 & 2 HEARTLAND Total (49% Cost)		\$6,610,179.71
DATE		PAYMENTS
7/20/2020	Gas Pipeline (Payment #1) (107k applied to Carson Acreage)	
7/31/2020	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$103,000.00
8/10/2020	Sahota Carson 1 & 2 Gas Pipeline Construction (increased from \$225k)	-\$300,000.00
12/30/2020	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$461,000.00
12/15/2020	Sahota Carson # 1 & 2 Gas Pipeline Construction (40k out of 115k wire)	-\$40,000.00
3/18/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$450,000.00
4/9/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$400,000.00
4/12/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$450,000.00
4/15/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$600,000.00
4/23/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$300,000.00
2/8/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$470,000.00
3/11/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$500,000.00
4/28/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$400,000.00
5/6/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$400,000.00
5/12/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$300,000.00
5/19/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$200,000.00
5/25/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$300,000.00
6/17/2021	Sahota Carson # 1 & 2 Gas Pipeline Construction	-\$300,000.00
	TOTAL	\$5,974,000.00
	REMAINING BALANCE	\$636,179.71

EXHIBIT 4

“Drill Pipe” Tab
Copy of Master AFE Expense Log 9-24-2021.xlsx

Drill Pipe Purchase & Trucking	
35,000 Ft. Drill Pipe @ \$16.5 per foot	\$577,500.00
17 Truck Loads @ \$1,800.00 per load	\$30,600.00
Tax 8.5%	\$49,087.50
Total	\$657,187.50

Date	HEARTLAND PAYMENTS MADE	PAYMENTS
6/25 - 7/02	Payment #1	\$328,593.75
	TOTAL	\$328,593.75
	BALANCE	\$0.00

EXHIBIT 5

“Frac Pipe” Tab
Copy of Master AFE Expense Log 9-24-2021.xlsx

Frac Pipe Purchase & Truckin	
8,002.9 Ft. of 3.5 inch Frac Pipe at \$29.86 per Ft.	\$238,966.59
Shipping of Frac Pipe	\$8,000.00
Tax 8.5%	\$20,992.16
Total	\$267,958.75

Date	HEARTLAND PAYMENTS MADE	PAYMENTS
7/9/2021	Frac Pipe Payment #1	\$133,979.38
	TOTAL	\$133,979.38
	REMAINING BALANCE	\$0.00

EXHIBIT 6

“Two International 90 Rigs Total (\$2,050,000) Table
“Miscellaneous” Tab
Copy of Master AFE Expense Log 9-24-2021.xlsx

		Heartland Cost
Two International 90 Rigs Total (\$2,050,000)		\$1,025,000.00
DATE	DESCRIPTION	Payments
9/14/2020	Drill Rig #1 Payment	-\$200,000.00 x
9/30/2020	Drill Rig #1 Payment	-\$200,000.00 x
10/7/2020	Drill Rig #1 Payment	-\$250,000.00 x
11/12/2020	Drill Rig #1 Payment	-\$175,000.00 x
11/23/2020	Drill Rig #1 Payment	-\$200,000.00 x
	Paid	-\$1,025,000.00
	Heartland 50% Cost	\$1,025,000.00
	BALANCE:	\$0.00

EXHIBIT 7

Mar. 6, 2022 capture
<https://www.vrbo.com/2266040>
“Oceanfront Paradise on 9 Acres,” hosted by Premier Host Monraaj Sahota

Where
Cat Island, Bahamas

Check-in

Check-out

Guests

Check Availability

View all Cat Island properties

Oceanfront Paradise on 9 Acres

Save

Share



+10 photos

About Rooms & beds Amenities Reviews Map Host Policies

About this rental

Villa
1300 sq. ft

3 bedrooms
4 beds · Sleeps 8

2 bathrooms
2 full baths

Spaces
Kitchen · Deck/Patio · Porch/Veranda

Welcome to Almost Paradise Villa's! This villa on 9 acres has a one of a kind tranquil feeling with its own private lookout and sandy beach just steps away. This 3 bedroom and 2 full bathroom Villa is in a very desired area due to its abundant marine life amongst its coral reefs. There are coral reefs to explore while snorkeling, kayaking, and endless beach to walk and meditate on. The kayaks and snorkeling gear come at no extra cost to you when renting this Villa and are a part of the package. There are a lot of coconut palms so you can make your own island drinks while watching the gentle waves coming in. Its such an amazing place to relax and feel the ocean breezes. If you need any help you can contact the owners who live minutes away. The one time payment of \$99 insurance covers your entire stay up to \$5,000 in damages and is mandatory to be able to stay at this Villa. This option is a lot cheaper and better than having to put down a security deposit of \$2,000+ to cover for damages. This property has a groundskeeper who cleans the beach of seaweed early in the morning that might have washed up and yardwork to make it look fresh daily.

We have two large fiberglass kayaks with 2 seats in each, 4 life vests, and 4 paddles.

We have 2 sets of snorkel kits that come complete with the face mask, breathing apparatus, and fins. All of this is for you to use at no extra cost, please report any damages so we can claim it within 7 days from insurance.

Pets are allowed with a non-refundable \$500 dollar Pet Damage payment. Please inbox or text me if you have a pet coming with you.

Snorkeling, scuba diving lessons and or local fishing expeditions are available at an additional cost with one of the locals. He has enough scuba diving gear for 4 people.

To find the Villa please Google "Almost Paradise Villa Cat Island Bahamas" this will give you directions on how to get here from anywhere on the island.

Thank you and enjoy your stay at this diamond in the rough.

View less

Hosted by **Monraaj Sahota**
Premier Host

\$325 avg/night

★ 4.9 (7 Reviews) · Wonderful

Add dates for total pricing

Check In	Check Out
Guests	

Check availability

Free cancellation up to 14 days before check-in

Contact host

Property # 2266040

Report this property

CERTIFICATE OF SERVICE

On **March 8, 2022**, I electronically filed the foregoing **Plaintiff's Response to Motion to Terminate or Modify Asset Freeze and Receivership Orders** and accompanying **Appendix** with the clerk of court for this U.S. District Court using the electronic case filing system of the court. The electronic case filing system sent a "Notice of Electronic Filing" to all attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means. I have further emailed this filing to *pro se* defendant James Ikey at: James.ikeyrcg@gmail.com.

/s/ Stephanie L. Reinhart

Stephanie L. Reinhart

UNITED STATES SECURITIES

AND EXCHANGE COMMISSION

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