

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

UNITED STATES SECURITIES	§	
AND EXCHANGE COMMISSION,	§	
	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 4:21-cv-01310-O-BP
	§	
THE HEARTLAND GROUP	§	
VENTURES, LLC, <i>et al.</i>,	§	
	§	
Defendants.	§	

**PLAINTIFF SECURITIES AND EXCHANGE COMMISSION’S
MOTION FOR ENTRY OF AGREED FINAL JUDGMENT AS TO
DEFENDANT RUSTIN BRUNSON**

Plaintiff United States Securities and Exchange Commission moves for the entry of an agreed final judgment as to defendant Rustin Brunson. In support of its motion, the SEC attaches the agreed, proposed final judgment as **Exhibit 1** hereto (“Final Judgment”), attaches his consent to entry of the Final Judgment as **Exhibit 2** hereto, and states:

1. Brunson has agreed to a settlement with the SEC, consisting of permanent injunctions, including a conduct-based injunction concerning oil-and-gas offerings, and a civil penalty of \$25,000. As part of that settlement, Brunson neither admits nor denies the allegations in the Complaint, including the below-described allegations supporting the SEC’s claims against him. (Ex. 2, ¶ 13.)

2. Approval of a settlement in an SEC enforcement case is appropriate where it is lawful and “represents a reasonable factual and legal determination based on the facts of

record, whether established by evidence, affidavit, or stipulation.” *SEC v. Hilliard*, No. 3:20-CV-00929-X, 2020 WL 2850988, at *1 (N.D. Tex. June 2, 2020).

3. The SEC sued Brunson for violating Section 5 and Sections 17(a)(2) and (a)(3) of the Securities Act of 1933. For the **Section 5 claim**, (15 U.S.C. § 77e), the Complaint alleges that no registration statement was filed by Brunson or was otherwise in effect for any of the securities offered and sold by the Heartland Defendants and Receivership Defendant Alternative Office Solutions, LLC (“AOS”), and no exemption applied. (Complaint, ¶ 156.) Brunson and others engaged in steps necessary to the distribution of the securities at issue. Brunson received, approved, or distributed the offering documents, (*id.* ¶¶ 81, 94-95), dictated how the securities would be offered and sold, (*id.*), and served as a manager at different points during the offerings, (*id.* ¶¶ 84, 88, 91-95). Accordingly, Brunson violated Section 5. *See SEC v. Kahlon*, 873 F.3d 500, 504 (5th Cir. 2017) (elements of Section 5 claim); *Swenson v. Engelstad*, 626 F.2d 421, 424 (5th Cir. 1980) (scienter is not an element of a Section 5 violation); *SEC v. Offill*, No. 3:07-CV-1643-D, 2012 WL 246061, at *3 (N.D. Tex. Jan. 26, 2012) (same).

4. Further, the facts alleged in the SEC’s Complaint, which Brunson does not deny, detail Brunson’s violations of **Section 17(a)(2) and (a)(3)** of the Securities Act, (15 U.S.C § 77q(a)(2) and (a)(3)), including:

- He failed to disclose that investor funds would be, and were, used to make **Ponzi payments**. (Complaint, ¶¶ 97-99, 102, 130.)
- He misrepresented the productivity of **Heartland’s wells and the experience of its operators**. (*Id.* ¶¶ 86, 100.)
- He misrepresented that Debt Fund III **notes would be serviced from proceeds of revenues generated by Heartland from its ownership in the oil and gas interests**. (*Id.* ¶ 98.)

- He concealed **Defendant Ikey's involvement** with Heartland, instead disclosing only Brunson, Muratore, or Pearsey as control persons. (*Id.* ¶¶ 95, 105, 110.)

5. These material misrepresentations and omissions are all actionable misconduct under Section 17(a) of the Securities Act. *See, e.g., SEC v. Bowen*, 3:22-CV-1415-S, 2024 WL 3462359, at *5 (N.D. Tex. July 17, 2024) (denying motion to dismiss the SEC's complaint, which detailed defendants' alleged misrepresentations about the historical production of wells and use of investor funds); *SEC v. Milles*, No. 1:19-CV-714-RP, 2022 WL 206808, at *3 (W.D. Tex. Jan. 24, 2022) (granting summary judgment for the SEC based on defendants' misrepresentations about their oil and gas experience, and about the productivity of the wells).

6. The Final Judgment includes permanent injunctions enjoining Brunson from violating Sections 17(a)(2) and (a)(3) (Final Judgment, Section I) and Section 5 (Section II) of the Securities Act. The Final Judgment further includes a conduct-based injunction that prohibits Brunson from “participating in the issuance, purchase, offer, or sale of any security related to the production, exploration, extraction, purchase, or sale of oil or gas, provided, however, that such injunction shall not prevent Defendant from purchasing or selling securities listed on a national securities exchange for Defendant's own, personal accounts.” (Section III.)

7. Further, Brunson has agreed to pay civil penalties amounting to \$25,000. This sum is appropriate given the egregiousness of the material misrepresentations and omissions that Brunson assisted in drafting and disseminating. These facts support the penalty proposed by the SEC and agreed to by Brunson. *See SEC v. Wilson*, 4:22-cv-00741-O, 2022 WL 18275941, at *9 (N.D. Tex. Dec. 28, 2022); *SEC v. Faulkner*, 3:16-CV-1735-D, 2021 WL

75551, at *10-11 (N.D. Tex. Jan. 8, 2021) (setting forth factors considered for imposition of civil penalties).

WHEREFORE, plaintiff United States Securities and Exchange Commission respectfully requests that the Court grant its motion, enter a final judgment against defendant Rustin Brunson substantially in the form set forth in Exhibit 1 hereto, and grant such other and further relief as the Court deems just and appropriate.

Dated: February 27, 2025

Respectfully Submitted,

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**

By: /s/ Jonathan S. Polish
Jonathan S. Polish

Jonathan S. Polish (IL Bar No. 6237890)
Ashley Dalmau-Holmes (IL Bar No. 6324070)

175 W. Jackson Blvd., Suite 1450
Chicago, Illinois 60604
(312) 353-6884 (Polish)
PolishJ@SEC.gov
(312) 259-3004 (Dalmau-Holmes)
DalmauHolmesA@sec.gov

*Attorneys for Plaintiff U.S. Securities and Exchange
Commission*

EXHIBIT 1

- (a) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (b) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

IT IS FURTHER **ORDERED, ADJUDGED, AND DECREED** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

II.

IT IS HEREBY FURTHER **ORDERED, ADJUDGED, AND DECREED** that Defendant is permanently restrained and enjoined from violating Section 5(a) and Section 5(c) of the Securities Act [15 U.S.C. § 77e(a) and (c)] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or

instruments of transportation, any such security for the purpose of sale or for delivery after sale; or

- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IT IS FURTHER **ORDERED, ADJUDGED, AND DECREED** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

III.

IT IS FURTHER **ORDERED, ADJUDGED, AND DECREED** that pursuant to Sections 21(d)(1) and 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(1) and (5)], and Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], Defendant is permanently restrained and enjoined from directly or indirectly, including, but not limited to, through any entity owned or controlled by Defendant, participating in the issuance, purchase, offer, or sale of any security related to the production, exploration, extraction, purchase, or sale of oil or gas, provided, however, that such injunction shall not prevent Defendant from purchasing or selling securities listed on a national securities exchange for Defendant's own, personal accounts.

IT IS FURTHER **ORDERED, ADJUDGED, AND DECREED** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

IV.

IT IS HEREBY FURTHER **ORDERED, ADJUDGED, AND DECREED** that Defendant is liable for a civil penalty in the amount of \$25,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]. Defendant shall satisfy this obligation by paying the full amount owed within 30 days after entry of this Final Judgment.

Defendant acknowledges that all sums paid in satisfaction of the Final Judgment entered in this matter, including civil penalties, shall be delivered or mailed to the Court-appointed Receiver, Deborah Williamson (the "Receiver"), and shall be transmitted to Deborah Williamson, Dykema Gossett PLLC, 112 E. Pecan Street, Suite 1800, San Antonio, TX 78205, under cover of a letter that identifies the Defendant, the name and case number of this litigation, and the Court. Copies of this cover letter and the means of payment shall be simultaneously transmitted to counsel for the Commission in this action. The Receiver shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the Court. Should the Receiver be discharged by the Court before Defendant has paid all amounts required of Defendant pursuant to the Final Judgment, the payment of the remaining amounts shall be made to the Commission.

By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant.

The Commission may enforce the Court's judgment for penalties by the use of all collection procedures authorized by law, including the Federal Debt Collection Procedures Act, 28 U.S.C. § 3001 *et seq.*, and moving for civil contempt for the violation of any Court orders issued in this action. Defendant shall pay post judgment interest on any amounts due after 30 days of the entry of this Final Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the Court.

The Commission may propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain jurisdiction over the administration of any distribution of the Fund and the Fund may only be disbursed pursuant to an Order of the Court.

Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Final Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Receiver, United States Treasury, or to a Fair Fund, as the Commission directs. Such a payment

shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Final Judgment. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

V.

IT IS FURTHER **ORDERED, ADJUDGED, AND DECREED** that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

VI.

IT IS FURTHER **ORDERED, ADJUDGED, AND DECREED** that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the allegations in the Complaint are true and admitted by Defendant, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

VII.

IT IS FURTHER **ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

VIII.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: _____, _____

UNITED STATES DISTRICT JUDGE

EXHIBIT 2

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.

[illegible]

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

CONSENT OF DEFENDANT RUSTIN BRUNSON

1. Defendant Rustin Brunson (“Defendant”) acknowledges having been served with the Complaint in this action, enters a general appearance, and admits the Court’s jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the Complaint (except as provided herein in paragraph 13 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the Judgment in the form attached hereto (the “Judgment”) and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Defendant from violation of Sections 5(a) and 5(c), and Sections 17(a)(2) and (a)(3) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77e(a) and 77e(c); 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)];
- (b) permanently restrains and enjoins Defendant from, directly or indirectly, including, but not limited to, through any entity owned or controlled by

Defendant, participating in the issuance, purchase, offer, or sale of any security related to the production, exploration, extraction, purchase, or sale of oil or gas, as set forth more fully in the Final Judgment; and

- (c) orders Defendant to pay a civil penalty in the amount of \$25,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)].

3. Defendant acknowledges that all sums paid in satisfaction of the Judgment entered in this matter, including civil penalties, shall be delivered or mailed to the Court-appointed Receiver, Deborah Williamson (the “Receiver”), and shall be transmitted to Deborah Williamson, Dykema Gossett PLLC, 112 E. Pecan Street, Suite 1800, San Antonio, TX 78205, under cover of a letter that identifies the Defendant, the name and case number of this litigation, and the court. Copies of this cover letter and the means of payment shall be simultaneously transmitted to counsel for the Commission in this action. The Receiver shall hold the funds, together with any interest and income earned thereon (collectively, the “Fund”), pending further order of the Court. Should the Receiver be discharged by the Court before Defendant has paid all amounts required of Defendant pursuant to the Judgment, the payment of the remaining amounts shall be made to the Commission.

4. Defendant acknowledges that the civil penalty paid pursuant to the Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, the civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant’s payment in this action, argue that he is entitled to, nor shall he further benefit by,

offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Receiver, United States Treasury, or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

5. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

6. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

7. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Judgment.

8. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

9. Defendant agrees that this Consent shall be incorporated into the Judgment with the same force and effect as if fully set forth therein.

10. Defendant will not oppose the enforcement of the Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

11. Defendant waives service of the Judgment and agrees that entry of the Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Judgment.

12. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and

other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the Complaint in this action.

13. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, that the allegations in the complaint are true, and further, that any debt for civil penalty or other amounts due by Defendant under the Judgment or any other judgment, order,

consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

14. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

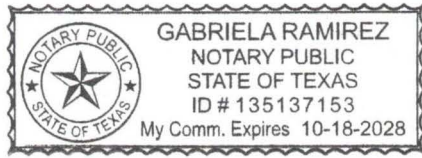
15. Defendant agrees that the Commission may present the Judgment to the Court for signature and entry without further notice.


16. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Judgment.

Dated: January 7, 2025


RUSTIN BRUNSON

On January 7, 2025, Rustin Brunson, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.





Notary Public
Commission expires: 10-18-2028

Approved as to form:

/s/ Alex More

Alex More
Carrington Coleman
901 Main St., Suite 5500
Dallas, TX 75202
(214) 855-3053

Attorney for Defendant