

**RECEIVER’S STATUS REPORT REGARDING FUTURE PLEADINGS
AND ADMINISTRATIVE CLOSURE PROCEDURES**

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the “Receiver”) for the Receivership Parties (as defined in the *Order Appointing Receiver* [ECF No. 17] (the “Receivership Order”))¹ and receivership estates (collectively, the “Receivership Estates”) in the above-captioned case (the “Case”), hereby files this *Receiver’s Status Report Regarding Future Pleadings and Administrative Closure Procedures* (the “Report”).

I. BACKGROUND

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

2. 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, hold, and operate all of the Receivership Parties’ assets (the “Receivership Assets”) pending further order of this Court. Accordingly, the Court entered the Receivership Order on December 2, 2021, appointing Deborah D. Williamson as the Receiver over the Receivership Estates in this Case.

3. The Court has stated its intention to “administratively” close this case. To date, the Commission has obtained final judgments against some, but not all, Defendants in this Case. As of the filing of this Report, final judgments have not been entered by this Court against Defendant Rustin Brunson, Defendant James Ikey, and Defendant Manjit Singh (aka Roger) Sahota.

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

4. The Receiver has sought relief from this Court to finalize the parties entitled to a distribution W-9 in this Case. The Court set the *Receiver's Motion for Authority to Forfeit Investor Distribution for Failure to Timely Submit Completed and Signed IRS Form W-9* [ECF No. 663] for hearing on February 27, 2025. Further, the Receiver filed the *Notice of Receiver's Intent to Forfeit Distributions* [ECF No. 662] for allowed claimants' failure to timely deposit or otherwise negotiate payments pursuant to the *Order Granting Receiver, Deborah D. Williamson's Motion for Order Approving Distribution Plan and Interim and/or Final Distribution* [ECF No. 560].

5. The Receiver has also begun the process of winding down those Receivership Parties where there are no on-going operations, including, but not limited to, the filing of final tax returns and payment of all amounts due to various states where such entities were incorporated and/or were authorized to do business.

6. The Receiver has also initiated litigation seeking to recover properties worth over \$1,500,000 from three (3) members of the Sahota family, including Relief Defendants Sunny Sahota and Monroe Sahota (the "Bahamas Litigation"). *See generally Receiver's Complaint Against Monroe Singh Sahota, Sunny Singh Sahota, and Mandeep Kaur Sahota, Williamson v. Sahota, et al.*, No. 4:25-cv-00159-O (N.D. Tex. Feb. 19, 2025), ECF No. 1.

II. REPORT

7. The Receivership Order and/or other Orders of this Court currently provide that the Receiver needs approval from this Court and has certain obligations:

A. **Current Obligations**

<u>Action</u>	<u>Related Order Provision</u>
Interim Quarterly Fee Applications and Approval to Pay Professionals	<p>Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates[.]” Receivership Order, ¶ 62.</p> <p>All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership. Receivership Order, ¶ 63.</p>
Quarterly Status Reports	<p>Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (the “Quarterly Status Report”), reflecting (to the best of the Receiver’s knowledge as of the period covered by the report) the existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates. Receivership Order, ¶ 56.</p>
Future Distributions	<p>If and when the Receiver collects additional funds and/or the Receivership closes, the Receiver will propose to the Court another interim, or a final, distribution. See ECF No. 534, ¶41.</p>

Commencement or Settlement of Litigation, Potentially Including Engagement of Counsel, Experts, or Other Professionals	[L]eave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in the Receiver's discretion, and in consultation with SEC counsel, be advisable or proper to recover and/or conserve Receivership Property. Receivership Order, ¶ 45.
Final Fee Application	At the close of the receivership, the Receiver will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership. Receivership Order, ¶ 63.
Final Accounting	At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement. Receivership Order, ¶ 66.
Abandonment and/or Sale of Personal Property	<p>The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, 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 Receivership Property. Receivership Order, ¶ 40.</p> <p>The Court has approved abandonment and sale procedures for personal property. See ECF No. 217.</p>
Sale and/or Abandonment of Receivership Parties' Oil and Gas Interests in Val Verde and/or Crockett Counties ,Texas	The Court-approved procedures to sell and/or abandon oil and gas properties did not include those located in Val Verde and/or Crockett Counties, Texas. As a result, the Receiver must obtain Court approval for any such relief. See ECF Nos. 197, 215, 296, 404.

B. Future Issues

8. Further, absent closing of this Case, the Receiver would seek this Court's approval of:

- (a) Any settlement with the Internal Revenue Service (the "IRS") which requires payment of significant penalties and/or interest;
- (b) Any settlement of claims and/or Bahamas Litigation; and
- (c) Sale and/or abandonment of any Receivership Parties' interests in oil and gas properties located in Val Verde and/or Crockett Counties, Texas.

9. Additionally, the Receiver may need this Court's assistance and/or guidance to enforce other provisions of the Receivership Order after administrative closing, including, but not limited to:

- (a) Any attempts by the IRS to enforce any alleged claims;
- (b) Any attempts by any current Receivership Defendant or Receivership Relief Defendant to assert claims and/or otherwise recover from any Receivership Assets;
- (c) Establishing procedures for status reports in lieu of quarterly reports as required in the Receivership Order;
- (d) Any attempts to assert claims against the Receiver or any of her Retained Personnel; and
- (e) Fee application procedures while in administrative closure status.

C. Future Guidance

10. Additionally, there is no generally prescribed form or process for administratively closing of a receivership case. Some courts have entered orders which provide that the "administrative closure is for statistical purposes only and is not a final judgment." *See, e.g., SEC v. Faulkner, et al.*, No. 3:16-CV-1735-D (N.D. Tex. Mar. 31, 2023), ECF No. 697. In the *Faulkner* case, there was no apparent change in the obligations of the receiver and the receiver continued to seek and obtain relief from the court without the need to re-open the case.

11. Examples of other receivership cases' administrative closure orders include, but are not limited to, post-final closing obligations including preservation of records, dissolution, preparation and filing of tax returns:

ENDORSED ORDER: The Court has reviewed the Receiver's latest status report (Doc. # 1436), along with the docket in this matter. While the Court appreciates that the Receiver continues to work internally to dispose of the remaining assets in the Quest and Nadel receiverships, there has been no meaningful movement in the case requiring the Court's intervention in the last year, beyond some matters related to the cancelled sale of the assets of Quest Energy Management Group, Inc. Accordingly, the Clerk is directed to administratively close this matter. The Court understands that there are certain outstanding matters which will require Court permission or approval before this case can be permanently closed, and the Court remains available to address and rule on those matters as they arise.

SEC v. Nadel, et al., No. 8:09-cv-87 (M.D. Fla. Aug. 11, 2020), ECF No. 1437.

ORDER Administratively Closing Case. The Court having reviewed the Receiver's First Quarter 2012 Report to Court, filed March 17, 2012, is of the opinion that to manage the Court's docket more efficiently, the receivership should be administratively closed without prejudice to its being reopened to enter a final closing order or upon the showing of good cause.

SEC v. Judah, et al., No. 5:09-cv-87 (N.D. Tex. Apr. 18, 2012), ECF No. 492. This case was re-opened on June 14, 2012.

ORDER- It is hereby ORDERED that the receiver shall file an initial report within thirty (30) days of this Order. It is further ORDERED that the parties shall appear for a status conference on February 8, 2019 at 10:00 a.m. It is further ORDERED that the Clerk of Court shall ADMINISTRATIVELY CLOSE this action during the pendency of the receivership.

SEC v. Hitt, et al., No. 1:18-cv-1262 (E.D. Va. Oct. 15, 2018), ECF No. 23.

III. CONCLUSION

12. The Receiver respectfully requests assistance and/or guidance from this Court on the issues presented above and specific administrative closing procedures in this Case.

Dated: February 27, 2025

Respectfully submitted,

By: /s/ Danielle Rushing Behrends

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COUNSEL TO RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on February 27, 2025, the foregoing document was served via CM/ECF on all parties appearing in this case, including Securities and Exchange Commission, and via email on the following unrepresented parties on this Court's docket:

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