

**IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

SJR DEVELOPMENT LLC,

Plaintiff,

v.

**ALLTEX REFINERY LLC, ALLTEX
OPERATING COMPANY, RUSSELL L.
VERA, AMIDEE A. VERA, AND
ARTHUR K. VERA**

Defendants.

CASE NO.: 1:21-CV-00647-LY

DEMAND FOR JURY TRIAL

MOTION FOR DEFAULT JUDGEMENT AGAINST DEFENDANT RUSSELL L. VERA

TABLE OF CONTENTS

I.	PROCEDURAL BACKGROUND	1
II.	STATEMENT OF FACTS	2
III.	ARGUMENT	8
	A. Plaintiff Met Default Judgment Requirements	8
	1. Standard of Review	8
	2. Jurisdiction and Venue are Proper in this Court	9
	B. Default Has Been Entered as to Defendant R Vera	10
	C. Defendant R Vera’s Liability Has Been Established	10
	1. Count 2 for Fraudulent Inducement As to R Vera Is Meritorious	11
	2. Count 3 for Fraudulent Misrepresentation and Concealment as to R Vera Is Meritorious	13
	3. Count 4 for Violation of Texas Securities Act as to R Vera Is Meritorious	15
	4. Count 5 for Violation of Section 10(b) and 10(b)-5 of United States Securities Exchange Act as to R Vera Is Meritorious	17
	5. Count 7 for Violation of Texas Theft Liability Act as to R Vera is Meritorious	19
	D. Plaintiff Is Entitled To Monetary Relief	20
	1. Damages are Appropriate on Count 2 and Count 3 for Fraudulent Inducement and Fraudulent Misrepresentation	21
	2. Damages are Appropriate on Count 4 for Violation of Texas Securities Act	21
	3. Damages are Appropriate on Count 5 for Violation of Section 10(b) and 10(b)-5 of the U.S. Securities Exchange Act	21
	4. Damages are Appropriate on Count 7 for Violation	

of the Texas Theft and Liability Act	22
5. Plaintiff's Actual and Compensatory Damages Are Quantifiable	22
6. Plaintiff is Entitled to Fees and Costs	24
IV. CONCLUSION	25

TABLE OF AUTHORITIES

Cases:

<i>Basic Inc. v. Levinson</i> , 485 U.S. 224, 108 S.Ct. 978, 988, 99 L.Ed.2d 194 (1988)	17
<i>Baylor Univ. v. Sonnichsen</i> , 221 S.W.3d 632, 636 (Tex.2007)	21
<i>Benchmark Electronics, Inc., v. J.M. Huber Corp.</i> , 343 F.3d 719, 724 (5th Cir. 2003)	12
<i>Blue Chip Stamps v. Manor Drug Stores</i> , 421 U.S. 723, 734, 95 S.Ct. 1917, 1925, 44 L.Ed.2d 539 (1975)	22
<i>Citizens Ins. Co. of Am. v. Hakim Daccach</i> , 105 S.W.3d 712 (Tex. App. – Austin 2003), aff'd, 217 S.W.3d 430, 459-60 (Tex. 2004)	24
<i>Epic Tech, LLC v. Lara</i> , No. 4:15-cv-01220, 2017 WL 5903331 (S.D. Tex., Nov. 29, 2017)	24
<i>Ernst & Young, L.L.P. v. Pac. Mut. Life Ins. Co.</i> , 51 S.W.3d 573, 577 (Tex.2001)	11
<i>Falk v. Hoffman</i> , 233 N.Y. 199, 135 N.E. 243 (1922)	22
<i>Formosa Plastics v. Presidio Engineers</i> , 960 S.W.2d 41, 49 (Tex. 1998)	21
<i>Gather v. Ingle</i> , 75 F.3d 207, 212 (5th Cir. 1996)	9
<i>Geiken v. Worku</i> , No. 3:15-cv-2442-B, 2017 WL 1709692, at *9 (N.D. Tex. May 5, 2017)	24
<i>Grigsby v. CMI Corp.</i> , 765 F.2d 1369, 1373 (9th Cir.1985)	17
<i>Haase v. Glazner</i> , 62 S.W.3d 795, 798-99 (Tex.2001)	11

<i>IBP, Inc. v. Klumpe</i> , 101 S.W.3d 461 (Tex.App.–Amarillo 2001)	22
<i>Janigan v. Taylor</i> , 344 F.2d 781, 786 (CA1), cert. denied, 382 U.S. 879, 86 S.Ct. 163, 15 L.Ed.2d 120 (1965)	22
<i>Miller v. CitiMortgage, Inc.</i> , 970 F.Supp.2d 568, 585, 2013 WL 4766808, at *11 (N.D.Tex.2013)	13
<i>Nishimatsu Const. Co. v. Houston Nat. Bank</i> , 515 F.2d 1200, 1206 (5th Cir. 1975)	9
<i>Powers v. Caremark, Inc. (In re Powers)</i> , 261 Fed.Appx. 719, 722 (5th Cir.2008)	19
<i>Real Estate Edge, LLC v. Campbell</i> , No. 1:17-CV-1093-RP, 2019 WL 830966, at *6 (W.D. Tex. Feb. 21, 2019)	24
<i>Reynolds v. M. Rimson & Co.</i> , Civ. A. No. H-94-2894, 1996 WL 617258 (S.D. Tex. Feb. 13 1996)	24
<i>TSC Industries, Inc. v. Northway, Inc.</i> , 426 U.S. 438, 96 S.Ct. 2126, 2131, 48 L.Ed.2d 757 (1976)	17
<i>Ware v. Paxton</i> , 359 S.W.2d 897, 899 (Tex.1962)	22
<i>Williams v. WMX Technologies, Inc.</i> , 112 F.3d 175, 177–78 (5th Cir.1997)	17
<i>Wooten v. McDonnald Transit Assocs, Inc.</i> , 788 F.3d 490 (5th Cir. 2015)	9

Statutes and Rules:

Fed. R. Civ. P. 12(a)(1)(A)	10
Fed. R. Civ. P. 8(a)(3)	20
Fed. R. Civ. P. 9(b)	11
Fed. R. Civ. P. 54(c)	20
Fed. R. Civ. P. 55(a)	8

15 U.S.C. § 78j(b), Section 10(b)	9, 11, 18
17 C.F.R. § 240.10b-5	9, 11, 18
28 U.S.C. § 1331	9
28 U.S.C. § 1332	9
28 U.S.C. § 1367(a)	9
28 U.S.C. § 1391(b)(2)	9
Tex. Civ. Prac. & Rem.Code § 134.003(a)	19, 22
Tex. Civ. Prac. Rem.Code § 41.003	22
Tex. Civ. Prac. & Rem.Code § 134.005	22
Tex. Civ. Prac. & Rem.Code § 41.011(a)(1)-(6)	24
Tex. Penal Code Ann. § 31.03	19
Tex. Penal Code Ann. § 31.05	22
Tex. Rev. Civ. Stat. Ann. Tex. art. 581–33 §§ A(2)	15
Tex. Rev. Civ. Stat. Ann. Tex. art. 581-33(D)(1)	21
Tex. Rev. Civ. Stat. Ann. Tex. art. 581-33(A)(1)	15
Tex. Rev. Civ. Stat. Ann. Tex. art. 581-7	15
Tex. Rev. Civ. Stat. Ann. Tex. art. 581-12	15, 16
Tex. Rev. Civ. Stat. Ann. Tex. art. 581-9(c)	15
Texas Securities Act, Tex. Gov’t Code Sec. 4001.068(a)(1)(O)	15
Texas Securities Act, Tex. Gov’t Code Sections 4.F, 25-1	16

Texas Securities Act, Tex. Gov’t Code Sections 4.F, 32.A	16
Texas Securities Act, Tex. Gov’t Code Sections 7 A(1)	16
Texas Securities Act, Tex. Gov’t Code Section 28(A)	21

Plaintiff, SJR Development LLC (“Plaintiff”) hereby moves pursuant to Federal Rule of Civil Procedure 55(b) and the Clerk’s entry of default (Dkt. Nos. 16, 17), for entry of default judgment against Defaulting Defendant Russell L. Vera (“Defaulting Defendant” or “Defendant R Vera”) on Counts II, III, IV, V and VII.¹ In support of this motion, Plaintiff relies on the record in this case and the attached, incorporated exhibits, and declarations. Plaintiff respectfully asks the Court to enter Default Judgment against the Defaulting Defendant in the amount specified herein, and award Plaintiff its attorneys’ fees and costs incurred in prosecuting this lawsuit.

V. PROCEDURAL BACKGROUND

On July 23, 2021, Plaintiff filed the Complaint in this case against the Defendants for Count I breach of contract, Count II fraudulent inducement, Count III fraudulent misrepresentation and concealment, Count IV violation of Texas Securities Act, Count V violation of 10(b) and 10(b)-5 of U.S. Securities Exchange Act, Count VI violation 18 U.S.C. § 1964(c) (“RICO Act”), Count VII violation of Texas Theft Liability Act, and Count VIII breach of fiduciary duty. Dkt. No. 1. Plaintiff served Aimee D. Vera, Alltex Refinery LLC and Alltex Operating Company with process. Dkt. Nos. 4, 5, 10.

Following the Court’s Order granting Plaintiff’s *ex parte* motion for Alternative Service by Publication and Electronic Mail as to Defendants Russell L. Vera and Arthur K. Vera, Dkt. Nos. 11, 12, Plaintiff served Defendants Russell L. Vera and Arthur K. Vera on November 4, 2021, with the Complaint, as evidenced by Plaintiff’s Certificate of Service. Dkt. No. 15. Each of the Defaulting Defendant Russell L. Vera failed to answer or otherwise respond to the Complaint. The Clerk entered default against Defendant Russell L. Vera on December 7, 2021. Dkt. Nos. 16, 17.

On November 8, 2021, the United States Bankruptcy Court for the Western District of

¹ Plaintiff is dismissing **without prejudice** Counts VI and VIII as to Defaulting Defendant Russell L. Vera.

Texas, San Antonio Division, entered an Order for Relief on the Involuntary Petition Under Chapter 11 of the U.S. Bankruptcy Code against Defendant Alltex Refinery LLC. *See* Dkt. No. 18; *see also* Case No. 21-51199-cag, Dkt. No. 5. On November 8, 2022, in the United States Bankruptcy Court for the Western District of Texas, Case No. 21-51199-cag, the Bankruptcy Court entered an Order lifting the automatic stay to allow SJR Development, LLC to proceed with the civil litigation suit, Case No. 1:21-cv-00647-LY, in this Court against the non-debtor Defendants Alltex Operating Company, Russell K Vera, Arthur L Vera, and Amidee Vera.

Plaintiff **is not** moving for entry of default judgment against Alltex Refinery LLC while the Bankruptcy is still pending. Plaintiff **is not** moving for entry of default judgement against Amidee A. Vera, Arthur K. Vera, and Alltex Operating Company LLC (“Defaulting Defendants”) because Plaintiff has concurrently dismissed these specific defendants without prejudice pursuant to Federal Rule 41(a).

VI. STATEMENT OF FACTS

Plaintiff is a New Mexico limited liability company comprised of four individuals; each are domiciled in the state of New Mexico. *See* Declaration of Ryan Jefferson, at ¶ 3. Defaulting Defendant Russell L. Vera (“R Vera”) is a resident of the state of Texas. Dkt. No. 1 at ¶ 4.

On or around June 7, 2020, Stacy E. Bowman, a member of SJR, was introduced to Defendant R Vera at 402 W. Davis Street, Suite A, Luling, Texas 78648 by Allen Chavez of Paragon Industries as a potential investment opportunity in Defendants’ business for the purchase and sale of crude oil. *See* Declaration of Stacy E. Bowman (“Bowman Decl.”), at ¶ 3; Dkt. No. 1 at ¶ 14. Defendant R Vera made material oral and written representations over email, text and phone calls between June 7, 2020 and June 17, 2020, about an investment opportunity in Defendant Alltex’s oil trading business to Mr. Bowman. *See* Bowman Decl., at ¶ 4; Dkt. No. 1 at ¶ 15.

On or around June 17, 2020, Tylor Scott, acting as an agent for Defendants, transmitted through electronic mail to Plaintiff's principal, Mr. Stacey Bowman, a Negotiated Transaction Offering Term sheet offering a ten percent (10%) equity investment opportunity in Defendant R Vera's company in exchange for \$250,000.00. *See* Bowman Decl., at ¶ 6. Mr. Bowman was informed by Mr. Scott that he had previously invested with Defendant R Vera in November 2017, Defendant R Vera had been actively buying and selling oil and needed to expand, that Defendant Alltex had a great reputation with several crude sellers, and that the business value should exceed \$5,000,000.00. *See* Bowman Decl., at ¶ 7.

Between June 10, 2020, and at least July 10, 2020, Defendant R Vera also made material representations via email, text and phone conversations about an investment opportunity in Defendant R Vera's oil trading business to Mr. Ryan Jefferson of SJR Development LLC, including that the deal was done for the Katerina project, that he could start delivering four loads a day of oil beginning on the first, and that it would get Plaintiff € 20,000.00 per month. Ryan Jefferson Declaration ("Jefferson Decl.," at ¶ 4-6; Dkt. No. 1 at ¶ 17, 18. These representations were material to SJR investing in with Defendant R Vera's oil business. *See* Jefferson Decl., at ¶ 8; Dkt. No. 1 at ¶ 20, 21. Telling, the Katerina project was not done, four loads a day of oil was never delivered, and Plaintiff never received € 20,000.00 per month. Jefferson Decl., at ¶ 6, 7; Dkt. No. 1 at ¶ 19.

SJR entered into two written agreements with Defendant Alltex Refinery. *See* Jefferson Decl., at ¶ 9. In each instance, Defendant Alltex Refinery prepared and provided the agreements that were sent via electronic mail to and signed by one of SJR's owners and CFO, Mr. Ryan Jefferson. *See* Jefferson Decl., at ¶ 10; Dkt. No. 1 at ¶ 22.

The first agreement, entitled Negotiated Transaction Offering Agreement, is dated June 29,

2020 (the “June 29, 2020 Agreement”) and was electronically mailed to Mr. Jefferson on June 30, 2020. *See* Jefferson Decl., at ¶ 11; **Exhibit 1**. The June 29, 2020 Agreement provides in relevant part: “In exchange for \$100,000, the Investor/s receive \$2 per barrel from the crude oil that is purchased with their monies on a cash and carry basis for the Alltex processing facility...”. *See* **Exhibit 1 at 2**. The June 29, 2020 Agreement also provided that the initial term of the agreement was for 90 days; that the oil was self-collateralizing for the investors until sold; that SJR’s monies would be paid back into an operating account directly for reuse; and the proceeds from the \$2.00 spread per barrel would be distributed to SJR “between the 25th and 1st after the settlement statement is received on the 20th for the previous month.” **Exhibit 1 at 2**; Dkt. No. 1 at ¶ 23.

Pursuant to the June 29, 2020 Agreement, SJR provided \$25,000.00 in financial capital on June 30, 2020 via wire transfer to Defendant R Vera and then \$75,000.00 in financial capital via wire transfer on July 10, 2020 to Defendant R Vera for a total of \$100,000. *See* Jefferson Decl., at ¶ 12; Dkt. No. 1 at ¶ 24.

Once Defendant Vera received SJR’s investment monies, Defendant R Vera provided limited information to SJR about its investment status. *See* Jefferson Decl., at ¶ 13; Dkt. No. 1 at ¶ 25. Defendant R Vera provided SJR with an excel spreadsheet, entitled Alltex Acquisition Fund, on or around August 7, 2020 purportedly reflecting the purchase and sales of oil and the monies owed to Plaintiffs under the June 29, 2020 Agreement, totaling \$2,478.00, which was short by twenty dollars. *See* Jefferson Decl., at ¶ 14, 15; Dkt. No. 1 at ¶ 26.

On or around August 10, 2020, Defendant R Vera sent a hot check to Plaintiff in the amount of \$2,478.00. *See* Jefferson Decl., at ¶ 16. On or around August 18, 2020, Alltex paid \$2,481.00 via ACH to cover the outstanding amount and the bank return fee. *See* Jefferson Decl., at ¶ 17; Dkt. No. 1 at ¶ 27. Defendant R Vera also provided Plaintiff with another excel spreadsheet dated

August 11, 2020 purportedly reflecting the amounts of monies owed to Plaintiffs. *See* Jefferson Decl., at ¶ 18. Defendants paid SJR \$3,213.00 on September 14, 2020, via ACH. *See* Jefferson Decl., at ¶ 19. Pursuant to the September 14, 2020 spreadsheet, SJR expected another payment in the amount of \$2,347.03 on or around October 20, 2020 to November 1, 2020. *See* Jefferson Decl., at ¶ 20. Defendant R Vera never paid SJR the \$2,347.03 owed under the September 14, 2020 Alltex Acquisition Fund. *See* Jefferson Decl., at ¶ 21; Dkt. No. 1 at ¶ 29.

On August 13, 2020, Defendant R Vera contacted SJR's representative Ryan Jefferson and Stacy E. Bowman by telephone and text message soliciting additional investments for its oil and gas trading business. *See* Jefferson Decl., at ¶ 22; *See* Bowman Decl., at ¶ 10; Dkt. No. 1 at ¶ 30. In this instance, Defendant Vera solicited an additional \$100,000.00 dollars in exchange for a ten percent (10%) equity interest in Alltex and a corresponding share of Defendant Alltex's profits. *See id.*; Dkt. No. 1 at ¶ 32. During this conversation, as well as through e-mails and text messages, beginning on or around August 13, 2020 and continuing through at least September 21, 2020, Defendant R Vera made material representations to Mr. Jefferson about the investment/ownership opportunity in Defendant Alltex's oil trading business, including the following:

- Defendant Vera stated to Mr. Jefferson in a written document dated September 19, 2020 that Plaintiff would become a member of Defendant Alltex Refinery LLC with 10% equity interest and that Plaintiff would be entitled to 10% of Defendant Alltex's profits;
- Defendant R Vera also stated verbally on a phone call on or around September 14, 2020 and in a text message dated September 20, 2020 to Mr. Jefferson that Plaintiff would be part owners of a piece of property, i.e., a yard, in Smiley, Texas;
- Defendant R Vera verbally guaranteed to Mr. Bowman on September 19, 2020 that Defendant Alltex would provide monthly financial statements to Plaintiff beginning once a deal was in place;
- Defendant R Vera verbally guaranteed to Mr. Bowman on September 19, 2020 that Defendant Alltex would make monthly cash distributions within five days as opposed to the industry standard forty-five days through the use of a factoring company once a deal was in place; and
- Defendant Vera verbally guaranteed to Mr. Bowman a return on Plaintiff's

investment of at least \$100,000.00, the amount of money invested.

See Jefferson Decl., at ¶ 23; *See* Bowman Decl., at ¶ 15; Dkt. No. 1 at ¶ 33, 34. SJR relied on Defendant R Vera’s material representations to further invest in his business and to become a member of Defendant R Vera’s company. *See* Jefferson Decl., at ¶ 24; Bowman Decl., at ¶ 16; Dkt. No. 1 at ¶¶ 36, 37.

On September 20, 2020, Defendant R Vera transmitted via electronic mail a Negotiated Transaction Offering Agreement (“September 20, 2020 Agreement”). *See* Jefferson Decl., at ¶ 25; **Exhibit 2**. SJR executed the agreement on or around even date. *See* Bowman Decl., at ¶ 17, 18; Dkt. No. 1 at ¶ 37, 38. Per the September 20, 2020 Agreement, SJR agreed to provide \$200,000 in financial capital, comprising \$100,000.00 converted from the previous June 29, 2020 Agreement, \$50,000.00 in new capital infusion and a \$50,000.00 note receivable at zero percent (0%) interest in exchange for “10% Member’s Equity Interest” in Defendant Alltex. *See* Bowman Decl., at ¶ 19; **Exhibit 2**; Dkt. No. 1 at ¶ 40. SJR paid an additional \$50,000.00 to Defendant R Vera on or around September 22, 2020. *See* Bowman Decl., at ¶ 20; Dkt. No. 1 at ¶ 41.

Per the September 20, 2022 Agreement, Defendant R Vera agreed to provide “a Schedule 1099-MISC Other Income for July 2020 – August 2020 per Alltex and SJR’s previous agreement” (dated June 29, 2020). *See* Bowman Decl., at ¶ 21; **Exhibit 2**. The agreement also provided that “SJR will receive a K-1 Partner’s (or Shareholder’s) Share of Income, Deductions, Credits, etc. for 10% interest beginning September 1, 2020 from Alltex.” *See* Bowman Decl., at ¶ 22; **Exhibit 2**; Dkt. No. 1 at ¶ 42. The parties also agreed, “Checks will go out to the investor every month starting in October 2020 after the settlement statement is received between the 20th and the last day of the month, for the duration of the agreement, and financials will be provided monthly for the previous month.” *See* Bowman Decl., at ¶ 23; **Exhibit 2**; Dkt. No. 1 at ¶ 43. Defendant R Vera

failed to deliver on any of these promises. *See* Bowman Decl., at ¶ 24; Dkt. No. 1 at ¶ 44; *See* Jefferson Decl., at ¶ 28.

Defendant R Vera continued to make material misrepresentations in the course of his business dealings with Plaintiff. In one instance, despite Defendant R Vera stating that payment was coming, SJR did not receive payments or updated financials. *See* Jefferson Decl., at ¶ 27. Defendant Russell Vera sent a letter to SJR on October 16, 2020 stating Alltex's offices had been closed for 30-45 days due to COVID 19, even though Alltex had secured new contracts during this time and the project would become profitable by October 2020. *See* Jefferson Decl., at ¶ 28; **Exhibit 3**; Dkt. No. 1 at ¶ 46. Meanwhile, Defendant R Vera had been in continuous contact via text message with Mr. Jefferson to solicit more money from SJR to become equity owners of Defendant Alltex without ever mentioning these issues. *See* Jefferson Decl., at ¶ 29.

Defendant R Vera was also unresponsive to Mr. Jefferson's requests to obtain financial information and to inspect Defendants' books and records. *See* Jefferson Decl., at ¶ 30; Dkt. No. 1 at ¶ 48. After scheduling a meeting at Defendant Alltex's place of operations on February 24, 2021 to inspect the books and records, Defendant R Vera rescheduled the meeting on the morning of for March 3, 2021. Jefferson Decl., at ¶ 31-35; Dkt. No. 1 at ¶ 51. When Mr. Jefferson arrived at Defendant's offices at 08:00AM on March 3, 2021, no one was there, and the doors were locked. *See* Jefferson Decl., at ¶ 35. In response to Mr. Jefferson's immediate message to Defendant R Vera about the meeting, Defendant R Vera called Mr. Jefferson suggesting the meeting was for another day, admitting they were not ready for the meeting, and that stating he was trying to close another \$150,000.00 deal and the office employees were unavailable for the meeting. *Id.* Defendant R Vera's bookkeeper allowed Mr. Jefferson into the office but did not provide Mr. Jefferson with any of the financial books and records he had asked for. *See* Jefferson Decl., at ¶

31-35. *Id.*; Dkt. No. 1 at ¶ 53.

SJR never received the financial or accounting documents it requested from Defendants. Jefferson Decl., at ¶ 35. SJR never received the monies it was owed under either agreement. Jefferson Decl., at ¶ 35; Dkt. No. 1 at ¶ 54.

On March 17, 2021, and pursuant to the terms of at least the June 29, 2020 Agreement, SJR's legal counsel sent correspondence to Defendant R Vera demanding the return of its \$150,000 capital investment. *See* Jefferson Decl., at ¶ 36; **Exhibit 4**; Dkt. No. 1 at ¶ 57. Rather than complying with SJR's request, Defendant R Vera made a representation about a new contract for oil and asked for 90 days to realize the profit and "revisit the situation." Jefferson Decl., at ¶ 37; Dkt. No. 1 at ¶ 58. SJR rejected Defendants request, informing Defendants its demand still stood and the return of funds was expected within the thirty-day timeline as provided in at least the June 29, 2020 Agreement. Jefferson Decl., at ¶ 37. The funds were never returned to SJR. *Id.*; Dkt. No. 1 at ¶ 59.

Plaintiff was forced to hire attorneys in New Mexico and Texas to pursue its claims and stop the harm it was suffering due to Defendant Vera's false promises and unlawful conduct. Jefferson Decl., at ¶ 42-44. The amount of attorneys' fees and costs incurred by Plaintiff to date is \$50,711.21. Jefferson Decl., at ¶ 42-44.

VII. ARGUMENT

The well-pleaded allegations of fact in the Complaint and record on file in this Action entitle Plaintiff to default judgment against the Defaulting Defendant R Vera on Plaintiff's Second through Fifth and Seventh Cause of Action. *See* Dkt. No. 1.

A. Plaintiff Met Default Judgment Requirements

1. Standard of Review

Federal Rule of Civil Procedure 55(a) provides that a default judgment is proper “when a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend.” Fed. R. Civ. P. 55(a). In considering any motion for default judgment, the court must examine (1) jurisdiction, (2) liability, and (3) the relief requested because parties are not “entitled to a default judgement as a matter of right.” *Gather v. Ingle*, 75 F.3d 207, 212 (5th Cir. 1996); *see generally Wooten v. McDonnald Transit Assocs, Inc.*, 788 F.3d 490 (5th Cir. 2015) (holding default judgment was proper where the complaint was well-pleaded and indicated liability, that the court had jurisdiction, and that plaintiff was entitled to the relief awarded). Although default judgments are generally disfavored, the policy against default judgments is “counterbalanced by considerations of social goals, justice and expediency, a weighing process that lies largely within the domain of the trial judge’s discretion.” *Wooten*, 788 F.3d at 496. A defaulting defendant “admits the plaintiff’s well-pleaded allegations of fact . . . and is barred from contesting on appeal the facts thus established.” *Nishimatsu Const. Co. v. Houston Nat. Bank*, 515 F.2d 1200, 1206 (5th Cir. 1975). A default judgment is unassailable on the merits, but only so far as it is supported by well-pleaded allegations that are assumed to be true. *Wooten*, 788 F.3d at 496.

2. Jurisdiction and Venue Are Proper in This Court

The District Court has original subject matter jurisdiction over Plaintiff’s claims pursuant to 28 U.S.C. § 1331 because this action arises from violations of 15 U.S.C. § 78j(b), Section 10(b); and 17 C.F.R. § 240.10b-5; has diversity subject matter jurisdiction over Plaintiff’s claims pursuant to 28 U.S.C. § 1332 because Plaintiff resides in a different state than each Defendant and the amount in controversy exceeds the jurisdictional limits of this Court; and has supplemental jurisdiction pursuant to 28 U.S.C. § 1367(a) over Plaintiff’s state law claims. *See* Dkt. No. 1 at ¶ 9. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(2) because the Defaulting

Defendants are entities or individuals subject to personal jurisdiction in this District. Dkt. No. 1 at ¶ 11.

Defendant R Vera is subject to the personal jurisdiction of this Court because he committed tortious and unlawful conduct in the United States and the state of Texas that he knew would cause and that did in fact cause injury to Plaintiff in the state of Texas and this judicial district and because he engaged in interstate commerce between the state of Texas and the state of New Mexico. Dkt. No. 1 at ¶ 10. Personal jurisdiction over Defendant R Vera is domiciled in the state of Texas and this judicial district; and a substantial part of the events giving rise to the claims and the injury felt by Plaintiff alleged herein occurred in Texas and this judicial district. Dkt. No. 1 at ¶ 10; Jefferson Decl., at ¶ 4-44; Bowman Decl., at ¶ 3-24. Moreover, Defendant R Vera knew or should have known his tortious acts caused injury to Plaintiff in this judicial district because the oil and gas investment opportunities and the oil and gas itself was situated in the state of Texas. Jefferson Decl., at ¶ 4 and ¶ 26. Therefore, the Court can exercise personal jurisdiction over Defaulting Defendant Russell Vera.

B. Default Has Been Entered as to Defendant R Vera

Plaintiff served Defendants R Vera with the Complaint and initiating documents. Dkt. Nos. 11, 12, 15. Defendant Russell Vera failed to answer or otherwise file a responsive pleading. Dkt. No. 16; Fed. R. Civ. P. 12(a)(1)(A). Following Plaintiff's motion against Defendant Russell Vera, the Clerk entered Default against Defendant against R Vera on December 7, 2021. Dkt. Nos. 16, 17. As shown below, default judgment is appropriate.

C. Defendant R Vera's Liability Has Been Established

Plaintiff has successfully established liability on the following Counts as to Defendant R Vera: Count 2 for fraudulent inducement as to Defendant R Vera; Count 3 for fraudulent

misrepresentation as to Defendant R Vera; Count 4 for violation of the Texas Securities Act as to Defendant R Vera; Count 5 for violation of Section 10(b) and 10(b)-5 of the United States Securities Exchange Act; as to Defendant R Vera; and Count 7 for violation of the Texas Theft Liability Act as to Defendant R Vera. *See* Dkt. No. 1.

1. Count 2 for Fraudulent Inducement As to R Vera Is Meritorious

Plaintiff brought Count II for fraudulent inducement against Defendant R Vera. To prevail on a claim for fraudulent inducement under Texas law, a plaintiff must prove (1) the defendant made a material misrepresentation that was false; (2) the defendant knew it was false when made or made it recklessly as a positive assertion without any knowledge of its truth; (3) defendant intended the plaintiff to act upon the representation; and (4) plaintiff actually and justifiably relied on the misrepresentation and suffered injury. *See Ernst & Young, L.L.P. v. Pac. Mut. Life Ins. Co.*, 51 S.W.3d 573, 577 (Tex.2001). In a fraudulent inducement claim the elements of fraud must be established as they relate to an agreement between the parties. *Haase v. Glazner*, 62 S.W.3d 795, 798-99 (Tex.2001). And “[a]t a minimum, Rule 9(b) requires [fraud] allegations of the particulars of time, place, and contents of the false representations, as well as the identity of the person making the misrepresentation and what he obtained thereby.” *Benchmark Electronics, Inc., v. J.M. Huber Corp.*, 343 F.3d 719, 724 (5th Cir. 2003). Here, Defendant fraudulently induced Plaintiff into two written contracts.

• Inducement as to June 29, 2020 Agreement

First, Defendants fraudulently induced Plaintiff to enter into the June 29, 2020 Agreement. Defendants made material misrepresentations that were false. Defendant R Vera misrepresented (1) his companies’ ability and/or willingness to pay SJR returns on its investment and (2) to return SJR’s investment within 30 days if and when SJR requested such a return. *See* Jefferson Decl., at

¶¶ 5 - 6; Dkt. No. 1 at 80. These statements were material to Plaintiff investing in Defendant R Vera's oil and gas business because they concerned the financial components of the business venture. *See* Jefferson Decl., at ¶ 8. **Second**, Defendant knew the material statements made were false because when Plaintiff asked for the money back, Defendant refused, and Defendant Vera was not even a member of the companies he was seeking to forge contracts with. Jefferson Decl., at ¶ 36, 37. **Third**, Defendant R Vera intended Plaintiff to rely on the statements to enter into the June 29, 2020 Agreement and to invest cash money in Defendant R Vera's oil and gas businesses. Dkt. No. 1 at ¶ 82. **Fourth**, Plaintiff reasonably relied on Defendant R Vera's statements to invest in Defendant R Vera's oil and gas businesses by entering into the June 29, 2020 Agreement and by providing \$100,000.00 in funding to Defendant R Vera's companies. *See* Jefferson Decl., at ¶ 12. Plaintiff would not have entered into this Agreement but for Defendant R Vera's representations. *See Id.* at ¶ 8.

- **Inducement as to September 20, 2020 Agreement**

Defendants fraudulently induced Plaintiff into the September 20, 2020 Agreement. Dkt. No. 81. **First**, Defendant knowingly made the following false statements to induce Plaintiff into signing the September 20, 2020 Agreement: (1) Defendant R Vera could and would make Plaintiff a member of Defendant Alltex Operating, (2) could and would give Plaintiff an equity share of Defendant Alltex Operating's profits, and (3) Plaintiff could and would be part owner of Defendant R Vera's property in Smiley, Texas. *See* Jefferson Decl., at ¶ 23; Dkt. No. 1 at 81. These statements were material to Plaintiff investing in Defendant R Vera's oil and gas business because they concerned key financial terms to the agreement, membership in another company, and property ownership rights. *See* Jefferson Decl., at ¶ 24.

Second, Defendant R Vera knew the material statements were false when they were made

because Defendant R Vera was not a member of Alltex Refinery when the statements were made and Plaintiff was never made a member of either Defendant Alltex Refinery or Alltex Operating, *See* Jefferson Decl., at ¶ 26; Plaintiff never received an equity share of either of Defendant R Vera's businesses, *See Id.*; and Plaintiff never received an ownership interest in any of Defendant R Vera's property in Smiley, Texas. *See id.* **Third**, Defendant R Vera intended Plaintiff to rely on the statements to enter into the September 20, 2020 Agreement and to invest in Defendant R Vera's oil and gas businesses because there is no other reasonable explanation for offering Plaintiff these promises. Dkt. No. 1 at ¶82.

Fourth, Plaintiff reasonably relied on Defendant R Vera's statements to invest in Defendant R Vera's oil and gas businesses by entering into the September 20, 2020 Agreement and by providing an additional \$50,000.00 in funding to Defendant R Vera and his companies. *See* Bowman Decl., at ¶¶ 22-25. Plaintiff would not have entered into the September 20, 2020 Agreement and provided additional funding but for Defendant R Vera's representations. *See Id.*

The well-pleaded allegations and the evidentiary record establish the R Vera's liability for fraudulent inducement.

2. Count 3 for Fraudulent Misrepresentation and Concealment as to R Vera Is Meritorious

Plaintiff brought Count III for fraudulent misrepresentation. To prove fraudulent misrepresentation a party must show: (1) the defendant made a representation in the course of his business, or in a transaction in which he has a pecuniary interest; (2) the defendant supplied false information for the guidance of others in their business; (3) the defendant did not exercise reasonable care or competence in obtaining or communicating the information; and (4) the plaintiff suffered pecuniary loss by justifiably relying on the representation. *Miller v. CitiMortgage, Inc.*, 970 F.Supp.2d 568, 585, 2013 WL 4766808, at *11 (N.D.Tex.2013).

Here, Plaintiff has met each of these elements. **First**, after entering into the June 29, 2020 Agreement and continuing after entering into the September 20, 2020 Agreement, Defendant R Vera made material misrepresentations and omissions of fact to SJR's principal, Ryan Jefferson, concerning the financial condition of Plaintiff's investment in Defendant R Vera's oil and gas business. Jefferson Decl., at ¶¶ 15-39. The misrepresentations as to the June 29, 2020 Agreement include: (1) Defendant R Vera's ability and/or willingness to pay Plaintiff returns on its investment and (2) to return Plaintiff's investment within 30 days if and when Plaintiff requested it. *See* Jefferson Decl., at ¶ 6-8; Exhibit 1; Dkt. No. 1 at 80. The misrepresentations as to the September 20, 2020 Agreement include: (1) Defendant R Vera could and would make Plaintiff a member of Defendant Alltex Operating, (2) Defendant R Vera could and would give Plaintiff an equity share of Alltex's profits, and (3) Plaintiff could and would be part owner of Defendant R Vera's property in Smiley, Texas. *See* Jefferson Decl., at ¶ 23; Dkt. No. 1 at 81.

Second, Defendant R Vera made these statements to Mr. Jefferson to guide Plaintiff in making investments in Defendant R Vera's own oil and gas business and to keep Plaintiff from requesting a return of its investment. *See* Jefferson Decl., at ¶¶ 4-39. **Third**, Defendant R Vera failed to exercise reasonable care or competence communicating these statements to Plaintiff about Plaintiff's investment at least in part because Defendant R Vera did not have actual authority to sell ownership interests in Defendant Alltex Operating Company or Alltex Refinery. Dkt. No. 1 at ¶ 39.

Fourth, Plaintiff suffered pecuniary loss by justifiably relying on Defendant R Vera's misrepresentations. As shown below in **Section D**, these damages include the expenses, legal fees, and costs that Plaintiff incurred after entering into the June 29, 2020 Agreement and September 20, 2020 Agreement that it would not have incurred but for those post-Agreement

misrepresentations. Jefferson Decl., at ¶¶ 40 – 41. Thus, the well-pleaded allegations and the evidentiary record establish R Vera’s liability for fraudulent misrepresentation.

3. Count 4 for Violation of Texas Securities Act as to R Vera Is Meritorious

Under the civil liability provisions of the Texas Securities Act,

[a] person who offers or sells a security ... by means of an untrue statement of a material fact or an omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, is liable to the person buying the security from him, who may sue either at or in equity for rescission, or for damages if the buyer no longer owns the security....

Tex. Rev. Civ. Stat. Ann. Tex. art. 581–33 §§ A(2). A person who offers or sells a security in violation of Section 7, 9 ..., 12, [or] 23C ... of this Act is liable to the person buying the security from him, who may sue either at law or in equity for rescission or for damages if the buyer no longer owns the security. Tex. Rev. Civ. Stat. art. 581-33(A)(1). Section 7 of the Act prohibits the sale of unregistered securities, *id.* art. 581-7, Section 12 sets out requirements for the registration of a seller of securities, *id.* art. 581-12, and Section 9 of the Act requires the disclosure of material facts in an offer of sale for a security. *Id.* art. 581-9(C). Here, Defendant R Vera violated these provisions of the Texas Securities Act.

First, Defendant was not registered as a dealer or agent as required by Section 12.A of the Securities Act. Dkt. No. 1 at 94. Mr. Bowman was informed by Mr. Scott that Mr. Russell Vera was not a registered securities dealer. *See* Bowman Decl., at ¶ 5. Publicly available records for which the Court can take judicial notice of show Defendant R Vera is not a registered on any securities broker registration databases of registered investment advisors, such as www.fintrx.com and www.brokercheck.finra.org.

Second, the investment opportunities offered for sale and sold by Defendants to Plaintiff for investor profit constitute investment contracts and, therefore, are securities as defined by the

Securities Act. Section 4.A of the Securities Act defines securities to include any “investment contract.” Sec. 4001.068(a)(1)(O). Here, Defendant R Vera enticed Plaintiff to invest monies in a common enterprise with Defendant R Vera pursuant to the June 29, 2020 Agreement and the September 20, 2020 Agreement with an expectation of profits by Plaintiff. *See* Jefferson Decl., at ¶¶ 4-25; Exhibit 1 and Exhibit 2; Dkt. No. 1 at 91.

The essential managerial efforts made by Defendant R Vera, including by raising monies, purchasing oil, and selling oil, and managing the employees, were significant and affected the failure and potential success of the investment opportunity in Defendant R Vera’s oil and gas businesses. *See* Jefferson Decl., at ¶¶ 4-39. After Plaintiff invested \$100,000.00 pursuant to the June 29, 2020 Agreement and \$50,000.00 pursuant to the September 20, 2020 Agreement, Plaintiff had no duties other than to wait on its profits or returns. Jefferson Decl., at ¶13; Exh.1. Plaintiff had no way to remove Defendant R Vera from continuing to commit fraud, from mismanaging the oil and gas investment, or any way to prevent Defendant R Vera from continuing to cause Plaintiff’s harm. *See Id.*; Dkt. No. 1 at ¶ 92. Accordingly, Defendant’s investment opportunities constitute investment contracts and, therefore, are securities.

Third, the investment contracts, i.e., securities, offered for sale and sold by Defendant R Vera to Plaintiffs were not and are not registered with the Commissioner as required by Section 7 A(1) of the Securities Act. Dkt. No. 1 at ¶ 93. Consequently, Defendant R Vera also violated this provision of the Securities Act.

Fourth, Defendant R Vera violated Sections 4.F, 25-1, and 32.A of the Securities Act by using fraud and fraudulent practices in connection with the offer for sale and sale of securities. With respect to the June 29, 2020 Agreement, Defendant R Vera made misrepresentations of material fact in order to entice Plaintiff into purchasing securities in his oil and gas businesses,

Alltex Operating Company and Alltex Refinery. The misrepresentations include: (1) his companies' ability and/or willingness to pay SJR returns on its investment and (2) to return SJR's investment within 30 days if and when SJR requested such a return. *See* Jefferson Decl., at ¶ 14; Dkt. No. 1 at 80.

With respect to the September 20, 2020 Agreement, Defendant R Vera made misrepresentations of material fact in order to entice Plaintiff into purchasing securities in his oil and gas businesses, Alltex Operating Company and Alltex Refinery. These misrepresentations include: (1) Defendant R Vera could and would make Plaintiff a member of Defendant Alltex Operating, (2) could and would give Plaintiff an equity share of Defendant Alltex Operating's profits, and (3) Plaintiff could and would be part owner of Defendant R Vera's property in Smiley, Texas. *See* Jefferson Decl., at ¶ 23; Dkt. No. 1 at 81. The well pleaded allegations show Defendant R Vera violated the Texas Securities Act.

4. Count 5 for Violation of Section 10(b) and 10(b)-5 of United States Securities Exchange Act as to R Vera Is Meritorious

To state a securities-fraud claim under section 10(b), and Rule 10b-5, plaintiffs must plead (1) a misstatement or omission; (2) of a material fact; (3) made with scienter; (4) on which the plaintiffs relied; and (5) that proximately caused the plaintiffs' injuries. *Williams v. WMX Technologies, Inc.*, 112 F.3d 175, 177-78 (5th Cir.1997), cert. denied, 522 U.S. 966, 118 S.Ct. 412, 139 L.Ed.2d 315 (1997). A fact is material if there is "a substantial likelihood that, under all the circumstances, the omitted fact would have assumed actual significance in the deliberations of the reasonable shareholder." *Grigsby v. CMI Corp.*, 765 F.2d 1369, 1373 (9th Cir.1985) (quoting *TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438, 96 S.Ct. 2126, 2131, 48 L.Ed.2d 757 (1976)). Materiality "depends on the significance the reasonable investor would place on the withheld or misrepresented information." *Basic Inc. v. Levinson*, 485 U.S. 224, 108 S.Ct. 978, 988, 99 L.Ed.2d

194 (1988).

In the instant case, Defendant R Vera violated Section 10(b) and 10(b)-5 of the United States Securities Exchange Act, for the same reasons as explained above for the violation of the Texas Securities Act. *See* Section C. 3., above; *See* Jefferson Decl., at ¶¶ 4-38; Bowman Decl., at ¶¶ 4-24. Defendant R Vera knowingly transmitted to Plaintiff and disseminated materially false and misleading statements describing and recommending the purchase of the securities purchased by Plaintiff. The misrepresentations as to the June 29, 2020 Agreement include: (1) his companies' ability and/or willingness to pay SJR returns on its investment and (2) to return SJR's investment within 30 days if and when SJR requested such a return. *See* Jefferson Decl., at ¶ 12; **Exhibit 1**; Dkt. No. 1 at 80. These misrepresentations as to the September 20, 2020 Agreement include: (1) Defendant R Vera could and would make Plaintiff a member of Defendant Alltex Operating, (2) could and would give Plaintiff an equity share of Defendant Alltex Operating's profits, and (3) Plaintiff could and would be part owner of Defendant R Vera's property in Smiley, Texas. *See* Jefferson Decl., at 23; **Exhibit 2**; Dtk. No. 1 at 81.

At the time of the misstatements and omissions, Defendant R Vera knew or should have known such statements were materially false and misleading, but knowingly and recklessly made such statements to Plaintiff to induce it to purchase the investments. *See* Jefferson Decl., at ¶¶ 6-8; 23-27; Bowman Decl., at ¶¶ 5-17. Plaintiff reasonably relied upon the statements made by Defendant R Vera recommending the purchase of the securities in his oil and gas purchasing businesses, Alltex Operating Company, and Alltex Refinery. Jefferson Decl., at ¶ 8, 24.

At the time Plaintiff made its investments Plaintiff had no knowledge that the information and recommendations provided by Defendant R Vera contained material misstatements and omissions. *See* Jefferson Decl., at ¶¶ 8 and 24; Bowman Decl., at ¶ 15. Plaintiff would not have

purchased the securities but for the materially false and misleading information provided to them by Defendant R Vera. *See* Jefferson Decl., at ¶¶ 8, 24; Bowman Decl., at ¶¶ 15-16. Because of Defendant R Vera’s material misrepresentations, and because of its investment, Plaintiff suffered damages including the loss of its original investment capital of \$150,000.00.

5. Count 7 for Violation of Texas Theft Liability Act as to R Vera is Meritorious

The Texas Theft Liability Act (“TTLA”) provides a civil remedy for damages sustained by the victim of a theft, including reasonable and necessary attorneys’ fees. Tex. Civ. Prac. & Rem.Code § 134.003(a) (“A person who commits theft is liable for the damages resulting from the theft.”); Tex. Penal Code Ann. § 31.03 (Westlaw current through 2009 R.S.). Section 31.03 requires that (1) defendants unlawfully appropriate property with the intent to deprive the plaintiff of that property; and (2) the plaintiff is the owner of the property. *See* Tex. Penal Code Ann. § 31.03(a). The Penal Code’s definition of property includes all tangible and intangible personal property. *Id.* § 31.01(5)(B). Appropriate is defined as bringing about a transfer or purported transfer of title or other non-possessory interest in property, whether to the actor or another, or to acquire or otherwise exercise control over property other than real property. *Id.* § 31.01(4)(A–B). Appropriation is unlawful if it is done without the owner’s effective consent. *Id.* § 31.03(b). The element of intent for these purposes can be inferred from the surrounding circumstances. *Powers v. Caremark, Inc. (In re Powers)*, 261 Fed.Appx. 719, 722 (5th Cir.2008). And although the TTLA incorporates the definition of a theft from the Texas Penal Code, a plaintiff seeking recovery under the statute must prove the elements only by a preponderance of the evidence. *Powers*, 261 Fed.Appx. at 721.

Here, Defendant R Vera violated the Texas Theft Liability Act by misappropriating Plaintiff’s investment monies as well as income distribution payments owed to Plaintiff with the

intent to permanently deprive Plaintiff, the owner of the monies/property, of said funds and resources. Through a series of material misrepresentations (*See* Jefferson Decl., at ¶¶ 4-12), Defendant R Vera induced Plaintiff on or around June 29, 2020 to transfer \$100,000.00 to Defendant R Vera for an oil and gas business opportunity purportedly owned by Defendant Vera. *See* Jefferson Decl., at ¶ 12; Dkt. No. 114. Through an additional series of misrepresentations, (*See* Jefferson Decl., at ¶¶ 22-29), Defendant R Vera induced Plaintiff on or around September 20, 2020 to transfer an additional \$50,000.00 to Defendant R Vera to become part owner of Defendant R Vera's oil and gas business, Alltex Refinery, even though Defendant R Vera was not a member of Alltex Refinery at that time. Dkt. No. 1 at ¶ 39. Once Plaintiff transferred the \$150,000.00 to Defendant R Vera, Plaintiff no longer had any control over the monies. *See* Jeffereson Decl., at ¶13; Bowman Decl., at ¶ 20. Defendant R Vera had direct and/or indirect control and possession of Plaintiff's investment of \$150,000.00. Plaintiff had no idea how or on what Defendant R Vera spent or used the monies he took from Plaintiff. *See Id.* Defendant R Vera refused to return the monies requested by Plaintiff on March 17, 2021 and tried to plead with Plaintiff to give him more time to generate a return on Plaintiff's investment. Jefferson Decl., at ¶¶ 36-38. Consequently, Plaintiff has been damaged by Defendant R Vera's civil theft in the amount of \$150,000.00, plus its reasonable and necessary attorney's fees under the Texas Theft Liability Act, which to date totals: \$50,711.21. *See* Jefferson Decl., at ¶¶ 43-44.

D. Plaintiff Is Entitled To Monetary Relief

Under Rule 54(c) of the Federal Rules of Civil Procedure, "a default judgment must not differ in kind from, or exceed in amount, what is demanded in the pleadings." Fed. Rule Civ. P. 54(c). Pursuant to Rule 8(a)(3) of the Federal Rules, the demand for relief must be specific. Fed. Rule Civ. P. 8(a)(3). In the instant case, Plaintiff's Complaint prays for, *inter alia*, actual damages,

compensatory damages, exemplary damages, and attorneys' fees and costs. "[t]hat Plaintiff be awarded its reasonable attorneys' fees and costs." Dkt. No. 1 at 27-29.

1. Damages are Appropriate on Count 2 and Count 3 for Fraudulent Inducement and Fraudulent Misrepresentation

Texas law recognizes three types of damages for fraud: out-of-pocket damages, consequential damages and benefit-of-the-bargain damages. *See Formosa Plastics v. Presidio Engineers*, 960 S.W.2d 41, 49 (Tex. 1998). Out-of-pocket damages "allo[w] the injured party 'to recover the actual injury suffered measured by the difference between the value of that which he has parted with, and the value of that which he has received.'" *Id.* (citation omitted). Consequential damages permit plaintiffs to recover damages "that are foreseeable and directly traceable to the fraud and result from it" and must be properly pleaded and proved. *Id.* at 49 n. 1. Benefit-of-the-bargain damages "derive from an expectancy theory" and "evaluate the difference between the value that was represented and the value actually received." *Baylor Univ. v. Sonnichsen*, 221 S.W.3d 632, 636 (Tex.2007).

2. Damages are Appropriate on Count 4 for Violation of Texas Securities Act

Pursuant to § 581-33(D)(1) of the Texas Securities Act, Plaintiff is entitled to have the above-alleged transactions, including the June 29, 2020 Agreement and September 20, 2020 Agreement rescinded, and, upon tender of the securities, to recover from the Defendants: (a) the consideration paid for the securities (\$150,000.00) plus interest thereon at the legal rate from the date of purchase by the Plaintiff (June 30, 2020; July 10, 2020 and September 22, 2020); (b) plus costs and attorney's fees in the amount of \$50,711.21 as of the filing of this motion; (c) less the amount of any income Plaintiff received from the securities prior to their tender, which totaled \$5,691.00.

3. Damages are Appropriate on Count 5 for Violation of Section 10(b) and

10(b)-5 of the U.S. Securities Exchange Act

The Supreme Court has noted “Section 28(a) of the 1934 Act ... limits recovery in any private damages action brought under the 1934 Act to ‘actual damages,’” *Blue Chip Stamps v. Manor Drug Stores*, 421 U.S. 723, 734, 95 S.Ct. 1917, 1925, 44 L.Ed.2d 539 (1975), and *Affiliated Ute Citizens*, 406 U.S., at 155, 92 S.Ct., at 1473. But “where the defendant received more than the seller’s actual loss ... damages are the amount of the defendant’s profit.” *Id.*; *Janigan v. Taylor*, 344 F.2d 781, 786 (CA1), cert. denied, 382 U.S. 879, 86 S.Ct. 163, 15 L.Ed.2d 120 (1965); *Falk v. Hoffman*, 233 N.Y. 199, 135 N.E. 243 (1922) (Cardozo, J.).

4. Damages are Appropriate on Count 7 for Violation of the Texas Theft and Liability Act

Under the Texas Theft Liability Act (“TTLA”) which provides a civil remedy for damages sustained by the victim of a theft, including reasonable and necessary attorneys’ fees. Tex. Civ. Prac. & Rem.Code § 134.003(a) (“A person who commits theft is liable for the damages resulting from the theft.”). “A person who sustains damages resulting from the unlawful appropriation of property addressed by Penal Code § 31.05 may recover actual damages as well as additional damages not to exceed \$1,000 ... [and] under section 134.005, ... be awarded court costs and reasonable and necessary attorney's fees.” *IBP, Inc. v. Klumpe*, 101 S.W.3d 461 (Tex.App.—Amarillo 2001) (review denied); Tex. Civ. Prac. & Rem.Code § 134.005. Texas courts may award exemplary damages “only if the claimant proves by clear and convincing evidence that the harm from which the claimant seeks recovery of exemplary damages is due to: (1) fraud; (2) malice; or (3) gross negligence. Tex. Civ. Prac. Rem.Code § 41.003; *Ware v. Paxton*, 359 S.W.2d 897, 899 (Tex.1962).

5. Plaintiff’s Actual and Compensatory Damages Are Quantifiable

Plaintiff’s harm is readily quantifiable. Using the first written promises Defendant R Vera

made to Plaintiff in exchange for Plaintiff giving Defendant R Vera \$100,000 cash for July and August, Plaintiff was guaranteed \$2 per barrel sold during those two months. *See Exhibit 1; Exhibit 5*; Jefferson Decl., at ¶¶ 39-41. Here, a load is 180 barrels. *Id.* Mr. Vera's targets were 20 to 60 loads per month, and the average of 20 to 60 loads at a \$2 per barrel profit totals \$14,400 per month. *See Exhibit 1; Exhibit 5*; Jefferson Decl., at ¶¶ 39-41. Where this price structure was in place for July and August 2020, the total amount due on these false promises is \$28,800, minus the amount of \$5,691.00 that Mr. Vera paid Plaintiffs. Therefore, the Unpaid Amount Due under the first written promise is \$23,109. *See Exhibit 1; Exhibit 5*; Jefferson Decl., at ¶¶ 39-41.

Plaintiff's further harm is also quantifiable. Using the second written promises Defendant Vera made to Plaintiff in exchange for the previously paid \$100,000 and the additional \$50,000 cash and \$50,000 note payable (paid with 50% of the amounts paid by Mr. Vera to Plaintiff), Plaintiff was guaranteed ten percent (10%) of \$4 to \$6 net profit per barrel sold. *See Exhibit 2; Exhibit 5*; Jefferson Decl., at ¶¶ 39-41. Once again, a load is 180 barrels. *Exhibit 2; Exhibit 5*; Jefferson Decl., at ¶¶ 39-41. Defendant Vera's stated targets were 150 to 300 loads per month. *Id.* With the average of 150 to 300 loads at a \$4 to \$6 per barrel, the profit totals \$202,500 per month, and the resulting ten percent (10%) net profit due to Plaintiffs is \$20,250.00. *Exhibit 2; Exhibit 5*; Jefferson Decl., at ¶¶ 39-41. Since these false promises have been in place since September 2020, the total amount due (as of December 2021) is \$324,000 and \$243,000.00 as of December 2022 for a total of \$567,000.00. *See Exhibit 2; Exhibit 5*; Jefferson Decl., at ¶¶ 39-41. Since Defendant Vera did not pay Plaintiff any amount owed under the second false promise, then Plaintiff only paid Defendant Vera an additional \$50,000.00 instead of an additional \$100,000.00. Jefferson Decl., at ¶¶ 39-41. Therefore, the unpaid amount due to Plaintiff on the second false promises is \$517,000.00. Jefferson Decl., at ¶¶ 39-41; *Exhibit 5*.

Here, Plaintiffs' damages include actual damages in the amount of \$150,000.00, which is the amount of money delivered to Defendant R Vera and not returned. See Jefferson Decl., at ¶¶ 38-41. Plaintiff's compensatory damages according to the July 29, 2020 Agreement for July and August 2020, is \$23,109.00 (comprised of \$28,800.00 minus the amount of \$5,691.00 that Mr. Vera paid Plaintiffs). See Jefferson Decl., at 38-41. Plaintiff's compensatory damages according to the September 2020 Agreement is \$517,000.00. See Jefferson Decl., ¶¶ 39-41; **Exhibit 5**.

For the forgoing Plaintiff SJR respectfully requests the Court to enter an order granting SJR its damages pled herein for **a total of \$150,000.00 in actual damages, plus a total of \$540,109.00 in compensatory damages**. Awarding maximum damages here deters the Defendant R Vera from engaging in fraudulent or misleading conduct, from violating securities laws, and from theft of others' money. Further, such an award admonishes Defendant R Vera for not participating in this litigation. This, in turn, promotes judicial efficiency and the just resolution of legal matters.

Plaintiff also seeks and order of two times actual and compensatory damages in the form of exemplary damages. Texas courts permit entry of default judgment on claims for exemplary damages where the plaintiff has pleaded and presented evidence of the basis for such relief. *Geiken v. Worku*, No. 3:15-cv-2442-B, 2017 WL 1709692, at *9 (N.D. Tex. May 5, 2017); TEX. CIV. PRAC. & REM. CODE § 41.011(a)(1)-(6).

6. Plaintiff is Entitled to Fees and Costs

Plaintiff seeks recovery of its reasonable and necessary attorney's fees and costs pursuant to at least Tex. Civ. Prac. & Rem.Code § 134.005; and Texas Securities Act Section 581-33(D)(1). Courts in this circuit have also routinely characterized a defendant's improper conduct as deliberate, willful, knowing, and intentional simply by virtue of the defendant's default. *Real*

Estate Edge, LLC v. Campbell, No. 1:17-CV-1093-RP, 2019 WL 830966, at *6 (W.D. Tex. Feb. 21, 2019); *Reynolds v. M. Rimson & Co.*, Civ. A. No. H-94-2894, 1996 WL 617258 (S.D. Tex. Feb. 13 1996); *Citizens Ins. Co. of Am. v. Hakim Daccach*, 105 S.W.3d 712, 725 (Tex. App. – Austin 2003), *aff'd*, 217 S.W.3d 430, 459-60 (Tex. 2004).

Here, Plaintiff is entitled to recover its attorney's fees because it is the prevailing party on its claims against the Defaulting Defendant R Vera for at least Count 4 (Violation of Texas Securities Act) and Count 7 (violation of Texas Theft and Liability Act), which are inextricably intertwined with Plaintiff's other Counts. Furthermore, the Defendant R Vera failed to answer Plaintiff's Complaint or otherwise defend the lawsuit, thereby establishing the Defaulting Defendant's improper conduct was committed deliberately, willfully, knowingly, and intentionally simply by virtue of his default. Defendant R Vera could have avoided the need for suit if he had returned the money to Plaintiffs. Moreover, R Vera did not and cannot claim to be innocent. Consequently, costs of suit and reasonable attorneys' fees are appropriate.

Plaintiffs' attorneys' fees and costs to date incurred in prosecuting its claims against Defendant R Vera total \$50,711.21. *See* Jefferson Decl., at ¶¶ 38-41. The declaration of Plaintiff's attorney, Mateo Z. Fowler, establishes the reasonable attorneys' fees incurred by Plaintiff in this lawsuit. Plaintiff also seeks recovery of its costs and expenses incurred in bringing this lawsuit; and asks the Court to determine the amount to be awarded upon subsequent submission of a bill of costs. *See* Mateo Z. Fowler Declaration, at ¶¶ 1-20.

VIII. CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests the Court grant this motion in its entirety and award Plaintiff all the relief proved herein.

DATED: January 10, 2023

Respectfully Submitted,

/s/ Mateo Z. Fowler

Mateo Z. Fowler

Texas Bar No. 24062726

MZF Law Firm, PLLC

1105 Nueces Street, Suite A

Austin, Texas 78701

Tel: 281-546-5172

Email: mateofowler@mzflaw.com

Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of January, 2023, I electronically filed the foregoing document with the Court using CM/ECF, and served on the same day all counsel of record via the CM/ECF notification system and published said document to the website located at: : www.sjrdevelopmentllcvalltexrefineryllcetal.com on even date.

By: Mateo Z. Fowler

**IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

SJR DEVELOPMENT LLC,

Plaintiff,

v.

**ALLTEX REFINERY LLC, ALLTEX
OPERATING COMPANY,
RUSSELL L. VERA, AMIDEE A. VERA,
AND ARTHUR K. VERA**

Defendants.

CASE NO.: 1:21-CV-00647-LY

**DECLARATION OF STACY E. BOWMAN IN SUPPORT OF PLAINTIFF'S MOTION
FOR DEFAULT JUDGMENT**

I, Stacy E. Bowman, am a member of the Plaintiff, SJR DEVELOPMENT LLC, in this lawsuit and I make this declaration in support of Plaintiff's Motion for Default Judgment. All of the facts set forth in this declaration are known to me personally, and if called as a witness would and could competently testify as follows:

1. I live in Carlsbad, New Mexico.
2. I am one of the owners of SJR Development LLC ("SJR").
3. On or around June 7, 2020, I was introduced to Defendant Russell Vera at 402 W. Davis Street, Suite A, Luling, Texas 78648 by Allen Chavez of Paragon Industries as a potential investment opportunity in Mr. Vera's business for the purchase and sale of crude oil.
4. Between June 7, 2020 and June 17, 2020, Russell Vera told me over email, text and phone calls, about an investment opportunity in Alltex Refinerty LLC's ("Alltex") oil trading

business.

5. I asked Tylor Scott if Russell Vera was a securities broker and he told me that he was not a registered securities dealer.

6. On or around June 17, 2020, Tylor Scott, acting as an agent for Alltex, sent me by electronic mail, a Negotiated Transaction Offering Term Sheet offering a ten percent (10%) equity investment opportunity in Russell Vera's company in exchange for \$250,000.00.

7. I was informed by Mr. Scott that he had previously invested with Russell Vera in November 2017, that Alltex had been actively buying and selling oil and needed to expand, that Alltex had a great reputation with several crude sellers, and that the business value should exceed \$5,000,000.00.

8. Between June 10, 2020, and at least July 10, 2020, Russell Vera was also corresponding with Mr. Ryan Jefferson about these investment opportunities.

9. SJR entered into an agreement with Alltex on June 29, 2020.

10. On or before August 13, 2020, Russell Vera communicated with me by telephone and text message soliciting additional investments for its oil and gas trading business.

11. Russell Vera introduced me to Rick Collette of Capital Funding Solutions, a factoring company.

12. Mr. Collette informed me on the phone on or around August 6, 2020, that Russell Vera had encountered previous legal trouble with the Securities Exchange Commission, but that Russell Vera no longer had any legal trouble.

13. In discussing Mr. Collette's business, Mr. Collette gave me the impression that his company would provide factoring services to Russell Vera and his companies in support of their investment deal with SJR to buy and sell oil.

14. On or around August 13, 2020, Russell Vera spoke with Mr. Jefferson and I about another investment opportunity in his oil and gas business in which he solicited an additional \$100,000.00 dollars in exchange for a ten percent (10%) equity interest in Alltex and a corresponding share of Alltex's profits.

15. During this conversation, as well as through e-mails and text messages, beginning on or around August 13, 2020 and continuing through at least September 21, 2020, Russell Vera made material representations to me and to Mr. Jefferson that I believed to be true, about the investment/ownership opportunity in Alltex's oil trading business.

16. SJR relied on Russell Vera's statements and representations to further invest in his business and to become a member of Russell Vera's company.

17. On or around September 20, 2020, Russell Vera transmitted via electronic mail a document entitled Negotiated Transaction Offering Agreement ("September 20, 2020 Agreement").

18. SJR executed the agreement on or around September 20, 2020.

19. Per the September 20, 2020 Agreement, SJR agreed to provide \$200,000 in financial capital, comprising \$100,000.00 converted from the previous June 29, 2020 Agreement, \$50,000.00 in new capital infusion and a \$50,000.00 note receivable at zero percent (0%) interest in exchange for "10% Member's Equity Interest" in Alltex.

20. SJR paid an additional \$50,000.00 to Russell Vera on or around September 22, 2020. After transferring the money, SJR no longer had any control over its investment or information on how it was used.

21. Per the September 20, 2022 Agreement, Russell Vera agreed to provide “a Schedule 1099-MISC Other Income for July 2020 – August 2020 per Alltex and SJR’s previous agreement” (dated June 29, 2020).

22. The agreement also provided that “SJR will receive a K-1 Partner’s (or Shareholder’s) Share of Income, Deductions, Credits, etc. for 10% interest beginning September 1, 2020 from Alltex.”

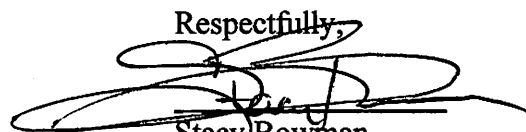
23. In the agreement, we also agreed that “Checks will go out to the investor every month starting in October 2020 after the settlement statement is received between the 20th and the last day of the month, for the duration of the agreement, and financials will be provided monthly for the previous month.”

24. Russell Vera and Alltex failed to compensate SJR in accordance with the agreed terms, failed to provide monthly financials, failed to provide any financials showing property on the books of Alltex, and failed to provide both Schedule 1099-MISC and K-1 Partner’s (or Shareholder’s) Share of Income, Deductions, Credits, etc. from Alltex.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in Carlsbad, New Mexico on January 4, 2022

Respectfully,

A handwritten signature in black ink, appearing to read "Stacy Bowman", is written over a horizontal line.

Stacy Bowman
1504 Mission Ave.
Carlsbad, NM 88220

**IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

SJR DEVELOPMENT LLC,

Plaintiff,

v.

**ALLTEX REFINERY LLC, ALLTEX
OPERATING COMPANY,
RUSSELL L. VERA, AMIDEE A. VERA,
AND ARTHUR K. VERA**

Defendants.

CASE NO.: 1:21-CV-00647-LY

**DECLARATION OF RYAN JEFFERSON IN SUPPORT OF PLAINTIFF'S MOTION
FOR DEFAULT JUDGMENT**

I, Ryan Jefferson, am an owner and Managing Member of Plaintiff, SJR DEVELOPMENT LLC, in this lawsuit and I make this declaration in support of Plaintiff's Motion for Default Judgment. All of the facts set forth in this declaration are known to me personally, and if called as a witness would and could competently testify as follows:

1. I live in Carlsbad, New Mexico.
2. I am an owner and Managing Member of SJR Development LLC ("SJR").
3. SJR is a New Mexico limited liability company comprised for four individuals including myself, Stacy Bowman, Jeff Bowman and JD Rose. Each member of SJR reside in Carlsbad, New Mexico.
4. In June of 2020, Russell Vera of Defendant Alltex Refinery LLC ("Alltex") made

representations to my partner, Stacy Bowman, regarding an investment opportunity with his company in Texas that Mr. Bowman told to me.

5. Between June 10, 2020, and at least July 10, 2020, Russell Vera made material representations via email, text and phone conversations about an investment opportunity in his oil trading business to me that did not include an equity ownership interest in Defendant Alltex Refinery.

6. On June 29, 2020, Russell Vera texted me, representing that the deal was done for the Katerina project, the reason he was seeking investment from SJR, and that he could start delivering four loads a day of oil beginning on the first, and that because of this oil production, SJR would get \$20,000.00 per month if they provided investment money to Alltex.

7. In fact, I later learned that the Katerina project was not done. Further, four loads a day of oil was never delivered to SJR, and SJR never received \$20,000.00 per month.

8. I relied on the statements made by Russell Vera about the successes of his oil business and believed them to be true. These statements were material to SJR investing in Alltex's business and for going into business with Russell Vera. SJR would not have entered into contracts with Alltex without Mr. Russell's representations of returns on our investment.

9. SJR ultimately entered into two written agreements with Alltex Refinery.

10. In each instance, Alltex Refinery prepared and provided the agreements that they sent to us via electronic mail, and I signed the agreements on behalf of SJR.

11. The first agreement, entitled Negotiated Transaction Offering Agreement, is dated June 29, 2020 (the "June 29, 2020 Agreement") and was electronically mailed to me on June 30, 2020. A true and correct copy of the June 29, 2020 document is attached hereto as **Exhibit 1**.

12. Pursuant to the June 29, 2020 Agreement, SJR provided \$25,000.00 in financial capital on June 30, 2020 via wire transfer to Alltex, and then \$75,000.00 in financial capital via wire transfer on July 10, 2020 to Alltex for a total of \$100,000 in financial capital to Alltex. The June 29 Agreement provides that SJR's investment would be returned within 30 days if SJR requested it.

13. Once Russell Vera received SJR's investment monies in June and July of 2020, SJR no longer had any control over this money, and Mr. Vera provided limited information to me or SJR about its investment or the status of Alltex's oil trading business.

14. Alltex provided SJR with an excel spreadsheet, entitled Alltex Acquisition Fund, on or around August 7, 2020 purportedly reflecting the purchase and sales of oil subject to the June 29, 2020 Agreement and the amounts of monies owed to SJR under the June 29, 2020 Agreement.

15. The Alltex Acquisition Fund spreadsheet reflected at least one expected payment to SJR in the amount of \$2,478.00, which was short by twenty dollars.

16. On or around August 10, 2020, Alltex sent a check to SJR in the amount of \$2,478.00 that was rejected by the bank for insufficient funds.

17. On or around August 18, 2020, Alltex paid \$2,481.00 electronically via ACH to cover the outstanding amount and the bank return fee.

18. Russell Vera also provided SJR with another excel spreadsheet entitled Alltex Acquisition Fund and dated August 11, 2020. This document purportedly reflected the purchase and sales of oil subject to the June 29, 2020 Agreement and the amounts of monies owed to SJR under the June 29, 2020 Agreement.

19. Alltex paid SJR \$3,213.00 on September 14, 2020, electronically via ACH.

20. Pursuant to the September 14, 2020 Alltex Acquisition Fund spreadsheet, SJR expected payment in the amount of \$2,347.03 on or around October 20, 2020 to November 1, 2020.

21. Neither Alltex nor Russell Vera paid SJR the \$2,347.03 owed to SJR under the September 14, 2020 Alltex Acquisition Fund document.

22. On or around August 13, 2020, Russell Vera spoke with Mr. Bowman and I by telephone and sent us text messages about another investment opportunity in his oil and gas business. In these communications, he solicited an additional \$100,000.00 dollars in exchange for a ten percent (10%) equity interest in Alltex and a corresponding share of Alltex's profits.

23. During this conversation, as well as through e-mails and text messages, beginning on or around August 13, 2020 and continuing through at least September 21, 2020, Russell Vera made material representations to me that I believed about the investment/ownership opportunity in Defendant Alltex's oil trading business, including the following:

- Russell Vera stated to me that SJR would become a member of Alltex Refinery LLC with 10% equity interest and that SJR would be entitled to 10% of Alltex's profits;
- Russell Vera also stated verbally to me on a phone call on or around September 14, 2020 and in a text message dated September 20, 2020 to me that SJR would be part owners of a piece of property, i.e., a yard, in Smiley, Texas
- Russell Vera verbally guaranteed to me on September 19, 2020 that Alltex would provide monthly financial statements to SJR Development beginning once a deal was in place;
- Russell Vera verbally guaranteed to me on September 19, 2020 that Alltex would make monthly cash distributions within five days as opposed to the industry standard forty-five days through the use of a factoring company once a deal was in place; and
- Russell Vera verbally guaranteed to me a return on SJR's investment of at least \$100,000.00, the amount of money invested.

24. SJR again relied on Russell Vera's statements and representations to further invest in his business and to become a member of Russell Vera's company.

25. On or around September 20, 2020, Russell Vera sent to SJR via electronic mail the second agreement entered into by SJR with Alltex. This document was entitled Negotiated Transaction Offering Agreement and was executed by SRJ on September 20, 2020. A true and correct copy of the September 20, 2020 Agreement is attached as **Exhibit 2**.

26. Contrary to his written and verbal representations to me, Russell Vera never made SJR a member of Alltex, never gave SJR 10% equity interest in Alltex, never gave SJR 10% of Alltex's profits, and never gave SJR ownership of a yard purchased by Alltex in Smiley, Texas.

27. Russell Vera continued to make material misrepresentations in the course of his business dealings with me and SJR. In one instance, Russell Vera responded to my request for updates on payments and updated financials via email on September 25, 2020, stating that payment was coming. However, SJR did not receive the promised payments or updated financials from Alltex or Russell Vera.

28. Russell Vera sent a letter from Alltex Refinery to SJR on October 16, 2020 stating for the first time that Alltex's offices had been closed for the past 30-45 days due to COVID 19, even though Alltex had secured new contracts during this time and the project would become profitable by October 2020. A true and correct copy of Mr. Vera's October 16, 2020 letter is attached hereto as **Exhibit 3**.

29. Meanwhile, Russell Vera had been in continuous communication with me via text message during this time to solicit more money from SJR to become equity owners of Alltex without ever mentioning COVID 19, an office shut down, or that new contracts had been secured.

30. Russell Vera was also unresponsive to my requests to obtain financial information and to inspect Alltex's books and records.

31. I therefore informed Russell Vera that I would be visiting Alltex's place of operations on February 24, 2021 to inspect the books and records and provided a detailed list of documents to have readily available for inspection. I confirmed this meeting with Alltex via text message on or around February 11, 2021.

32. Unfortunately, Russell Vera rescheduled this meeting on the morning of February 24, 2021, and I agreed to visit Russell Vera's offices on March 3, 2021 at 8:00AM instead.

33. When I arrived at Alltex's offices at 08:00AM on March 3, 2021, no one was there and the doors were locked. I immediately sent a message to Russell Vera about the meeting. Mr. Vera then called me, suggesting that the meeting was for another day, and admitting that they were not ready for the meeting. He stated that he was trying to close another \$150,000.00 deal and the office employees were unavailable for our meeting.

34. Russell Vera's bookkeeper allowed me into the office but did not provide me with any of the financial books and records that I had asked for. When I asked to look on the computer to inspect the books and records on March 3, 2021, the bookkeeper told me that the accounting software was locked due to failure to pay and that only Russell Vera could pay to unlock it.

35. SJR never received the financial or accounting documents it requested from Alltex and Russell Vera. Further, SJR never received the monies it was owed under either the June 29, 2020 Agreement or September 20, 2020 Agreement.

36. On March 17, 2021, and pursuant to the terms of at least the June 29, 2020 Agreement, SJR's legal counsel sent correspondence to Russell Vera demanding the return of its \$150,000 capital investment. A true and correct copy of this correspondence is attached as **Exhibit 4**.

37. In response to our request, Russell Vera made a representation about a new contract for oil and asked for 90 days to realize the profit and “revisit the situation.” SJR rejected Alltex’s request, informing Alltex that its demand still stood and the return of funds was expected within the thirty-day timeline as provided in at least the June 29, 2020 Agreement. The funds were never returned to SJR.

38. SJR has been deprived of its \$150,000.00 plus lawful interest that was unlawfully taken by Russell Vera.

39. I prepared a spreadsheet detailing how I came up with the expected losses SJR has suffered by Mr. Vera’s actions. A true and correct copy of this spreadsheet is attached as **Exhibit 5**.

40. I calculate that SJR is owed the following amount pursuant to the written promises Defendant R Vera made to Plaintiff in exchange for Plaintiff giving Defendant R Vera \$100,000 cash for July and August: Plaintiff was guaranteed \$2 per barrel sold during those two months. See **Exhibit 1, Exhibit 5**. Here, a load is 180 barrels. *Id.* Where Mr. Vera’s targets were 20 to 60 loads per month, the average of 20 to 60 loads at a \$2 per barrel profit totals \$14,400 per month. *Id.* Where this was in place for July and August 2020, the total amount due on these false promises are \$28,800, minus the amount of \$5,691.00 that Mr. Vera paid Plaintiffs. Therefore, the Unpaid Amount Due related to the June 29, 2020 Agreement is \$23,109.00.

41. Using the further written promises Defendant Vera made to Plaintiff in exchange for the previously paid \$100,000 and the additional \$50,000 cash and \$50,000 note payable (paid with 50% of the amounts paid by Mr. Vera to Plaintiff), Plaintiff was guaranteed ten percent (10%) of \$4 to \$6 net profit per barrel sold. See **Exhibit 2, Exhibit 5**. Once again, a load is 180 barrels. *Id.* Where Defendant Vera’s stated targets were 150 to 300 loads per month, with the average of

150 to 300 loads at a \$4 to \$6 per barrel profit totals \$202,500 per month, the resulting ten percent (10%) net profit of \$20,250.00 should have been due to Plaintiff. Where these false promises have been in place since September 2020, the total amount due (as of December 2021) is \$324,000. Id. And the total amount due through December 2022 is \$243,000. Id.

42. On March 3, 2021, SJR was forced to hire legal counsel to try to enforce its contract with SJR and to try to recover its investment. SJR continues to pay its legal counsel, MZF Law Firm, PLLC, in pursuit of SJR's claims.

43. To date, SJR paid its prior New Mexico counsel \$1,909.39 to pursue its claims.

44. To date, SJR has paid MZF Law firm a total of \$48,801.82 to pursue its claims.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in Carlsbad, New Mexico on January 5, 2023

Respectfully,


Ryan Jefferson

401 S. Main Street, Suite A
Carlsbad, New Mexico 88220

Exhibit 1

June 29, 2020

[illegible]

Maximum Offering Amount ☐ \$100,000

In exchange for \$100,000, the Investor/s Receives \$ per barrel from the spread on crude oil that is purchased with their monies on a cash and carry basis for the AllTex Processing Facility located at Hwy 83, Catarina, TX 78836. The target is 40-60 loads per month at 180 barrels each, which could yield a monthly cash on cash return of 1.00% for the investor/s at 40 loads. This will be done on a pro rata basis, with \$0.50 per \$5,000. The initial term is for 90 days, with a renewal option for an additional 180 days if agreeable by both parties. If a return of capital is requested, the investor/s must give AllTex a period of 30 days to put someone else in their position so that there is no interruption of oil purchases.

1



June 29, 2020

AllTex Refinery (AllTex) hereby enters into an agreement, whereby AllTex will pay investor/s for loads purchased and sold at the Caterina Facility located at 19346 S. US Hwy 83, Catarina, Texas 78836 in the manner detailed herein.

Investor/s will provide AllTex the sum of \$100,000 or a pro rata share in the minimum amount of \$25,000 for the purpose of buying loads for processing and sale from contracted producers that includes, but is not limited to Texas Gathering, Tomkat Services and JAR. The monies will be held in a segregated account, and the current contract will provide for up to 2 loads per day (at *180 bbls each), with \$2 of the spread per barrel purchased to be paid to investor/s for use of said monies. The initial term of this agreement is 90 days, which can be renewed under the same terms for an additional 180 days if agreeable by both parties. The oil is self-collateralizing for the investor/s until sold. Investor/s money will be paid back into the operating account directly for reuse. The proceeds from the \$2 per barrel spread will be distributed to the investor/s between the 25th and 1st after the settlement statement is received on the 20th for the previous month.

If a return of capital is requested, the investor/s must give AllTex a period of 30 days to put someone else in their position so that there is no interruption of oil purchases.

AllTex Refinery agrees that Investor/s will have the first right of refusal to fund any future load advances needed at this facility or future locations. Currently the purchasers of the processed oil which pay a contracted premium are Plains All-American, NGL, Edge Energy and SGR Energy. AllTex reserves the right to add hydrocarbon purchasers if necessary.

AllTex accepts all liability related to the oil operations and holds harmless and indemnifies investor/s, as they are only providing load financing.

Respectfully,

Russell Vera

A handwritten signature in black ink, appearing to read "Russell Vera", written over a horizontal line.

Accepted by,

A handwritten signature in black ink, appearing to read "Ryan W. Jefferson", written over a horizontal line.

Name: SJR Development LLC

Address: PO Box 38
Carlsbad, NM 88220

Amount: \$100,000

Trucks Loading at the Alltex Oil Processing Facility



Original Temporary Tanks



Upgraded Permanent 400 Barrel Tanks

New Tank Battery (Space for up to 12 on site)

Catarina, TX



CHRISTI CRADDICK, CHAIRMAN
RYAN SITTON, COMMISSIONER
WAYNE CHRISTIAN, COMMISSIONER

DANNY SORRELLS
DIRECTOR, O&G DIVISION

Oil & Gas Division
10/29/2018

ALLTEX REFINERY LLC
402 W DAVIS STREET
SUITE A
LULING TX 78648

RE: Operator No. 015043
Telephone No. (830) 351-7117

The above listed new operator number is assigned to your organization name as filed on the Organization Report (Form P-5). Where applicable, this operator number should be used on future filings, forms and correspondence with the Commission.

Please verify the name, address, and phone number listed above and notify us if there are any discrepancies. It is important that we agree on the exact spelling of your name (even the punctuation and spaces) so that the processing of your forms will not be delayed.

Subsequent refilings of the Form P-5 may be necessary on an annual basis, at which time you will receive notification from us. If there is a change in the required information as reported on the Form P-5, please file an amended report showing the corrections.

Yours very truly,

Permitting Services



Wiring Instructions

RBFCU
1870 West, TX-46
New Braunfels, TX 78132

For Benefit of: Alltex Refinery LLC
Account Number: 213048147
Bank Routing Number: 314089681

Company Information

Alltex Operating & Refinery
402 W. Davis Street, Suite A
Luling, TX 78648
Alltex402@gmail.com
830-351-7117

Exhibit A

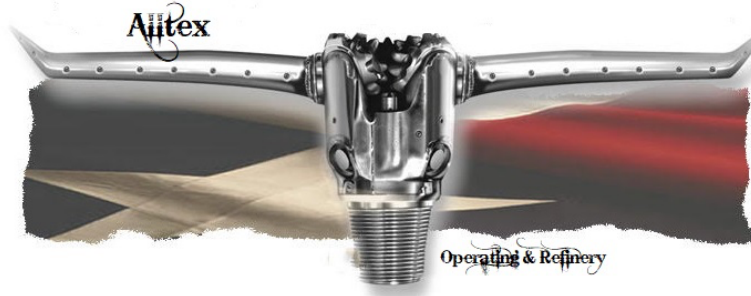
Per our conversation SJR Development LLC and Russell Vera agree that if any interest be available SJR Development LLC has first right of refusal to purchase and available interest at the same price.

Russell Vera

SJR Development LLC

Ryan W. Jefferson

Exhibit 2



Negotiated Transaction Offering Confidential – Not for Distribution

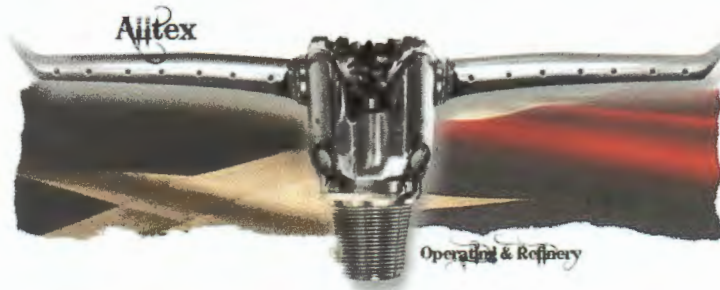
September 20, 2020

Alltex Operating & Refinery (Founded 11/17)

Offering Amount: \$200,000

In exchange for \$200,000 (\$100,000 conversion from a previous loan advance program and \$50,000 of new capital, and \$50,000 note receivable at 0% interest per annum), SJR Development LLC receives 10% LLC Member's Equity interest in Alltex Refinery LLC whose mailing address is 402 W Davis St Ste A, Luling, TX 78648-2260.

This material has been prepared for the use of Alltex Operating Company. No representations, guarantees, warranties, or assurances of any kind are made, nor should any be inferred, with respect to the accuracy or reliability of the information presented. Anyone relying upon the information presented by Alltex or its representatives, does so at his sole risk and peril. Unless expressly stated to the contrary, the information contained in this document is based upon opinions, estimates, and projections. These opinions, estimates, and projections could vary substantially and materially from actual results. This information is not to be construed as a representation of the results that will actually be achieved. This is a negotiated transaction related to an existing business and not an offer to sell, nor a solicitation of an offer to participate in an Oil and Gas Program.



September 20, 2020

RE: *Alltex Refinery LLC*

AllTex Refinery LLC (AllTex) hereby enters into an agreement with SJR Development, LLC (SJR), whereby SJR will receive 10% LLC Member's Equity interest in AllTex. SJR will a Schedule 1099-MISC Other Income for July 2020 - August 2020 per Alltex and SJR's previous agreement. SJR will receive a K-1 Partner's (or Shareholder's) Share of Income, Deductions, Credits, etc. for 10% interest beginning September 1, 2020 from AllTex.

The investor will provide AllTex the sum of \$200,000 (\$100,000 conversion from a previous load advance program, \$50,000 of new capital and \$50,000 note receivable at 0% interest per annum paid with 50% monthly net profits sent to SJR) for the purpose of buying loads for processing, blending and sale from JAR Oil & Gas, Tomkat, Texas Gathering and others. The contracts provide for 150 to 300 loads of oil per month at *180/barrels each. The investor will be paid their pro rata share (10%) of the net profit per barrel (\$4-6 target).

The processing facilities are currently located at: **Catarina, Texas 78836 and Smiley, TX 78159**

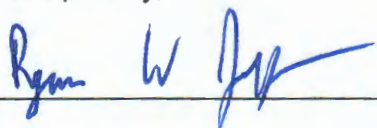
Checks will go out to the investor every month starting in October 2020 after the settlement statement is received between the 20th and the last day of the month, for the duration of the agreement, and financials will be provided monthly for the previous month.

AllTex Refinery agrees that the investor/s will have the first right of refusal to fund any future expansion that is needed at this facility or future locations, or to acquire equity made available. Currently the purchasers of the processed oil are Sierra Fuels, Cypress Eagle, MidCon Gathering, Energy Midstream and George E. Warren, that pay a contracted premium. The investor/s will also be held harmless and indemnified for all actions and activities related to the operations defined herein.

Respectfully,

Russell L. Vera

Accepted by,

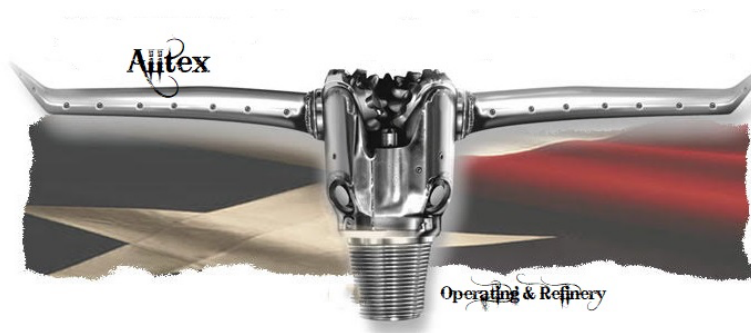
A handwritten signature in blue ink, appearing to read "Ryan W. Jones", is written over a horizontal line.

Name: SJR Development LLC

Address: PO Box 38

Carlsbad, NM 88221

Amount: \$200,000



Wiring Instructions

RBFCU
1870 West, TX-46
New Braunfels, TX 78132

For Benefit of: Alltex Refinery LLC
Account Number: 213048147
Bank Routing Number: 314089681

Company Information

Alltex Operating & Refinery
402 W. Davis Street, Suite A
Luling, TX 78648
Alltex402@gmail.com
830-351-7117

Exhibit 3

ALLTEX REFINERY LLC



October 16,2020

Subject: Catarina Update

Partners,

We hope that this finds everyone doing well in this past month. The last report that was sent out in August due to the fact of Covid ours offices were closed for approximately 30-45 days due our employees being sick including me Russell L. Vera.

With that said I am pleased to announce that the Catarina project is in the right direction. We have been able to accomplish contracts setting in place 12 months with Quality companies on your next oil sale .

This includes Sierra Fuels. GE. Warren and Midcon . We are currently true with consensy to sell approximately one load a day to Sierra Fuels which is 195 bbls . Starting last we have commenced to increase to 2 loads a day . As for Midcon I load a day (185bbls) and GE Warren 2 loads a day (175bbls) .

We anticipate that the month of October should show a turn in profit. And if all go well we should be looking at your first distribution payment . Thank you for being part of the Catarina project. We looked forward to working with you . We will also keep you updated on our progress on our project.

Please do not hesitate to call or email us via email if you have any questions or concerns.

Regards ,

Russell L. Vera

Exhibit 4



OL PATENTS

Luis M. Ortiz, Esq.
Ortiz & Lopez, PLLC
6605 Uptown Blvd. NE, Suite 240, Albuquerque, NM 87110
505-314-1311 (direct line/fax)
lortiz@olpatentlaw.com | www.olpatentlaw.com

March 17, 2021

SENT VIA EMAIL: alltex402@gmail.com; ltoil.texas@gmail.com

Mr. Russell L. Vera
Alltex Refinery LLC, (d/b/a Alltex Operating Company and LT' Oil LLC)
402 W. Davis Street, Suite A
Luling, Texas 78648

Re: Return of Capital Request on behalf of SJR Development LLC

Dear Mr. Vera:

We are legal counsel to SJR Development LLC (our client, hereinafter "SJR"). We are contacting you regarding the breach of contractual agreements with SJR in your capacity as owner/principal of Alltex Refinery LLC, which is also doing business as Alltex Operating Company and LT' Oil LLC (referred to hereinafter as "Alltex"). Alltex has failed to compensate our client as called for in agreements it has with SJR, and you as Alltex's principal have been unresponsive to several requests by SJR's representative, Ryan Jefferson, to obtain information and audit Alltex's books and records. Our client hereby demands reimbursement of its \$150,000.00 investment in Alltex within 30 days of this letter as settlement of their claims against Alltex and you as its principal. SJR's return of capital request is in accordance with terms outlined in Alltex's June 29, 2020 offering document that was first presented to SJR for approval and was ultimately accepted.

It has come to our attention during our investigation of SJR's potential claims against Alltex that you have had a history of legal problems with unauthorized fundraising while operating companies within at least the States of Alaska, Washington, California, and Wisconsin. All complaints we have reviewed thus far include securities-related violations. We believe that you continue to violate securities regulations to this day with operations in Texas. Our client may consider filing a complaint with the State of Texas for your violations of the Texas Securities Act if you do not promptly comply with their request to return their invested capital in Alltex.

Your refusal to swiftly comply with our client's request may expose you and your company to damages that can be proven by our client at trial as well as enhanced penalties as attorneys' fees

under Texas law. You are highly encouraged to comply with this request otherwise my client will have no other choice than to pursue civil remedies before a court of law within the State of Texas and report your conduct by filing a complaint with the Texas State Securities Board.

Very truly yours,

ORTIZ & LOPEZ, PLLC

A handwritten signature in black ink, appearing to read 'Luis M. Ortiz', with a large, stylized flourish at the end.

By: Luis M. Ortiz, Esq.
Attorney and Founding Member

cc: Ryan W. Jefferson, MBA, CPA
SJR Development LLC

Exhibit 5

SJR Development LLC
Income Projection per Agreements
with Allex Refinery LLC
January 5, 2023

Agreement 1 - \$100K Load Advance Program dated June 29, 2020

In exchange for \$100,000, the Investor/s Receives \$2 per barrel from the spread on crude oil that is purchased with their monies on a cash and carry basis for the AllTex Processing Facility located at Hwy 83, Catarina, TX 78836. The target is 20-60 loads per month at 180 barrels each, which could yield a monthly cash on cash return of 7.2% for the investor/s at 20 loads.

Month	Description	20 Loads (Barrels)	\$2 per Barrel Due	60 loads (Barrels)	\$2 per Barrel Due	Average Due
2020						
July	180 barrels per load	3,600	\$ 7,200.00	10,800	\$ 21,600.00	\$ 14,400.00
August	180 barrels per load	3,600	7,200.00	10,800	21,600.00	14,400.00
						\$ 28,800.00
						Less: 8/10/2020 Payment (2,478.00)
						Add: 8/13/2020 Returned Payment 2,478.00
						Add: 8/17/2020 Returned Payment Bank Fee 3.00
						Less: 8/18/2020 Payment (2,481.00)
						Less: 9/14/2020 Payment (3,213.00)
						Unpaid Amount Due \$ 23,109.00

Agreement 2 - Executed \$200K Catarina Equity dated September 20, 2020

The investor will provide AllTex the sum of \$200,000 (\$100,000 conversion from a previous load advance program, \$50,000 of new capital and \$50,000 note receivable at 0% interest per annum paid with 50% monthly net profits sent to SJR) for the purpose of buying loads for processing, blending and sale from JAR Oil & Gas, Tomkat, Texas Gathering and others. The contracts provide for 150 to 300 loads of oil per month at *180/barrels each. The investor will be paid their pro rata share (10%) of the net profit per barrel (\$4-6 target).

Month	Description	150 Loads (Barrels)	\$4 Net Profit Target	\$6 Net Profit Target	300 loads (Barrels)	\$4 Net Profit Target	\$6 Net Profit Target	Average Net Profit	10% Share Due
2020									
September	180 barrels per load	27,000	\$ 108,000.00	\$ 162,000.00	54,000	\$ 216,000.00	\$ 324,000.00	\$ 202,500.00	\$ 20,250.00
October	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
November	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
December	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
2021									
January	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
February	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
March	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
April	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
May	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
June	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
July	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
August	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
September	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
October	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
November	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
December	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
			\$ 1,728,000.00	\$ 2,592,000.00		\$ 3,456,000.00	\$ 5,184,000.00	\$ 3,240,000.00	\$ 324,000.00
								Less: Note Payable (50,000.00)	
								Unpaid Amount Due \$ 274,000.00	
2022									
January	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
February	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
March	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
April	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
May	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
June	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
July	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
August	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
September	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
October	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
November	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
December	180 barrels per load	27,000	108,000.00	162,000.00	54,000	216,000.00	324,000.00	202,500.00	\$ 20,250.00
			\$ 1,296,000.00	\$ 1,944,000.00		\$ 2,592,000.00	\$ 3,888,000.00	\$ 2,430,000.00	\$ 243,000.00

**IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

SJR DEVELOPMENT LLC,

Plaintiff,

v.

**ALLTEX REFINERY LLC, ALLTEX
OPERATING COMPANY,
RUSSELL L. VERA, AMIDEE A. VERA,
AND ARTHUR K. VERA**

Defendants.

CASE NO.: 1:21-CV-00647-LY

**DECLARATION OF MATEO Z. FOWLER IN SUPPORT OF PLAINTIFF’S MOTION
FOR DEFAULT JUDGMENT**

I, Mateo Z. Fowler, am an attorney licensed to practice law in the State of Texas and before this Court. I am lead counsel of record for the Plaintiff, SJR Development LLC (“Plaintiff”) in this lawsuit and I make this declaration in support of Plaintiff’s Motion for Default Judgment. All of the facts set forth in this declaration are known to me personally, and if called as a witness would and could competently testify as follows:

1. I, Mateo Z. Fowler, am an attorney licensed to practice law in the State of Texas and before this Court. I am lead counsel of record for the Plaintiff, SJR Development, LLC (“Plaintiff’s”) in this lawsuit and I make this declaration in support of Plaintiff’s Motion for Default Judgment. All the facts set forth in this declaration are known to me personally, and if called as a witness would and could competently testify as follows:

2. I am the owner of MZF Law Firm, PLLC (“MZF Law Firm”), located at 1211 W. 6th Street, Ste. 600-143, Austin, Texas, 78703

3. I received a J.D. from Loyola University Chicago School of Law. I was admitted to the State Bar of California in 2005 and the State Bar of Texas in 2008.

4. I have practiced litigation throughout the United States since 2005. I have based my practice in the State of Texas since 2009 when I joined the law firm Bracewell & Giuliani, LLP (now Bracewell, LLP) and then the law firm McKool Smith P.C. I opened MZF Law Firm in July 2014, and practice law throughout the state of Texas as well as throughout the country on various civil, business and intellectual property matters.

5. I live in Austin, Texas. I am a member in good standing of the State Bar of Texas and the State Bar of California. I am admitted to practice before the United States District Courts for the Northern, Southern, Eastern and Western Districts of Texas, the United States District Courts for the Northern and Central Districts of California, the United States Court of Appeals for the Ninth District, the United States Court of Appeals for the Fifth Circuit, and the United States Court of Appeals for the Federal Circuit. I was appointed as a Fellow to the Texas Bar Foundation in 2010. I was selected as a Rising Star Super Lawyer for Intellectual Property Litigation in 2014, 2016 - 2018 and then as a Super Lawyer for Intellectual Property Litigation in 2019 - 2022. I also received the Volunteer Legal Services’ Covington Pro Bono Services Award in 2016.

6. Law firms with counsel of my comparable skill and experience bill at rates in excess of \$400.00 per hour. My normal hourly rate is \$450.00 per hour and is reasonable, as this hourly rate comports with hourly rates charged by local attorneys, with similar skill and experience for Intellectual Property litigation.

7. I was retained as counsel of record in this case on or around April 15, 2020

according to the terms of an engagement agreement between SJR Development, LLC (“SJR”) and MZF Law Firm, PLLC.

8. Under the terms of the engagement agreement and as a courtesy to SJR Development, LLC, I reduced my normal billable rate to \$325.00 per hour. SJR Development also agreed to pay all costs and expenses incurred in the defense and prosecution of the lawsuit. Pursuant to the engagement agreement, I submitted invoices to SJR Development’s Managing Member, Mr. Ryan Jefferson, for the legal fees and costs incurred representing him in defense of Plaintiff’s lawsuit. True and correct copies of redacted MZF Law Firm invoices on this matter are attached as **Exhibit A**.

9. I anticipate opining on the reasonableness and necessity of the fees incurred by SJR Development in this matter. The figures for fees and expenses submitted in this cause are true and correct to the best of my knowledge.

10. I have reviewed the non-privileged files of MZF Law Firm on this matter, including the redacted fee statements submitted with this Declaration. The fees submitted in this cause are necessary and reasonable for this type of litigation.

11. This application covers the time period commencing in May 31, 2021 through the filing of Plaintiff’s Motion for Default Judgment on January 9, 2023.

12. MZF Law Firm spent **154 hours** performing the following tasks: investigating the claims; preparing and filing with the Court Plaintiff’s Complaint and Service of Process documents; Plaintiff’s *Ex Parte* Motion for Alternative Service of Process; Establishing Website for Alternative Service of Process; Plaintiffs’ Notices of Service for the Defendants; Request for Entry of Defaults by the Clerk as to each Defendant; taking necessary actions to manage the Plaintiff’s claims due to involuntary bankruptcy proceeding initiated against one of the Defaulting

Defendants; preparing this Motion for Default Judgement against the Defaulting Defendant; and taking other necessary actions to prosecute this lawsuit. The total amount of legal fees incurred in performing these tasks is: **\$45,600.00**.

13. I anticipate that MZF Law Firm will spend another **3 to 5** hours preparing for and attending any hearing on Plaintiff's Motion for Default Judgment.

14. This application is based upon professional services rendered by attorneys Mateo Z. Fowler, Megan Turner, and Sara Braun. Services were rendered at rates and for the number of hours described below:

<u>Attorney/Paralegal</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Fee</u>
Mateo Fowler	109.5	\$325.00	\$35,587.50
Megan Turner	38.6	\$225.00	\$8,685.00
Sara Braun	5.9	\$225.00	\$1,327.50

15. This application is also based upon the professional services rendered by attorney Luis. Ortiz, Esq. of Ortiz & Lopez, PLLC, located at 6605 Uptown Blvd. NE, Suite 240, Albuquerque, New Mexico, 87110. Mr. Ortiz provided legal services totaling \$1,909.39.

16. The total amount of litigation costs and expenses incurred by SJR, as reflected in **Exhibit A**, are: **\$3,201.82**.

17. The total amount of attorneys' fees, expenses and costs incurred by SJR Development at this time in this lawsuit total: **\$45,600.00 + \$3,201.82 = 48,801.82**.

18. I believe that the fees charged by MZF Law Firm are reasonable to Plaintiff's prosecution of the claims asserted in this legal action. In forming my opinions herein, I have considered the type of litigation involved, along with the parties and counsel involved, and have evaluated the following factors, among: the time and labor required; the novelty and difficulty of the questions involved; the skill requisite to perform the legal services properly; the likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other

employment by the attorneys involved; the fees customarily charged in the locality for similar legal services; the amount involved and the results obtained; the time limitations imposed by the client, the other side or the circumstances; the nature and length of the professional relationship with the client; the experience, reputation and ability of the attorneys involved; and, whether the fee is fixed or contingent on results obtained or uncertainty of collection before the legal services had been retained.

19. I base my opinion on my education, training and experience as a trial attorney practicing law, and in particular practicing law in the Austin, Texas area, the Texas Rules of Professional Conduct, and a review of the billing and time records in this case. In forming my opinions, I have also reviewed (or been involved in) the pleadings, motions, and other documents filed, and other activities occurring in this case, and attended (or argued) hearings on the motions in this case.

20. In view of these factors identified above, and as shown in **Exhibit A**, to date a reasonable number of hours were expended in connection with this fraud, breach of contract, securities violations, RICO and civil theft and breach of fiduciary duty lawsuit, and the rates charged by counsel for SJR Development, LLC are reasonable and comparable to those of other attorneys practicing civil litigation in the Austin, Texas area.

21. Moreover, given the nature of the claims, the Defendants, the briefing and record, the timeframe in which the services were provided, MZF Law Firm properly staffed this case, and the time expended was reasonable.

22. I certify that none of the compensation or reimbursement for costs requested herein will be shared with any entity or otherwise disbursed in violation of applicable law.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in Austin, Texas on January 10, 2023

Respectfully,

/s/ Mateo Z. Fowler

Mateo Z. Fowler

Texas Bar No. 24062726

MZF Law Firm, PLLC

1105 Nueces Street, Suite A

Austin, Texas 78701

Tel: 281-546-5172

Email: mateofowler@mzflaw.com

Exhibit A

MZF Law Firm, PLLC

1105 Nueces, Suite A
Austin, TX 78701

INVOICE

Invoice # 500
Date: 06/16/2021
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	05/03/2021	[REDACTED] correspond with Ryan in support of same.	Mateo Fowler	0.00	\$325.00	\$0.00
Service	05/04/2021	Review and analyze background documents in support of factual investigation regarding SJR's claims [REDACTED].	Mateo Fowler	0.90	\$325.00	\$292.50
Service	05/05/2021	Factual investigation in support of preparing complaint for SJR against [REDACTED].	Mateo Fowler	1.10	\$325.00	\$357.50
Service	05/07/2021	Factual investigation in support of preparing complaint against [REDACTED], legal research in support of same.	Mateo Fowler	0.50	\$325.00	\$162.50
Service	05/13/2021	Correspond with Ryan Jefferson from SJR regarding claims against [REDACTED] prepare for same, [REDACTED].	Mateo Fowler	0.80	\$325.00	\$260.00
Expense	05/13/2021	Investigation and report on [REDACTED].	Mateo Fowler	1.00	\$750.00	\$750.00
Service	05/14/2021	Review digital file provided by Attorney MZF relating to SJR's potential claims against opposing party including [REDACTED].	Megan Turner	1.00	\$225.00	\$225.00
Service	05/16/2021	Factual investigation in support of preparing complaint against [REDACTED] for SJR, legal research in support of same.	Mateo Fowler	2.10	\$325.00	\$682.50

Service	05/17/2021	Continued factual investigation in support of preparing SJR complaint, prepare complaint in furtherance of same.	Mateo Fowler	2.80	\$325.00	\$910.00
Service	05/17/2021	Research [REDACTED] causes of action [REDACTED] in draft Complaint for SJR. Incorporate requisite elements into working draft.	Megan Turner	1.00	\$225.00	\$225.00
Service	05/18/2021	Compile facts from relevant documents and summary provided by Attorney M Fowler into working draft Complaint.	Megan Turner	2.00	\$225.00	\$450.00
Service	05/19/2021	Correspond with M Turner regarding SJR complaint and factual investigation in support of same.	Mateo Fowler	0.20	\$325.00	\$65.00
Service	05/19/2021	Continue work on relevant factual background for draft Complaint.	Megan Turner	0.70	\$225.00	\$157.50
Service	05/20/2021	Continue work on causes of action for draft Complaint.	Megan Turner	1.00	\$225.00	\$225.00
Service	05/26/2021	Review draft SJR complaint, revise background section in support of allegations for each cause of action.	Mateo Fowler	4.70	\$325.00	\$1,527.50
Service	05/27/2021	Review and revise SJR complaint and transmit same to Ryan Jefferson in support of review and factual investigation.	Mateo Fowler	1.20	\$325.00	\$390.00
Quantity Subtotal						20.0

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	14.3	\$325.00	\$4,647.50
Megan Turner	Attorney	5.7	\$225.00	\$1,282.50
Quantity Total				20.0
Total				\$6,680.00
Payment (06/16/2021)				-\$5,000.00
Balance Owing				\$1,680.00

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
500	06/16/2021	\$6,680.00	\$5,000.00	\$1,680.00
Outstanding Balance				\$1,680.00
Total Amount Outstanding				\$1,680.00

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1105 Nueces, Suite A
Austin, TX 78701

INVOICE

Invoice # 504
Date: 07/18/2021
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	06/03/2021	Correspond with Stacy and Ryan of SJR regarding [REDACTED] factual investigation in support of preparing claims.	Mateo Fowler	0.80	\$325.00	\$260.00
Service	06/18/2021	Review and revise SJR complaint.	Mateo Fowler	0.00	\$325.00	\$0.00
Service	06/19/2021	Review and revise complaint for SJR, strategy regarding same, legal research regarding [REDACTED].	Mateo Fowler	1.30	\$325.00	\$422.50
Service	06/21/2021	Review and revise SJR complaint, legal research regarding [REDACTED], and drafting in support of same.	Mateo Fowler	3.10	\$325.00	\$1,007.50
Service	06/22/2021	Per discussion with Attorney M Fowler, research [REDACTED] jury charges [REDACTED] Identify and incorporate requisite elements into working draft complaint.	Megan Turner	1.50	\$225.00	\$337.50
Service	06/23/2021	Correspond with Ryan Jefferson regarding factual investigation in support of finalizing complaint against Alltex and Vera.	Mateo Fowler	0.40	\$325.00	\$130.00
Service	06/27/2021	Factual investigation in support of preparing new draft of complaint for SJR against Vera and Alltex; finalize draft [REDACTED]	Mateo Fowler	1.20	\$325.00	\$390.00
Service	06/28/2021	Review and revise SJR Complaint, analyze new documents from SJR in support of same, strategy regarding claims.	Mateo Fowler	1.30	\$325.00	\$422.50
Quantity Subtotal						9.6

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	8.1	\$325.00	\$2,632.50
Megan Turner	Attorney	1.5	\$225.00	\$337.50
Quantity Total				16
Total				\$5,000.00

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
504	07/18/2021	\$2,970.00	\$0.00	\$2,970.00
Outstanding Balance				\$2,970.00
Total Amount Outstanding				\$2,970.00

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1105 Nueces, Suite A
Austin, TX 78701

INVOICE

Invoice # 511
Date: 08/12/2021
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	07/05/2021	Correspond with SJR regarding complaint and factual investigation in support of same.	Mateo Fowler	0.60	\$325.00	\$195.00
Service	07/11/2021	Revise SJR Complaint, [REDACTED].	Mateo Fowler	2.80	\$325.00	\$910.00
Service	07/12/2021	Correspond with Ryan Jefferson regarding SJR complaint and factual investigation in support of [REDACTED] claims.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	07/16/2021	Review client correspondence and comments to draft Complaint.	Megan Turner	0.20	\$225.00	\$45.00
Service	07/16/2021	Review and revise Complaint for SJR; correspond with Ryan regarding same; strategy regarding same.	Mateo Fowler	1.80	\$325.00	\$585.00
Service	07/18/2021	[REDACTED] review and editing of draft Complaint.	Megan Turner	1.20	\$225.00	\$270.00
Service	07/18/2021	Finalize SJR Complaint and transmit same to Ryan Jefferson for review and sign-off.	Mateo Fowler	0.90	\$325.00	\$292.50
Service	07/19/2021	[REDACTED]	Megan Turner	0.00	\$225.00	\$0.00
Service	07/19/2021	Factual investigation for all five defendants in support of service of process	Megan Turner	1.40	\$225.00	\$315.00
Service	07/19/2021	Research [REDACTED] documents [REDACTED] in support of filing Complaint.	Megan Turner	0.70	\$225.00	\$157.50
Service	07/20/2021	Continue factual investigation in support of serving Complaint on Defendants.	Megan Turner	1.10	\$225.00	\$247.50

Service	07/20/2021	Confer with Attorney M Fowler re: [REDACTED] service of defendants with Complaint.	Megan Turner	0.10	\$225.00	\$22.50
Service	07/20/2021	Correspond with Ryan Jefferson regarding complaint and filing same.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	07/21/2021	Confer with Attorney M Fowler re: filing Complaint.	Megan Turner	0.10	\$225.00	\$22.50
Service	07/21/2021	Factual investigation re: [REDACTED] service of process.	Megan Turner	0.60	\$225.00	\$135.00
Service	07/21/2021	Prepare civil cover sheet and summons for Alltex Refinery.	Megan Turner	0.80	\$225.00	\$180.00
Service	07/22/2021	Prepare summons for defendants Arthur, Amidee, Alltex Operating Company.	Megan Turner	0.60	\$225.00	\$135.00
Service	07/23/2021	Review and revise SJR Complaint; prepare and revise Civil Cover Sheet; [REDACTED]	Mateo Fowler	1.90	\$325.00	\$617.50
Expense	07/23/2021	Reimbursable expenses: Complaint Filing Fee.	Mateo Fowler	1.00	\$402.00	\$402.00
Service	07/25/2021	Finalize summons for Defendants.	Megan Turner	0.80	\$225.00	\$180.00
Service	07/26/2021	Conference with clerk's office re: request for issuance of summons.	Megan Turner	0.20	\$225.00	\$45.00
Service	07/26/2021	File request for issuance of summons for all five Defendants.	Megan Turner	0.90	\$225.00	\$202.50
Service	07/26/2021	Confer with Attorney M Fowler re: filing and request for issuance of summons.	Megan Turner	0.20	\$225.00	\$45.00
Service	07/27/2021	Correspond with Process Server regarding service of SJR Complaint on named defendants.	Mateo Fowler	0.40	\$325.00	\$130.00

Quantity Subtotal 17.9

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	9.0	\$325.00	\$2,925.00
Megan Turner	Attorney	8.9	\$225.00	\$2,002.50

Quantity Total 17.9

Total \$5,329.50

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
511	08/12/2021	\$5,329.50	\$0.00	\$5,329.50
Outstanding Balance				\$5,329.50
Total Amount Outstanding				\$5,329.50

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1105 Nueces, Suite A
Austin, TX 78701

INVOICE

Invoice # 516
Date: 09/14/2021
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Expense	07/31/2021	Reimbursable expenses: Special Delivery Invoice 646001 for process serving.	Mateo Fowler	1.00	\$378.53	\$378.53
Service	08/02/2021	Correspond with process server in support of serving SJR Complaint.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	08/03/2021	Correspond with Process Server regarding service of SJR Complaint; analyze correspondence to M Turner regarding filing proof of service for Amidee Vera and Alltex Refinery.	Mateo Fowler	1.00	\$325.00	\$325.00
Service	08/03/2021	Review correspondence from process server and proof of service for defendants Alltex Refinery and Amidee Vera; File proof of service with Clerk's Office.	Megan Turner	0.60	\$225.00	\$135.00
Service	08/04/2021	Correspond with Process Server regarding service on Russell and Arthur Vera.	Mateo Fowler	0.20	\$325.00	\$65.00
Service	08/04/2021	Review correspondence from process server regarding attempted service; factual investigation for alternate addresses.	Megan Turner	0.80	\$225.00	\$180.00
Service	08/05/2021	Factual investigation in support of default judgment; legal research in support of Clerk's entry of default.	Megan Turner	0.70	\$225.00	\$157.50
Service	08/06/2021	Correspond with Process Server regarding service on Arthur and Russell Vera; correspond with MT regarding same.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	08/11/2021	Correspond with Ryan Jefferson regarding service of process issues for SJR and strategy regarding same,	Mateo Fowler	0.50	\$325.00	\$162.50

		analyze correspondence from Process Service regarding same.				
Service	08/11/2021	Review correspondence from process server re: attempted service on defendants; legal research re: alternate methods of service.	Megan Turner	0.40	\$225.00	\$90.00
Service	08/23/2021	Correspond with M Turner regarding clerk's entry of default judgment against Amidee Vera and Alltex Refinery, strategy regarding same.	Mateo Fowler	0.50	\$325.00	\$162.50
Service	08/23/2021	Prepare necessary documents in support of Plaintiff's request for clerk's entry of default. Legal research in support of same.	Megan Turner	1.90	\$225.00	\$427.50
Service	08/24/2021	Correspond with M Turner regarding process server and motion for alternative service; strategy regarding motion and serving complaint on Russell Vera.	Mateo Fowler	0.50	\$325.00	\$162.50
Service	08/24/2021	Review correspondence from process server; outline motion [REDACTED]	Megan Turner	1.40	\$225.00	\$315.00
Service	08/25/2021	Legal research in support of Motion for Alternative service; factual investigation in support of same; [REDACTED].	Megan Turner	3.10	\$225.00	\$697.50
Service	08/26/2021	Continue motion for alternative service, Revise documents in support of Clerk's Entry of Default; correspond with clerk's office re: same.	Megan Turner	2.10	\$225.00	\$472.50
Service	08/27/2021	Correspond with Process Server regarding [REDACTED], strategy regarding alternative service, correspond with M Turner regarding same; revise motion for entry of default, revise declaration in support of motion for entry of default, revise proposed order in support of entry of default; correspond with M Turner regarding same.	Mateo Fowler	0.90	\$325.00	\$292.50
Service	08/27/2021	Continue preparation of Motion for Alternative Service; legal research in support of same.	Megan Turner	2.10	\$225.00	\$472.50
Service	08/30/2021	Finalize filing of motion for entry of default against Alltex Refinery and Amidee Vera.	Mateo Fowler	0.50	\$325.00	\$162.50
Service	08/30/2021	Legal research in support of motion for	Megan Turner	2.30	\$225.00	\$517.50

		alternative service; Prepare clerk's packet for entry of default and file same with Clerk's Office.				
Service	08/31/2021	Correspond with Clerk regarding summons for Alltex Operating Company; legal research in support of same and [REDACTED]. Prepare summons and file request for issuance of same.	Megan Turner	2.30	\$225.00	\$517.50

Quantity Subtotal □□□

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	4.7	\$325.00	\$1,527.50
Megan Turner	Attorney	17.7	\$225.00	\$3,982.50
Quantity Total				□□□
Total				\$5,888.53

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
516	09/14/2021	\$5,888.53	\$0.00	\$5,888.53
Outstanding Balance				\$5,888.53
Total Amount Outstanding				\$5,888.53

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1105 Nueces, Suite A
Austin, TX 78701

INVOICE

Invoice # 519
Date: 10/20/2021
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Expense	08/14/2021	Special Delivery Invoice 646912. Process Service Attempt- Arthur K. Vera	Mateo Fowler	1.00	\$194.78	\$194.78
Service	09/01/2021	Correspond with M Turner regarding process servers and service of SJR complaint, strategy regarding motion for alternative service.	Mateo Fowler	0.10	\$325.00	\$32.50
Service	09/02/2021	Correspond with M Turner regarding process servers and declarations in support of motion for alternative service, and strategy in support of same.	Mateo Fowler	0.10	\$325.00	\$32.50
Service	09/02/2021	Legal research [REDACTED] prepare requisite forms for service on Alltex Operating Company; in-person delivery of same to Secretary of State. Correspond with process server re: service attempts on defendants.	Megan Turner	1.70	\$225.00	\$382.50
Service	09/03/2021	Correspond with process server re: [REDACTED] service attempts; review and analyze same; [REDACTED]	Megan Turner	1.10	\$225.00	\$247.50
Expense	09/04/2021	Special Delivery Invoice 648408. Process Service Attempt- Alltex Operating Company, Athur K. Vera, Russel L. Vera	Mateo Fowler	1.00	\$332.34	\$332.34
Expense	09/04/2021	Special Delivery Invoice 651410. Process Service Attempt- Athur K. Vera, Russel L. Vera	Mateo Fowler	1.00	\$292.96	\$292.96
Service	09/06/2021	Legal research [REDACTED] Motion for Alternate Service.	Megan Turner	1.40	\$225.00	\$315.00
Service	09/07/2021	Correspond with Ryan Jefferson	Mateo Fowler	0.20	\$325.00	\$65.00

regarding SJR lawsuit against Alltex.						
Service	09/08/2021	Correspond with R Jefferson regarding SJR strategy.	Mateo Fowler	0.40	\$325.00	\$130.00
Expense	09/09/2021	Reimbursable expenses: SOS Service of Process-Defendant Alltex Operating.	Mateo Fowler	1.00	\$55.00	\$55.00
Service	09/12/2021	Revise motion for alternative service and strategy regarding same; correspond with MT in support of same.	Mateo Fowler	1.20	\$325.00	\$390.00
Service	09/13/2021	Revise motion for alternative service on [REDACTED] and strategy regarding same.	Mateo Fowler	1.80	\$325.00	\$585.00
Service	09/17/2021	Phone call to Secretary of State's office re: service of process [REDACTED]	Megan Turner	0.60	\$225.00	\$135.00
Expense	09/17/2021	Reimbursable expenses: SOS Status Certificate.	Mateo Fowler	1.00	\$15.00	\$15.00
Service	09/22/2021	Correspond with R Jefferson regarding Alltex [REDACTED] and strategy going forward.	Mateo Fowler	0.50	\$325.00	\$162.50
Service	09/27/2021	Strategy regarding [REDACTED] SJR and alternative service.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	09/30/2021	[REDACTED]	Megan Turner	0.00	\$225.00	\$0.00
Expense	09/30/2021	Reimbursable expenses: Web Domain Purchase-SJR Alterantive Service via Web Domain sjrdevelopmentllcalltexrefineryllcetal.com	Mateo Fowler	1.00	\$81.21	\$81.21
Quantity Subtotal						9.4

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	4.6	\$325.00	\$1,495.00
Megan Turner	Attorney	4.8	\$225.00	\$1,080.00
Quantity Total				9.4
Total				\$3,546.29

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
519	10/20/2021	\$3,546.29	\$0.00	\$3,546.29
Outstanding Balance				\$3,546.29
Total Amount Outstanding				\$3,546.29

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1105 Nueces, Suite A
Austin, TX 78701

INVOICE

Invoice # 528
Date: 11/11/2021
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	10/22/2021	Finalize and file certificate of service for Alltex Operating and review and revise motion for alternative service.	Mateo Fowler	2.10	\$325.00	\$682.50
Service	10/25/2021	Finalize and file motion for alternative service; prepare exhibits and strategy regarding same; correspond with Ryan Jefferson regarding motion for alternative service; prepare request for entry of default judgment against Alltex Operating.	Mateo Fowler	1.40	\$325.00	\$455.00
Service	10/26/2021	Review order granting motion for alternative service [REDACTED]	Mateo Fowler	0.30	\$325.00	\$97.50
				Quantity Subtotal		3.8

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	3.8	\$325.00	\$1,235.00
			Quantity Total	3.8
			Total	\$1,235.00

Detailed Statement of Account**Current Invoice**

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
528	11/11/2021	\$1,235.00	\$0.00	\$1,235.00

Outstanding Balance	\$1,335.00
Total Amount Outstanding	\$1,335.00

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1105 Nueces, Suite A
Austin, TX 78701

INVOICE

Invoice # 534
Date: 12/10/2021
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	11/03/2021	Review and analyze order on motion for alternative service, [REDACTED]	Mateo Fowler	0.40	\$325.00	\$130.00
Service	11/03/2021	Prepare and file motion for clerks entry of default, affidavit and proposed order; coordinate [REDACTED] for alternative service; prepare service email to Russell L. Vera in support of same.	Mateo Fowler	1.70	\$325.00	\$552.50
Service	11/04/2021	Finalize and file motion for clerks entry of default, proposed order, and declaration in support of same; finalize and serve email to Russell Vera [REDACTED] analyze [REDACTED] website for publishing case [REDACTED].	Mateo Fowler	1.20	\$325.00	\$390.00
Service	11/09/2021	Correspond with US Trustee regarding Alltex Refinery [REDACTED]	Mateo Fowler	0.60	\$325.00	\$195.00
Service	11/10/2021	Correspond with Ryan Jefferson regarding next steps with SJR and Vera, bankruptcy [REDACTED]; and [REDACTED] strategy regarding same.	Mateo Fowler	0.70	\$325.00	\$227.50
Service	11/15/2021	Correspond with James Jameson regarding Vera and Alltex [REDACTED]	Mateo Fowler	0.40	\$325.00	\$130.00
Service	11/17/2021	Prepare Notice/Certificate of Service to Russell and Arthur Vera.	Mateo Fowler	0.70	\$325.00	\$227.50
Service	11/18/2021	Finalize and file Certificate of Service for Russell and Arthur Vera, correspond with Jameson regarding bankruptcy.	Mateo Fowler	0.80	\$325.00	\$260.00

Quantity Subtotal 6.5

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	6.5	\$325.00	\$2,112.50
Quantity Total				6.5
Total				\$□,11□.50

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
534	12/10/2021	\$2,112.50	\$0.00	\$2,112.50
Outstanding Balance				\$□,11□.50
Total Amount Outstanding				\$□,11□.50

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1105 Nueces, Suite A
Austin, TX 78701

INVOICE

Invoice # 539
Date: 01/18/2022
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	12/03/2021	Correspond with [REDACTED] [REDACTED] correspond with Ryan regarding same.	Mateo Fowler	0.60	\$325.00	\$195.00
Service	12/06/2021	Prepare default packets for Russell Vera and Arthur K Vera, declaration of Mateo Z. Fowler and Proposed Order in support of same.	Mateo Fowler	1.20	\$325.00	\$390.00
Service	12/07/2021	Prepare and finalize and file Clerk's entry of default as to Russell Vera and Arthur Vera.	Mateo Fowler	0.80	\$325.00	\$260.00
Service	12/09/2021	Prepare notice of bankruptcy for SJR file; prepare [REDACTED]; analyze docket; [REDACTED]	Mateo Fowler	1.80	\$325.00	\$585.00
Service	12/10/2021	Correspond with Ryan regarding Motion for Entry of Default and [REDACTED]; [REDACTED] and strategy regarding same.	Mateo Fowler	2.00	\$325.00	\$650.00
Service	12/14/2021	Prepare for and file notice of bankruptcy for SJR; correspond with [REDACTED] [REDACTED] [REDACTED]	Mateo Fowler	1.20	\$325.00	\$390.00
Service	12/15/2021	[REDACTED] [REDACTED] strategy regarding same.	Mateo Fowler	0.40	\$325.00	\$130.00
Service	12/16/2021	[REDACTED] [REDACTED] [REDACTED] correspond with Ryan in support of same.	Mateo Fowler	1.90	\$325.00	\$617.50

Service	12/21/2021	Revise correspondence to [REDACTED]	Mateo Fowler	0.30	\$325.00	\$97.50
Service	12/23/2021	Correspond with Ryan Jefferson regarding litigation strategy and damages.	Mateo Fowler	0.50	\$325.00	\$162.50

Quantity Subtotal **10.0**

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	10.7	\$325.00	\$3,477.50

Quantity Total **10.0**

Total **\$3,000.50**

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
539	01/18/2022	\$3,477.50	\$0.00	\$3,477.50
Outstanding Balance				\$3,000.50
Total Amount Outstanding				\$3,000.50

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1211 W. 6th Street, Ste 600-143
Austin, TX 78703

INVOICE

Invoice # 587
Date: 08/17/2022
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	05/02/2022	Analyze [REDACTED] filing in Alltex.	Mateo Fowler	0.20	\$325.00	\$65.00
Service	05/03/2022	[REDACTED]	Mateo Fowler	0.70	\$325.00	\$227.50
Service	06/10/2022	Correspond with R Jefferson [REDACTED]	Mateo Fowler	0.00	\$325.00	\$0.00
Service	07/12/2022	Correspond with Ryan Jefferson [REDACTED]	Mateo Fowler	0.20	\$325.00	\$65.00
Service	07/13/2022	Strategy regarding [REDACTED]	Mateo Fowler	0.40	\$325.00	\$130.00
Service	07/14/2022	Correspond with [REDACTED], Alltex and R. Vera and strategy [REDACTED]; correspond with R Jefferson regarding same. [REDACTED], default judgment and [REDACTED]	Mateo Fowler	2.10	\$325.00	\$682.50
Service	07/18/2022	Correspond with [REDACTED] regarding Vera and strategy regarding same.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	07/19/2022	Prepare default judgment [REDACTED], strategy regarding same.	Mateo Fowler	1.50	\$325.00	\$487.50
Service	07/20/2022	Correspond with Ryan regarding [REDACTED], prepare motion for default judgement, analyze damages [REDACTED]	Mateo Fowler	2.40	\$325.00	\$780.00
Service	07/21/2022	Legal research [REDACTED]; [REDACTED]; correspond with Ryan	Mateo Fowler	3.60	\$325.00	\$1,170.00

		regarding same; analyze docket and filings in support of [REDACTED] [REDACTED] prepare default judgment motion and strategy regarding filing same.				
Service	07/22/2022	Review [REDACTED] filings and strategy regarding same.	Mateo Fowler	1.70	\$325.00	\$552.50
Service	07/25/2022	Strategy regarding scope of [REDACTED] versus Russell Vera vs. Alltex companies.	Mateo Fowler	0.70	\$325.00	\$227.50
Service	07/26/2022	[REDACTED] and prepare same.	Mateo Fowler	1.30	\$325.00	\$422.50
Service	07/27/2022	Analyze [REDACTED] evidence and strategy regarding finalizing same; revise motion for default judgment [REDACTED]	Mateo Fowler	1.90	\$325.00	\$617.50
Service	07/28/2022	Prepare fact section to default judgment motion, and legal research regarding claims and liability section.	Mateo Fowler	1.20	\$325.00	\$390.00
Service	07/29/2022	Prepare default judgment motion against Alltex and Veras.	Mateo Fowler	1.80	\$325.00	\$585.00
Quantity Subtotal						20.0

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	20.0	\$325.00	\$6,500.00
Quantity Total				20.0
Total				\$6,500.00

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
587	08/17/2022	\$6,500.00	\$0.00	\$6,500.00
Outstanding Balance				\$6,500.00
Total Amount Outstanding				\$6,500.00

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1211 W. 6th Street, Ste 600-143
Austin, TX 78703

INVOICE

Invoice # 594
Date: 09/11/2022
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	08/01/2022	[REDACTED] correspond with SJR in support of same.	Mateo Fowler	0.50	\$325.00	\$162.50
Service	08/02/2022	Prepare motion for entry of default judgment.	Mateo Fowler	1.10	\$325.00	\$357.50
Service	08/03/2022	Continued revisions to motion for default judgment; legal research and factual development in support of same.	Mateo Fowler	3.30	\$325.00	\$1,072.50
Service	08/31/2022	Prepare default judgment motion and edits to claims; [REDACTED].	Mateo Fowler	1.50	\$325.00	\$487.50
				Quantity Subtotal		6.4

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	6.4	\$325.00	\$2,080.00
			Quantity Total	6.4
			Total	\$2,080.00

Detailed Statement of Account**Current Invoice**

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
----------------	--------	------------	-------------------	-------------

594	09/11/2022	\$2,080.00	\$0.00	\$2,080.00
Outstanding Balance				\$2,080.00
Total Amount Outstanding				\$2,080.00

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1211 W. 6th Street, Ste 600-143
Austin, TX 78703

INVOICE

Invoice # 603
Date: 10/20/2022
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	08/30/2022	Tel Con with M. Fowler regarding [REDACTED] bankruptcy stay [REDACTED] Research and analyze [REDACTED] law and [REDACTED] pending litigation.	Sara Braun	0.90	\$225.00	\$202.50
Service	08/31/2022	Research and analyze [REDACTED] stay on litigation against non-bankruptcy defendants.	Sara Braun	2.50	\$225.00	\$562.50
Service	09/01/2022	Analyze default judgement motion and correspond with Ryan regarding same.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	09/02/2022	Correspond with Dorothy Butler [REDACTED] and strategy regarding same.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	09/02/2022	Research, analyze and prepare summary of law [REDACTED] Motion for Relief from Automatic Stay on Litigation.	Sara Braun	2.00	\$225.00	\$450.00
Service	09/06/2022	Correspond with Dorothy and Ryan regarding SJR [REDACTED] and motion to lift stay regarding civil litigation.	Mateo Fowler	0.40	\$325.00	\$130.00
Expense	09/06/2022	Dorothy Butler Law Firm Retainer [REDACTED]	Mateo Fowler	1.00	\$700.00	\$700.00
Service	09/12/2022	Correspond with Dorothy Butler regarding [REDACTED] matter.	Mateo Fowler	0.00	\$325.00	\$0.00
Service	09/16/2022	Analyze order to show cause in SJR civil matter and strategy regarding same.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	09/18/2022	Correspond with Dorothy Butler regarding [REDACTED] SJR's rights.	Mateo Fowler	0.20	\$325.00	\$65.00
Service	09/21/2022	Correspond with Ryan Jefferson regarding	Mateo Fowler	0.30	\$325.00	\$97.50

Alltex [REDACTED] lawsuit.						
Service	09/23/2022	Prepare opposition to OSC regarding SJR's civil lawsuit; factual investigation in support of same; correspond with [REDACTED] counsel in support of same.	Mateo Fowler	2.10	\$325.00	\$682.50
Service	09/26/2022	Prepare response to order to show cause in SJR civil litigation matter and strategy regarding same.	Mateo Fowler	1.30	\$325.00	\$422.50
Service	09/28/2022	Correspond with Dorothy Butler regarding [REDACTED] motion to lift stay.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	09/29/2022	Review and edit Response to Order to Show Cause; Correspond with M. Fowler regarding same.	Sara Braun	0.50	\$225.00	\$112.50
Service	09/30/2022	Finalize and file response to OSC in SJR civil litigation.	Mateo Fowler	0.20	\$325.00	\$65.00
Quantity Subtotal						11.6

Time Keeper	Position	Quantity	Rate	Total
Sara Braun	Attorney	5.9	\$225.00	\$1,327.50
Mateo Fowler	Attorney	5.7	\$325.00	\$1,852.50
Quantity Total				11.6
Total				\$3,880.00

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
603	10/20/2022	\$3,880.00	\$0.00	\$3,880.00
Outstanding Balance				\$3,880.00
Total Amount Outstanding				\$3,880.00

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

MZF Law Firm, PLLC

1211 W. 6th Street, Ste 600-143
Austin, TX 78703

INVOICE

Invoice # 616
Date: 12/13/2022
Due Upon Receipt

SJR Development LLC
P.O. Box 38
Carlsbad, NM 88221

00163-SJR Development LLC**Alltex/Russell Vera**

Type	Date	Notes	Attorney	Quantity	Rate	Total
Service	11/07/2022	Prepare for and participate in hearing on motion to lift stay; correspond with Court regarding order on motion to lift stay.	Mateo Fowler	0.70	\$325.00	\$227.50
Service	11/07/2022	Review and revise motion to lift stay; strategy regarding same.	Mateo Fowler	0.70	\$325.00	\$227.50
Service	11/14/2022	Prepare notice of bankruptcy filing for WDTX litigation and strategy regarding service of same on service website.	Mateo Fowler	0.30	\$325.00	\$97.50
Service	11/15/2022	analyze website data and service documents; finalize and file notice of bankruptcy filing regarding order lifting the automatic stay as to non-debtor defendants; service documents to website.	Mateo Fowler	1.10	\$325.00	\$357.50
Service	11/16/2022	Revise motion for default judgment; factual investigation regarding claims and connection to debtor and infringing on automatic stay as to debtor defendant.	Mateo Fowler	2.20	\$325.00	\$715.00
Service	11/17/2022	Revise motion for default judgment; factual investigation regarding claims and connection to debtor [REDACTED].	Mateo Fowler	1.90	\$325.00	\$617.50
Service	11/21/2022	Revise motion for default judgment; factual investigation regarding claims and connection to debtor [REDACTED].	Mateo Fowler	2.10	\$325.00	\$682.50
Service	11/23/2022	Revise motion for default judgment; factual investigation regarding claims and connection to debtor [REDACTED].	Mateo Fowler	2.80	\$325.00	\$910.00
Quantity Subtotal						11.8

Time Keeper	Position	Quantity	Rate	Total
Mateo Fowler	Attorney	11.8	\$325.00	\$3,835.00
			Quantity Total	11.8
			Total	\$3,835.00

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
616	12/13/2022	\$3,835.00	\$0.00	\$3,835.00
			Outstanding Balance	\$3,835.00
			Total Amount Outstanding	\$3,835.00

Please make all amounts payable to: MZF Law Firm, PLLC

Payment is due upon receipt.

**IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

SJR DEVELOPMENT LLC,

Plaintiff,

v.

**ALLTEX REFINERY LLC, ALLTEX
OPERATING COMPANY,
RUSSELL L. VERA, AMIDEE A. VERA,
AND ARTHUR K. VERA**

Defendants.

CASE NO.: 1:21-CV-00647-LY

DEMAND FOR JURY TRIAL

**[PROPOSED] ORDER RE: MOTION FOR DEFAULT JUDGEMENT
AGAINST DEFENDANT RUSSELL L. VERA**

COMES NOW SJR Development LLC, Plaintiff in the above-captioned action, on Plaintiff's Motion for Default Judgement against Defendant Russell L. Vera. Having considered Plaintiff's Motion for Default Judgment against Defendant Russell L. Vera, the declarations, applicable law, and the record on file in this lawsuit, the Court determines the Motion for Default Judgment against Defendant Russell L. Vera should be granted in its entirety,

AND ACCORDINGLY FINDS AS FOLLOWS:

1. The Court has jurisdiction over the subject matter of this lawsuit.
2. The Court hereby finds it has personal jurisdiction over the Defendant Russell L. Vera because Defendant Russell L. Vera directly targets his business activities in the United States, including the State of Texas, and has committed tortious acts that have harmed Plaintiff in the

State of Texas and this judicial district. Specifically, Defendant Russell L. Vera reached out to Plaintiff to do business with him in Texas and with his affiliated Texas entities and solicited and secured unlawful payments from Plaintiff for use in businesses in Texas.

3. The Court hereby finds Defendant Russell L. Vera was served with process on November 4, 2021 by Plaintiff sending the Complaint and other initiating documents via e-mail and by posting the Complaint and initiating documents to the website created in response to the Court's Order authorizing alternative service of process. Dkt. Nos. 11, 12, and 15. The Court further finds that such service of process was reasonably calculated under all circumstances to apprise the Defendant Russell L. Vera of the pendency of the action and affording him the opportunity to answer and present his objections/defenses.

4. The Clerk entered default against Defendant Russell L. Vera, who failed to appear in this case, answer the Complaint or otherwise plead on December 7, 2021. Dkt. Nos. 16, 17.

5. The Court further finds Defendant Russell L. Vera is liable on Plaintiff's Count II for fraudulent inducement.

6. The Court finds Defendant Russell L. Vera is liable on Plaintiff's Count III for fraudulent misrepresentation.

7. The Court finds Defendant Russell L. Vera is liable on Plaintiff's Count IV for violation of the Texas Securities Act.

8. The Court finds Defendant Russell L. Vera is liable on Plaintiff's Count V for violation of Sections 10(b) and 10(b)-5 of the United States Securities Exchange Act.

9. The Court finds Defendant Russell L. Vera is liable on Plaintiff's Count VII for violation of the Texas Theft Liability Act.

10. The Court finds Plaintiff has suffered actual damages in the amount of \$150,000.00.

11. The Court finds Plaintiff has also suffered compensatory damages in the amount of \$540,109.00.

12. The Court also finds this case warrants exemplary damages, and also finds that Plaintiff is entitled to no less than two times the total amount of actual and compensatory damages.

13. The Court therefore finds Defendant should be assessed damages in the amount of $(\$150,000 + 540,109.00 = \$690,109.00) \times 2 = \underline{\mathbf{1,380,218.00}}$.

14. The Court hereby finds Plaintiff is the prevailing party on all claims so moved on in this action.

15. The Court further finds Plaintiff has established it is entitled to reasonable attorneys' fees, costs and expenses incurred in prosecuting this action under Tex. Civ. Prac. & Rem.Code § 134.005; and Texas Securities Act Section 581-33(D)(1).

16. The Court further finds Plaintiff has established it has reasonably incurred **\$47,509.39** in attorneys' fees and **\$3,201.82** in litigation costs and expenses.

ACCORDINGLY, IT IS THEREFORE ORDERED that Plaintiff SJR Development LLC'S Motion for Default Judgment is **GRANTED** in its entirety, Defendant Russell L. Vera is deemed in default, and this Final Judgment is entered against Defendant Russell L. Vera.

IT IS ORDERED that:

1. Default Judgment should be entered against Defendant Russell L. Vera.
2. Plaintiff SJR Development LLC shall recover from Defendant Russell L. Vera \$690,109.00 in damages arising from violations of Counts II-V and VII.
3. Plaintiff SJR Development LLC shall recover from Defendant Russell L. Vera an additional \$690,109.00 in exemplary damages arising from violations of Texas Securities Act (Count IV) and Texas Civil Theft Liability Act (Count VII).

4. Plaintiff shall also recover from Defendant Russell L. Vera **\$47,509.39** in reasonable attorneys' fees and **\$3,201.82** in reasonable litigation costs and expenses

NOW, THEREFORE, the Motion is hereby GRANTED.

This the _____ day of January, 2023.

The Honorable Lee Yeakel

**IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

SJR DEVELOPMENT LLC,

Plaintiff,

v.

**ALLTEX REFINERY LLC, ALLTEX
OPERATING COMPANY,
RUSSELL L. VERA, AMIDEE A. VERA,
AND ARTHUR K. VERA**

Defendants.

CASE NO.: 1:21-CV-00647-LY

DEMAND FOR JURY TRIAL

**NOTICE OF VOLUNTARY DISMISSAL WITHOUT PREJUDICE AS TO
DEFENDANTS ALLTEX OPERATING COMPANY, AMIDEE A. VERA, AND
ARTHUR K. VERA**

**TO THE HONORABLE UNITED STATES DISTRICT COURT, AND TO ALL PARTIES
AND THEIR COUNSEL OF RECORD:**

NOTICE IS HEREBY GIVEN that, pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(i), Plaintiff SJR DEVELOPMENT LLC (“Plaintiff”) hereby voluntarily dismisses without prejudice the above-referenced action against Defendants **ALLTEX OPERATING COMPANY, AMIDEE A. VERA, and ARTHUR K. VERA**, with all parties to bear their own fees and costs. This Notice of Dismissal is being filed with the Court before service of an answer or motion for summary judgment by any said defendant in this case.

Executed in Austin, Texas on January 10, 2023

Respectfully,

/s/ Mateo Z. Fowler
Mateo Z. Fowler
Texas Bar No. 24062726
MZFLaw Firm, PLLC
1105 Nueces Street, Suite A
Austin, Texas 78701
Tel: 281-546-5172
Email: mateofowler@mzflaw.com

Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of January, 2023, I electronically filed the foregoing document with the Court using CM/ECF, and served on the same day all counsel of record via the CM/ECF notification system and published said document to the website located at: : www.sjrdevelopmentllcvalltexrefineryllcetal.com on even date.

By: Mateo Z. Fowler