

Attorney's Office for the Northern District of Texas had initiated a criminal complaint which was the basis for Faulkner's incarceration. In connection with the arrest of Faulkner, the United States Attorney took possession of items of personal property which were within Faulkner's custody and control at the time of his arrest, including cash, gold bars and a watch of significant value. The Receiver took possession of these items and, as directed by this Court, segregated them in a safe deposit box in Houston, Texas pending further order regarding their disposition. On October 11, 2021, the Receiver filed his Motion to Subsume Certain Assets into the Receivership Estate which the Court granted on November 3, 2022. ECF No. 639. The U.S. paper currency was deposited into the Receivership's main account at PNC Bank. The remaining items were sold at auction by the Dallas Auction Gallery for the following amounts.

1. Vacheron Constantin No. 143 Luxury Wristwatch, sold for \$13,000.00;
2. Ten one-ounce gold bars, sold for \$15,700 in total; and
3. One one-gram gold bar (contained on a blue wallet-sized card) and six gold coins, sold for \$9,350.00 in total.

The transfer of these amounts, net of commissions, has been deposited into the Receivership accounts.

g. The Commission's Settlements with Relief Defendants

On July 20, 2018, this Court entered a Final Judgment as to Relief Defendant Tamra Freedman through which she is liable for \$900,000 in disgorgement. Assets previously seized from Freedman (\$795,247 in a frozen checking account) were transferred to the Receivership Estate and credited to offset the judgment against her. A 2014 Land Rover Range Rover also was seized. The Receiver transported the vehicle from California to Texas via auto-transport service and sold it for \$50,000 on or about October 24, 2018. The balance of Ms. Freedman's disgorgement amount (\$52,752.23) was transmitted to the Receivership Estate on or about January 15, 2018.

In its Complaint herein the Staff of the Commission included Jetmir Ahmedi as a Relief Defendant. The Commission concluded a settlement with Relief Defendant Ahmedi which required him to pay \$222,000 of funds received from the Defendants. The settlement funds were to be transmitted to the Receivership Estate for distribution to investors. On or about March 8, 2018, \$155,000 of the settlement funds were deposited into the Receivership Estate, leaving a balance due of \$67,000, plus post judgment interest, which accrues pursuant to 28 U.S.C. § 1961.

E. Ancillary Litigation and Settlement of Claims

Pursuant to the Order Appointing Receiver the Receiver investigated potential claims of the Receivership Entities and where necessary initiated litigation to vindicate the rights and interests of those entities.

1. Claims against Rothstein Kass & Co., PLLC and Brian Matlock

On March 13, 2019, this Court granted the Receiver's motion to initiate litigation against Rothstein Kass & Co., PLLC and its personnel ("Rothstein Kass") based, *inter alia*, upon its failure to perform auditing services for BOG and BRC in accordance with generally accepted auditing standards. Rothstein Kass's conduct gave rise to damages including, *inter alia*, increased liability to investors and professional and other administrative expenses. The Receiver engaged in extensive efforts to resolve the claims of the Receivership Entities through negotiation. These efforts were unsuccessful. On July 1, 2019, the Receiver commenced the action entitled *Taylor v. Rothstein Kass & Company, PLLC and Brian Matlock*, Civil Case No. 3:19-cv-1594-D in the United States District Court for the Northern District of Texas ("*Rothstein Kass*").

On July 12, 2019, this Court entered its Order authorizing the Receiver to enter into a contingent fee relationship with litigation counsel in the Rothstein Kass matter and in any

subsequent litigation in which the Court authorizes the Receiver to proceed [ECF No. 457]. The Receiver engaged counsel on a contingency fee basis and counsel appeared in the action.

Extensive discovery was conducted in the action and defendants initiated dispositive motions. The parties proceeded to mediate before the honorable Jeff Kaplan. Mediation was conducted on January 20, 2021 and continued on February 11, 2021. Agreement in principle to settle the matter was reached at mediation.

Under the agreement, by this Court, Rothstein Kass's insurance carrier, on behalf of Rothstein Kass, agreed to pay \$7.0 million to the Receiver for distribution to investors whose claims have been allowed by the Receiver.¹¹

On April 21, 2021, the Receiver filed his Unopposed Motion to Approve Proposed Settlement with Rothstein Kass and Expedited Request for Entry of Scheduling Order and Brief in Support ("Motion to Approve Settlement"). ECF No. 591. Consistent with the terms of the settlement, on April 21, 2021, the Receiver filed his Motion to Enter Proposed Final Bar Order and Brief in Support ("Motion to Enter Bar Order"). ECF No. 594.

This Court ordered a hearing upon the motions which took place in Judge Fitzwater's courtroom on August 17, 2021. On September 2, 2021, the Court entered its Memorandum Opinion and Order granting the Receiver's Motion to Approve Settlement "to the extent of preliminarily approving the proposed settlement," granted the Receiver's request for a scheduling order and granted the Receiver's Motion to Entry Bar Order "to the extent of preliminarily approving the proposed final bar order." ECF No. 627. Following entry of a scheduling order, no additional objections were submitted to the Court. On November 2, 2021 the Court entered its

¹¹ As previously approved by this Court, Receiver's counsel in the matter was entitled to a 30% contingent fee related to the net recovery under the Settlement. Disbursement of fees was made to Receiver's counsel, Castillo Snyder P.C., net of all expenses in the matter.

order approving the Rothstein Kass settlement [ECF No. 637] and entered the Bar Order. ECF No. 638.

2. Claims against Scheef & Stone LLP, Mitch Little and Roger Crabb

The Receiver concluded that legal action on behalf of the Receivership Estate was warranted concerning potential professional negligence and related claims as to a certain law firm which rendered services to the Receivership Entities in connection with the offer and sale of securities, the preparation and filing of reports under the Securities Exchange Act of 1934 on behalf of BECC, and other related matters.

As required by the Second Amended OAR, on August 30, 2019, the Receiver sought leave of this Court to initiate litigation as to the law firm of Scheef & Stone, LLP (“Scheef & Stone”) and certain of its personnel. ECF No. 477. By Order dated September 3, 2019 [ECF No. 478] this Court authorized the Receiver to proceed with the proposed ancillary litigation. On November 1, 2019 the Receiver commenced the action entitled *Taylor v. Scheef & Stone, LLP, et al.*, Case No. 3:19-cv-2602-D (“*Scheef & Stone*”), and subsequently engaged contingent fee counsel to proceed in the matter, as previously approved by the Court.

On October 13, 2020, the parties mediated before the Honorable Jeff Kaplan and reached a mutually agreeable settlement in the amount of \$3.0 million. On December 21, 2020, the Receiver moved this Court for approval of the settlement; this Court granted the motion on December 23, 2020. EFC No. 578.

3. Lawsuits Initiated to Collect Unlawful Commissions Paid

The Receiver coordinated efforts with the Staff of the Commission regarding claims against individuals who were active in (and compensated from) the offer and sale of oil and gas interests by the Defendants. The Commission initiated Administrative Proceedings against certain

of these “brokers” who received the largest amounts of proceeds from the scheme¹², and through settlement and default achieved awards of civil penalties, disgorgement and pre-judgment interest totaling over \$10,954,771.11.¹³

As of the filing of this Motion, \$50,000¹⁴ in civil penalties, disgorged funds and prejudgment interest awarded in separate actions brought by the Commission have been received by or transferred to the Receiver. As detailed further below, the collection of the remaining amounts due under these orders and settlements will be handled by the Staff of the Commission and, after closure of the Receivership Estate, should funds be collected pursuant to these proceedings, the SEC may distribute the funds to the claimants of the Receivership Estate to the extent such a distribution is feasible.

The Receiver also made demand upon other “brokers” and sales representatives for the return of compensation received for the offer and sale of oil and gas interests by the Defendants pursuant to the Texas Uniform Fraudulent Transfer Act, TEX. BUS. & COM. CODE §24.001 *et seq.* (“TUFTA”). Certain putative defendants failed to respond to the Receiver’s communications or cede to the Receiver’s demands, and the Receiver obtained leave of Court to proceed to litigation on the Receivership Estate’s claims. ECF No. 495. On February 18, 2020 the Receiver filed an Original Complaint against Raymond Trevino (“Trevino”) and his nominal entity Eagle Rio

¹² *In re: Robert L. Baker, Jacob B. Herrera, Michael D. Bowen and Terrence A. Ballard*, Administrative Proceeding File No. 3-17716, Securities Act of 1933 Release No. 10264 (December 8, 2016) (*available at* <https://www.sec.gov/litigation/apdocuments/ap-3-17716.xml>); *In re: Alfred C. Teran*, Administrative Proceeding File No. 3-18098, Securities Exchange Act of 1934 Release No. 81308 (Aug. 3, 2017) (*available at* <https://www.sec.gov/litigation/apdocuments/ap-3-18098.xml>).

¹³ Baker (civil penalty of \$50,000, disgorgement of \$2,727,016.00 and prejudgment interest of \$422,354.52); Herrera (civil penalty of \$50,000, disgorgement of \$2,378,378.68 and prejudgment interest of \$361,430.56); Bowen (civil penalty of \$50,000, disgorgement of \$1,736,605.66 and prejudgment interest of \$299,407.30); Ballard, by default (disgorgement of \$1,106,228.64 and prejudgment interest, plus a civil penalty of \$650,000); Teran (disgorgement of \$920,103.16 and prejudgment interest of \$153,246.59).

¹⁴ These funds were paid by Jacob Herrera. The Receiver has advised the Commission’s Staff of those instances in which required payments were not timely made.

Energy Companies Inc. (“Eagle Rio”), Derek Taylor (“Taylor”) and his nominal entity Alden Adams, LLC (“Alden Adams”), Nathan Madu (“Madu”), and Okoto Okpo (“Okpo”) (collectively, the “Clawback Defendants”), Civil Action No. 3:20-cv-00393-D (N.D. Tex. 2020) (the “*Clawback*”).

Defendant Madu failed to appear or otherwise answer the Receiver’s Complaint. The Receiver filed a request for the Clerk of Court to enter default against Madu, which was entered December 16, 2020. *Clawback*, ECF No. 46. The Receiver subsequently filed a request for the Clerk of Court to enter a default judgment for a sum certain (\$219,921.00) plus post judgment interest against Madu pursuant to Rule 55(b)(1) of the Federal Rules of Civil Procedure, which judgment was entered December 21, 2020. *Clawback*, ECF No. 50. Final judgment was entered against Madu on August 25, 2021. *Clawback*, ECF No. 87.

Defendants Taylor and Alden Adams prevailed on their initial motion to dismiss the Receiver’s Complaint pursuant to Rules 12(b)(6) and 9(b) [*Clawback*, ECF No. 54], but with leave of court the Receiver filed a First Amended Complaint [*Clawback*, ECF No. 55]. The Court denied these defendants’ motion to dismiss the Receiver’s First Amended Complaint. *Clawback*, ECF No. 88.

Defendants Trevino, Eagle Rio, and Okpo sought entry of summary judgment on the Receiver’s claims. On October 29, 2021 the Court entered a Memorandum Opinion and Order granting in part and denying in part summary judgment. *Clawback*, ECF No. 89. In this regard, the Court granted summary judgment with respect to the Receiver’s claims under the TUFTA and denied summary judgment with respect to the Receiver’s claims for money had and received. *E.g.*, *id.* at pp. 23, 28 – 29, 33, 42, 48.

Thereafter, the parties engaged in renewed settlement discussions. The Parties reached agreement on a settlement framework, subject to Court approval, consisting of the execution of a promissory note by the defendants in favor of the Receiver with monthly payment terms over a one-year period. In the event of default on the promissory note, the Receiver could submit an agreed judgment to the Court for entry with respect to any unpaid amounts. The defendants waived notice of default and all rights to oppose or appeal the entry of the agreed judgments. The Court approved the settlements on July 22, 2022. ECF No. 664.

The Defendants initiated payments under the terms of their settlement agreements, however, all settling defendants subsequently defaulted -- failing to make the required monthly payments. In this regard, Trevino and Eagle Rio have paid \$4,375 of the \$26,250 due under their promissory note; Okpo has paid \$9,562.50¹⁵ of the \$26,250 due under his promissory note; and Derek Taylor and Alden Adams have paid \$4,500 of the \$13,500 due under their promissory note.

Although not required (and specifically exempted) under the terms of the settlements, on May 31, 2023 the Receiver's counsel informed counsel for the settling defendants that the Receiver intended to seek the relief herein forthwith, and if the settling defendants did not cure their respective defaults immediately he would move for entry of the agreed judgments. Receiver's counsel received one response, but to date has not received any additional payments on the promissory notes. Thereafter, on June 21, 2023 the Receiver moved this Court in the *Clawback* action to enter the agreed judgments. *Clawback*, ECF No. 94. The Court entered the agreed judgments on June 22, 2023. *Clawback*, ECF Nos. 96, 97, 98. The Receiver will abstract these judgments in various counties in North Texas, where the settling defendants reside. As detailed

¹⁵ Okpo made a payment of \$3,000 following entry of the Agreed Judgments discussed hereinbelow.

immediately below, the payments due under these *Clawback* agreed judgments shall be assigned to the Commission.

F. Assignment to SEC of Payments Due Under Judgments, Orders and Claims

As detailed *supra*, the Receivership Estate's remaining non-cash assets consist only of potential recoveries related to certain orders, settlements and judgments (the "Outstanding Claims"). These Outstanding Claims are not realistically collectable at this juncture.

The continuation of the Receivership Estate for the sole purpose of potentially collecting on these presently uncollectable Outstanding Claims would be costly, burdensome, and not in the best interests of the Receivership Estate's claimants. Consequently, through the Order tendered herewith, the Receiver seeks the authority to assign any payments due under these Outstanding Claims to the Commission. Should funds be recovered pursuant to these Outstanding Claims, if feasible, the Commission may move to distribute any funds obtained in conformity with the Receiver's Plan of Distribution approved by this Court [ECF No. 541].

As further set forth *supra*, the Receiver has been informed that the IRS will likely approve the transfer of \$280,000.00 in seized Receivership Assets soon, but that after formal approval it will take from 90 – 120 days to effect actual disbursement of the funds. Accordingly, the receipt and possible distribution of these funds would be committed to the SEC's direction in the same manner as the Outstanding Claims referred to hereinabove.

The Receiver therefore recommends that the Court order the Receivership Estate closed upon the final distribution and that the Receiver be discharged of his duties and all liabilities and potential liabilities under the Order Appointing Receiver, with the receipt and possible distribution of the Outstanding Claims to be handled by the Commission.

G. Receivership Assets Available for Final Distribution

As of the present date, the Receivership Estate's cash on hand is approximately \$4,504,932.41.¹⁶ The Receiver seeks approval in the Final Fee Application, *infra*, for the payment of \$110,474.91 in fees and expenses as follows: (i) \$77,703.50 to the Receiver and his firm; (ii) \$13,657.30 to Goforth Law, PLLC ("Goforth"); and (iii) \$19,114.11 to Lain, Faulkner & Co., P.C. ("LainFaulkner"). After payment of those amounts the Receivership Estate will have approximately \$4,394,457.50 on hand for its Final Distribution.

H. Transfer, Abandonment or Destruction of Books and Records

The Receiver moves this Court for authorization to store, maintain, abandon or destroy all books and records of the Receivership Estate under his control.

II. FINAL APPLICATION TO PAY FEES INCURRED BY THE RECEIVER AND OTHER PROFESSIONALS

A. Fees and Expenses Incurred

This Application seeks the approval and payment of the professional fees and expenses for the Receiver and his firm, his counsel, and his accountants during the period of April 1, 2023 through June 30, 2023 (the "Subject Period").

The Receiver and his law firm have submitted three invoices for services rendered during the Subject Period. These invoices include fees incurred to date for the month of June along with estimates which are submitted with respect to the winding up of the Receivership Estate as detailed in this Motion for Discharge. In this regard, the Receiver estimates that the administration of the final distribution, disposition of Receivership paper and electronic records, and the approval and

¹⁶ This amount includes approximately (\$10,600.13) in outstanding checks/payments.

execution of the final Receivership tax return will require, at minimum, 14 hours of legal and administrative work. The Receiver and his law firm seek payment as follows: for the period (1) April 2023, \$24,875.50 in fees and expenses; (2) May 2023, \$25,335.50 in fees and expenses; (3) June 2023, \$27,492.50 in fees and expenses incurred and estimated for the remaining tasks detailed herein. Pursuant to the Third Amended OAR, the Receiver seeks the Court's approval and payment of these fees.

Counsel to the Receiver, Goforth, has submitted three invoices for services rendered through the Subject Period. These invoices include fees incurred to date for the month of June along with estimates which are submitted with respect to the winding up of the Receivership Estate as detailed in this Motion for Discharge. In this regard, Goforth estimates that abstracting the *Clawback* judgments in various counties in the Northern District of Texas will require approximately 6 hours of work. Goforth seeks payment as follows: (1) April 2023, \$5,398.10 in fees and expenses; (2) May 2023, \$630.00 in fees and expenses; and (3) June 2023, \$7,629.20 in fees and expenses incurred and estimated for the remaining tasks detailed herein. Pursuant to the Third Amended OAR, the Receiver seeks the Court's approval and payment of these fees and expenses.

Accountants to the Receiver, LainFaulkner, have submitted one invoice for services rendered from October 1, 2022 through the Subject Period. LainFaulkner seeks payment as follows: \$6,414.11 in fees and expenses incurred to date and \$12,700 in estimated fees and expenses to effect the final distribution of Receivership Assets and prepare the Receivership's final tax return. Pursuant to the Third Amended OAR, the Receiver seeks the Court's approval and payment of these fees and expenses.

Exhibit 1 provides the following information regarding the fees and expenses incurred by the Receiver and his firm for the Subject Period: (a) the dates upon which the services were rendered by each professional; (b) a description of the services rendered by each professional; (c) the hours worked by day and the hourly rates of each professional who provided services; and (d) the monetary value ascribed to each task performed by each professional. The rates charged by the Receiver and his firm represent approximately a 35 – 40% discount from their normal and customary rates.

Exhibit 2 provides the same information regarding the fees and expenses incurred by Goforth for the Subject Period.

Exhibit 3 provides the same information regarding the fees and expenses incurred by LainFaulkner for the Subject Period.

Attached hereto as Exhibit 4 is the Standardized Fund Accounting Report (“SFAR”) for the Subject Period as required by the Commission’s Billing Instructions for Receivers in Civil Actions, along with an accounting of Receipts and Disbursements for the totality of the Receivership.

B. Johnson Factors

In support of this request, the Receiver respectfully directs the Court’s attention to those factors generally considered by courts awarding compensation to professionals for services performed in connection with the administration of a receivership estate. As provided by the Circuit Court of Appeals for the Fifth Circuit in *Migis v. Pearle Vision, Inc.*, 135 F.3d 1041, 1047 (5th Cir. 1998), “[t]he calculation of attorneys fees involves a well-established process. First, the court calculates a ‘lodestar’ fee by multiplying the reasonable number of hours expended on the case by the reasonable hourly rates for the participating lawyers. The court then considers whether

the lodestar figure should be adjusted upward or downward depending on the circumstances of the case. In making a lodestar adjustment the court should look at twelve factors set forth in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974).” Those factors, as applied to the services rendered in this case by the Receiver and his firm, are as follows:

1. Time and Labor Required: The Receiver respectfully refers the Court to Exhibits 1, 2, 3, and 4 which detail the activities of several professionals during the Subject Period, showing significant hours of Receiver, legal, accounting, and paraprofessional time expended during the Subject Period in an effort to comply with the mandates set forth in the Third Amended OAR.

2. Novelty and Difficulty of the Questions: Many of the tasks reflected in Exhibits 1, 2, 3, and 4 detail the complexity of some of the factual and legal questions at issue in this case.

3. Skill Requisite to Perform the Services Properly: The Receiver believes that the services required in this case demand individuals possessing considerable experience in asset seizure, tracing, and liquidation, as well as litigation skills to comply with the Court’s Third Amended OAR for the benefit of investors. The Receiver and his counsel have considerable experience in these areas.

4. Preclusion of Other Employment Due to Acceptance of the Case: The Receiver and his counsel were precluded from engaging in other employment to the extent they expended hours performing services required by this case, although no specific representation was declined solely because of their services related to this Receivership.

5. Customary Fee: The hourly rates sought herein are substantially discounted below the rates charged by other practitioners of similar experience levels in the Northern District of Texas and represent a discount of approximately 35 – 40% of fees charged by the Receiver and

his firm for SEC enforcement matters. Receiver's litigation counsel are billing the Receivership at similarly discounted rates.

6. Contingent Nature of Fee: Payment of professional fees is subject to the approval procedure set forth in paragraphs 57 – 64 of the Third Amended OAR.

7. Time Limitations Imposed by the Client or Other Circumstances: The time requirements during the Subject Period have been substantial. It has been necessary for the Receiver and his professionals to move quickly in connection with this matter and thus afford it priority in the course of their overall business.

8. Experience, Reputation, and Ability of Attorneys: The Receiver submits that he and his firm and engaged counsel and accountants are recognized and respected in the securities enforcement community for their expertise and abilities.

9. Undesirability of the Case: This was not a factor in this case.

10. Nature, Length, and Professional Relationship with the Client: This was not a factor in this case.

11. Awards in Similar Cases: The Receiver relies on the Court's experience and knowledge with respect to fee awards in similar cases and submits that the fees requested in this Application are comparable to or lower than those in cases with similar subject matter in this District.

12. The Amount Involved and the Results Obtained:

a. *The Amount Involved.*

As noted above, the Receiver seeks approval and payment of fees and expenses for the Subject Period as follows: (i) \$77,703.50 to the Receiver and his firm; (ii) \$13,657.30 to Goforth; and (iii) \$19,114.11 to LainFaulkner.

b. *The Results Obtained*

The results obtained by the Receiver during the pendency of this case are set forth in detail hereinabove include the following:

During the Subject Period, the Receiver, his staff, and his engaged professionals accomplished all tasks necessary to conclude and close the Receivership. In this regard, the following tasks were performed:

1. Amounts due to all known taxing authorities were paid in full as agreed and research was conducted to determine that no tax liabilities, litigation or judgments were outstanding;
2. All tax allocations were reconciled with the buyer of the Receivership Estate's royalty interests, *pro rata* obligations were paid to the buyer, and a memorandum of agreement was entered into with the buyer;
3. The conveyance of royalty interests was documented and concluded with the assistance of oil and gas counsel and EnergyNet personnel;
4. Outstanding litigation claims and judgments were reviewed and final collection efforts were undertaken. The Receiver devised, in consultation with the Commission's Staff, the assignment of the payments on these Outstanding Claims following his discharge;
5. A review of all remaining physical assets was undertaken and those assets were prepared for sale through EnergyNet and sold at auction; where assets were deemed to be unsaleable, leave was sought and obtained from this Court to abandon such assets;
6. Efforts were undertaken in support of the Receiver's petition for turnover of cash assets seized by law enforcement and in the possession of the IRS;

7. A review of the status and location of the documents and records of the Receivership Entities was undertaken in anticipation of Receiver's discharge;

8. The claimant distribution list was adjusted and corrected as necessary. The Receiver sought and obtained leave of this Court to disallow claims of certain unreachable claimants, and include amounts represented by those claims to be included in the distribution to all other claimants; and

9. The Receiver and engaged professionals prepared the instant Motion for Discharge.

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that the Court (i) approve and authorize payment to the Receiver and his firm in the amount of \$77,703.50 for the Subject Period, (ii) approve and authorize payment to Goforth in the amount of \$13,657.30 for the Subject Period; (iii) approve and authorize payment to LainFaulkner in the amount of \$19,114.11 for the Subject Period; and (v) grant such other and further relief to which the Receiver may show himself justly entitled to receive.

III. CONCLUSION

The Receiver requests that this Court enter an Order (1) authorizing the final payment of fees and expenses to engaged professionals, (2) authorizing the final distribution of Receivership Assets pursuant to the Plan of Distribution, (3) turning over to the Commission the receipt of the Outstanding Claims, (4) authorizing the Receiver to store, maintain, abandon or destroy all books and records of the Receivership Estate under his control; and (5) terminating the Receivership and discharging the Receiver and his professionals from their duties and from any and all liability that

may have been incurred in the course of the Receivership, subject to the completion of all distributions of the remaining assets of the Receivership Estate.

Dated: June 30, 2023

Respectfully submitted,

THE TAYLOR LAW OFFICES, PC

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COURT-APPOINTED RECEIVER

GOFORTH LAW, PLLC

By: /s/ Andrew M. Goforth

Andrew M. Goforth
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11152 Westheimer Road # 1121
Houston, Texas 77042
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Fax: (713) 583-1762

COUNSEL FOR RECEIVER

CERTIFICATE OF CONFERENCE

I certify that undersigned counsel for the Receiver conferred with counsel for Plaintiff Securities and Exchange Commission, who does not oppose the relief sought herein.

/s/ Andrew M. Goforth
Andrew M. Goforth

CERTIFICATE OF SERVICE

I certify that on June 30, 2023 I served the foregoing document pursuant to FED. R. CIV. P. 5(b)(2)(E) by filing it through the Court's CM/ECF filing system.

/s/ Andrew M. Goforth
Andrew M. Goforth

Exhibit 1

INVOICE

The Taylor Law Offices, P.C.
245 West 18th Street
Houston, Texas 77027
713.626.5300 (Tel.)
402.6154 (Fax)

Tax I.D. #27-2449812

Invoice Date: May 1, 2023

Regarding: *S.E.C. v. Christopher A. Faulkner, Breitling Energy Corporation, Jeremy S. Wagers, Judson F. Hoover, Parker R. Hallam, Joseph Simo, Dustin Michael Miller Rodriguez, Beth C. Handkins, Gilbert Sedley, Breitling Oil & Gas Corporation, Crude Energy, LLC, Patriot Energy, Inc.*; Civil Action No. 3:16-cv-1735-D in the United States District Court for the Northern District of Texas, Dallas Division

For Professional Services Rendered Through: April 30, 2023

Total Professional Services \$ 24,875.50

Asset Analysis and Recovery			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/4/2023	TLT	3	Review bidding on auction for working interests and conferences re same (1.3); telephone conferences and emails with EnergyNet re execution of conveyances, attention to draft conveyance for all working interests for auction (1.7).
4/4/2023	KAC	0.1	Telephone conference with the Receiver re conveyances.
4/5/2023	TLT	2.5	Review bidding on working interest auction and conferences with EnergyNet re same (1.5); conferences re winning bid and next steps to close (.8); review C. Felton email re bidding and response (.2).
4/6/2023	TLT	6.6	Telephone conferences and email with EnergyNet re required revisions to draft conveyances (.4); telephone conference with oil and gas counsel re revisions to conveyances (.4); conference with KAC re same (.2); review revisions to all conveyances (1.2); conference with counsel re motion to confirm sale of working interests and review email to SEC Staff re motion to confirm (1.2); review and revise motion to confirm/review email and telephone conference re same (1.5); review Agreement of Sale and exhibits for motion attached to C. Felton email (1.1); review C. Felton email and attachments re marketing of working interest auction (.3); review email from SEC Staff (.1); email to SEC Staff re settlements and review response (.2).
4/6/23	KAC	0.2	Confer with Receiver re revisions to outgoing conveyances.

Asset Analysis and Recovery			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/7/2023	TLT	1.4	Review counsel/EnergyNet emails re agreement/attachments to motion (.8); review draft C. Felton declaration and emails re same (.6).
4/10/2023	TLT	2	Emails re motion to confirm, review, revise and approve draft motion to confirm and supporting papers/emails re same/attention to Taylor declaration (1.8); email to SEC Staff and response (.2).
4/11/2023	TLT	3.4	Emails and telephone conference with EnergyNet re marketing materials for motion to confirm, telephone conference with C. Felton re same, telephone conference with counsel re same (.7); review S. Thomas/C. Felton email re marketing exhibit (.2); review new exhibits and email re same (.2); approve, finalize and file motion to confirm (.3); review appendix and Taylor Declaration re same (.7); emails with SEC Staff re Court of Appeals, Fifth Circuit opinion (.2); review SEC Staff email re judgments obtained/review schedule of judgments and telephone conference with counsel re same (.6); SEC email re outstanding amounts/procedures and respond (.4); telephone conference with counsel re same (.1).
4/11/2023	KAC	0.2	Email to counsel re outgoing conveyances.
4/12/2023	TLT	1.7	Review of settlements/judgments monitored by Receivership/payments received, email from counsel re same (.8); review email and telephone conference with SEC Staff re status of collection (.3); review counsel email/schedule sent to SEC Staff re settlements (.6).

Asset Analysis and Recovery			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/13/2023	KAC	0.2	Telephone conference with A. Goforth and Receiver re tax letter to buyer and email re same.
4/24/2023	TLT	1.8	Attention to status of WI sale confirmation and emails re same; attention to status of IRS seizure/turnover and telephone conference re same/email with KAC re same (1.3); review SEC Staff inquiry re seized assets/review prior correspondence and approve email to Staff.
4/24/2023	KAC	0.9	Email to Reinsch re seized IRS funds; prepare outgoing conveyances; correspondence with Receiver re outgoing conveyances.
4/25/2023	TLT	0.2	Confer with KAC re outgoing conveyances.
4/25/2023	KAC	0.2	Correspondence and telephone conference with Receiver re outgoing conveyance issues
4/26/2023	TLT	2.1	Review correspondence from buyer's counsel and review executed documents (.6); attention to oil and gas assignments and execute of same (1.5).
4/27/2023	TLT	2.2	Review oil and gas counsel email re form of assignments/review and re-execute assignments, telephone conference with oil and gas counsel and conference with KAC re re-execution, review KAC & oil and gas counsel correspondence.
4/27/2023	KAC	0.5	Telephone conferences and emails re outgoing conveyances; attention to preparation of same.

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/2/2023	KAC	1	Attention to bookkeeping.
4/3/2023	TLT	3.7	Review counsel email re Linebarger and refund instruction to royalty interest buyer (1.2); conference call re PNC/engagement of alternate vendor for final distribution (.5); conference call with Receiver's accountant (Dean Bielitz) re possible engagement for final distribution (.7); review and revise draft demand letter to PNC (.7); telephone conference with counsel re Goose Creek (.3); draft and revise termination letter re PNC/final distribution and conference re same (.3).
4/3/2023	KAC	0.8	Telephone conference with counsel and Receiver (.2); call with Receiver and accountant re final distribution project (.2); telephone conference with counsel re same (.2); research contract papers with PNC re distribution (.2).
4/4/2023	TLT	2.2	Review Linebarger memo re outstanding taxes/attention to payment of Dallas County taxes and telephone conference re same (1.3); review correspondence from A. Patel re Crude and BOG investments, review response (.3); email with counsel re tax resolution and conference re same (.6).
4/5/2023	TLT	2.3	Email from KAC re investor distribution spreadsheet and telephone conference re same (.2); review LainFaulkner email re status of distribution list (.1); draft and revise tax resolution letter and conference with counsel re same (.7); review A. Rowe memo re proposal for final distribution and conference with KAC re same (1.3).

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/5/2023	KAC	0.8	Draft SFAR; review email from C. Felton and email to R. Foti same.
4/6/2023	KAC	0.3	Attention to Receiver request for information re SEC settlement documents.
4/7/2023	TLT	0.1	Review email re investor inquiry.
4/7/2023	KAC	0.3	Telephone conference with Receiver re open items/deadlines.
4/10/2023	TLT	2.1	Review claimant email re tax treatment and draft response (.7); review research re 1099 issue and adequacy of Receiver's letter in lieu of 1099 and conference re same (1.3); review claimant correspondence (Murphy) (.1).
4/10/2023	KAC	0.6	Attention to investor inquiry; attention to request from counsel re EnergyNet login/data room info.
4/11/2023	TLT	0.3	Review and approve invoice from oil and gas attorneys; review claimant correspondence (Wohrman).
4/12/2023	TLT	0.8	Review correspondence with Linebarger re payment to Dallas and refund to royalty interest buyer, conference re same; review draft letter to Drennan from counsel.
4/13/2023	TLT	0.9	Email from counsel re tax resolution; attention to Frio County resolution and correspondence from Drennan re same/conference with KAC and correspondence from counsel re same.

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/14/2023	TLT	3.4	Emails with counsel re resolution of tax obligation vis-à-vis royalty interest buyer/conference with counsel re same (.5); review draft memo re global resolution of tax issues and conference re same (1.2); attention to engagement for final distribution (1.1); review email re payment/QuickBooks, etc. and conference re same (.4); review correspondence from claimants re final distribution and response (.2).
4/14/2023	KAC	0.4	Call with accountant re preparing for distribution procedures; attention to email from accountants; attention to investor inquiry.
4/17/2023	TLT	2.7	Email with buyer's counsel re tax resolutions and conference re same (.5); attention to off-site storage and conference re same (.3); review revised draft of tax resolution memo and conference re same (.7); review correspondence from counsel to buyer re resolution of Dallas Co/overpayment and telephone conference with counsel re same, correspondence with Linebarger re same (1.2).
4/17/2023	KAC	0.2	Telephone conference with Receiver re final distribution check verbiage; attention to payment of Dallas County property taxes owed by Receivership Estate.
4/18/2023	TLT	3	Draft and revise memo of agreement re taxes/review OAR re payment of taxes/conferences re same (1.2); review total payments through McCreary, Linebarger, etc. and attention to possible judgments not covered (1.8).
4/18/2023	KAC	0.3	Attention to request from counsel re attorneys for taxing authorities.

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/19/2023	TLT	2.8	Finalize tax agreement and approve for execution/emails from counsel re same (1.3); review email from SEC Staff re question about distribution/research re same and conference with KAC re same, email to SEC Staff (1.5).
4/19/2023	KAC	0.2	Confer with Receiver re SEC Staff email.
4/20/2023	TLT	1.2	Claimant correspondence (.2); review Sue-Ann correspondence and operating statement/conference re same (.3); respond to claimant re tax issues/research re same and telephone conference with accountant re same (.5); review and approve KAC email to SEC Staff and conference re same (.2).
4/20/2023	KAC	0.4	Respond to email from SEC Staff re SFAR and telephone conference with Receiver re same.
4/21/2023	TLT	1.2	Conference with counsel re PNC lockbox issue/outline, review and approve correspondence with PNC re same (.6); review and approve LainFaulkner invoice and conference re estimate for final distribution/email with KAC re status of invoices (.5); claimant correspondence (.1).
4/24/2023	TLT	1.3	Correspondence with accountant and conference re same (.2); claimant correspondence (.1); attention to Walker email and questions re tax issues/review and approve response (.3); claimant correspondence (.2); finalize tax agreement and execute/email from counsel re same (.5).

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/24/2023	KAC	1.6	Review investor emails and respond (1.1); reissue distribution check to found investor; telephone conference with Receiver re transfer of BRC account to BOG (.5).
4/25/2023	TLT	0.3	Review Linebarger correspondence re tax payment and approve response.
4/26/2023	KAC	0.6	Telephone conference with receiver re safe deposit box/PNC dispute (.1); attention to request from counsel re PNC dispute and email re same (.3); attention to email from Titus County and email to Linebarger re same (.2)
4/27/2023	KAC	0.4	Respond to oil and gas counsel email re conveyance issue and telephone conference with Receiver re same
4/28/2023	TLT	1.4	Conference with counsel re failure of PNC to respond/settle, approve draft letter to PNC counsel/finalize, review letter from PNC counsel/conclude settlement.

Status Reports			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/2/2023	TLT	1.5	Draft and revise Q1 Status Report (1.3); conference with KAC (.2)
4/2/2023	KAC	0.8	Attention to Status Report and conference re same.

Status Reports			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
4/3/2023	TLT	1.2	Revise Q1 Status Report and conferences re same, review Exhibit A, conferences re same and file.
4/3/2023	KAC	1.1	Attention to Status Report/Exhibit A (.3); review Status Report and Exhibit A with Receiver and file (.8).

<u>TIME SUMMARY</u>			
NAME	HOURS	RATE	TOTAL
Thomas L. Taylor III	59.3	\$ 395.00	\$23,423.50
Kelly A. Cornelison	12.1	\$ 120.00	\$ 1,452.00
TIME SUMMARY TOTAL			\$ 24,875.50

INVOICE

The Taylor Law Offices, P.C.
245 West 18th Street
Houston, Texas 77027
713.626.5300 (Tel.)
402.6154 (Fax)

Tax I.D. #27-2449812

Invoice Date: June 1, 2023

Regarding: *S.E.C. v. Christopher A. Faulkner, Breitling Energy Corporation, Jeremy S. Wagers, Judson F. Hoover, Parker R. Hallam, Joseph Simo, Dustin Michael Miller Rodriguez, Beth C. Handkins, Gilbert Sedley, Breitling Oil & Gas Corporation, Crude Energy, LLC, Patriot Energy, Inc.*; Civil Action No. 3:16-cv-1735-D in the United States District Court for the Northern District of Texas, Dallas Division

For Professional Services Rendered Through: May 31, 2023

Total Professional Services \$ 25,335.50

Asset Analysis and Recovery			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/1/2023	TLT	1.8	Attention to revised conveyance documents and emails from oil and gas counsel re same/telephone conference with EnergyNet re same and re anticipated confirmation.
5/2/2023	KAC	0.2	Attention to revised outgoing conveyances and prepare for execution.
5/3/2023	TLT	2.2	Review Court Order re confirmation motion, attention to proposed Order and telephone conference to counsel re same (.5); review Court's Confirmation Order and telephone conferences re same re transfer of assets, tax allocation, etc. (1.2); emails with EnergyNet re form of conveyance and changes to same (.5).
5/4/2023	TLT	0.8	Attention to revised conveyance / Order and exhibits, email from EnergyNet re same.
5/5/2023	TLT	1.8	Review, execute and transmit revised conveyances to EnergyNet.
5/8/2023	TLT	2.6	Attention to allocation of taxes, JIBs on interests sold and review conveyance documents re same, telephone conference to EnergyNet re same/telephone conferences with EnergyNet Staff re allocation issues (1.8); emails and telephone conference with C. Felton re transfer of assets sold on EnergyNet (.8).

Asset Analysis and Recovery			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/8/2023	KAC	0.2	Call with EnergyNet (.1); email to EnergyNet re BLMs (.1).
5/9/2023	TLT	2.4	Emails and initial telephone conference with buyer of working interests re producer notification/allocation/title transfer, etc., review EnergyNet emails re same (1.5); attention to Bureau of Land Management conveyance and emails re same, conference with KAC, email from EnergyNet/other conveyance issues (.9).
5/10/2023	TLT	1.5	Review JIBs due on sold working interests, emails with R. Foti re same and arrange conference call re same.
5/10/2023	KAC	0.6	Attention to BLM forms for transfer of asset
5/11/2023	TLT	2	Review emails re wiring proceeds from EnergyNet sale, telephone conference re wire (.3); attention to BLM documents and correspondence re same (.2); review JIB spreadsheet and R. Foti email re same, telephone conference with buyer re same (1.5).
5/16/2023	TLT	1.4	Review memo re royalties/JIBs received and schedule, email to R. Foti re same, conference with KAC re same; attention to suspense issues (Blackbeard).

Asset Analysis and Recovery			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/16/2023	KAC	0.1	Email to Blackbeard re funds in suspense.
5/17/2023	TLT	1.5	Review Blackbeard correspondence re transfer/suspense and conference re same (.4); telephone conference with working interest buyer re suspense/allocation (.5); review documents re royalty checks and allocation/email from R. Foti (.6).
5/18/2023	TLT	0.7	Review Sue-Ann production report and email re same, conference re same; review Sue-Ann "call" re JIBs and conference re same.
5/22/2023	TLT	2.3	Attention to transfer of working interests/JIBs/taxes etc. and call with buyer of working interests re same, conference re transfers (1.5); emails and telephone conference with oil and gas counsel re working interest transfer (.8).
5/23/2023	TLT	1.7	Attention to recording of conveyance/emails with EnergyNet re same/conference with KAC re same/telephone conference with buyer re same.
5/23/2023	KAC	0.3	Telephone conference with Receiver re allocation of royalty checks/email with oil and gas counsel re same; email to EnergyNet re status of recording.
5/25/2023	TLT	0.6	Review update re JIBs/revenue from R. Foti.

Asset Analysis and Recovery			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/31/2023	KAC	2.1	Emails to buyer and emails and calls to oil companies

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/3/2023	TLT	0.5	Claimant correspondence, conference with KAC.
5/3/2023	KAC	0.2	Telephone conference with Receiver re open items.
5/4/2023	TLT	0.2	Claimant correspondence.
5/5/2023	TLT	0.5	Review and approve Sprouse Shrader invoice/telephone conference re estimate.
5/8/2023	TLT	1.5	Attention to consolidation of Breitling Receivership assets, telephone conferences and email re same, conference with KAC re same.
5/8/2023	KAC	1.4	Email to accountant re ordering distribution checks (.1); attention to close-up of Receivership, etc., telephone conference with Receiver re same (.7); telephone conferences and emails with investors re inquiries (.4); email to PNC re Pinnacle account (.2);

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/9/2023	TLT	1.2	Attention to final distribution mechanics/review accountant emails re same and conference with KAC re same and review emails re consolidation of assets.
5/9/2023	KAC	0.2	Telephone conference re investor inquiry; respond to accountant email.
5/10/2023	TLT	0.5	Attention to off-site storage of Receivership documents; review emails re PNC admin of distribution, fees, reimbursement, conference re same.
5/10/2023	KAC	0.9	Telephone conference with Receiver re open items; email to R. Foti re same; attention to investor inquiry.
5/11/2023	TLT	0.4	Email and telephone conference with SEC Staff re status of settlement, discharge, etc.
5/11/2023	KAC	0.4	Wire instructions to EnergyNet and texts with Receiver.
5/12/2023	TLT	0.5	Claimant correspondence; email and telephone conference with SEC Staff.
5/15/2023	TLT	0.2	Review email re final distribution; claimant correspondence.

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/16/2023	TLT	0.3	Review and approve LainFaulkner invoice; claimant correspondence.
5/16/2023	KAC	2.5	Attention to incoming mail, royalty checks, JIBs; email to R. Foti re same.
5/17/2023	TLT	0.1	Claimant correspondence.
5/17/2023	KAC	0.9	Update Receivership website (.5); attention to investor inquiries (.2); attention to counsel's request for settlement payment schedule and email re same (.2).
5/18/2023	TLT	0.1	Claimant correspondence.
5/22/2023	TLT	0.1	Claimant correspondence.
5/22/2023	KAC	0.2	Telephone conference with Receiver re open items.
5/23/2023	TLT	4.1	Claimant correspondence (.1); conference with KAC re printing of Status Reports for review/email re same (.5); research re retention/destruction of documents/review prior orders (1.5); review location of Receivership books and records/review off-site records of TLT office (1.3); telephone conferences with Dykema, J. ross re documents in possession and disposition (.7)

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/23/2023	KAC	1.6	Call with Receiver; attention to Status Report project.
5/24/2023	TLT	5.6	Attention to final invoices from professionals, etc. necessary for discharge motion (.5); review history of assets at inception/OSCs and other proceedings/Rack Alley/Cashier's checks re inclusion in discharge motion (3.5); correspondence with Dykema re books and records (.2); review Receiver's file re documents produced/held by IRS, DOJ, etc. (1.4).
5/24/2023	KAC	0.8	Attention to Status Report project.
5/25/2023	TLT	4.7	Review of Quarterly Status Reports/pleadings re matters to address in discharge motion (3.5); review files re physical assets seized/sold/termination of safe deposit box (1.2).
5/26/2023	TLT	5.7	Review all Quarterly Status Reports/pleadings re items necessary for closing (discharge)/draft necessary pleadings (4.4); review assets transferred from relief defendants/Range Rover, cash, etc./draft insert re same (1.3).
5/29/2023	TLT	4.2	Review Status Reports/pleadings re status of all items/draft discharge motion.

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
5/30/2023	TLT	6.4	Draft and revise discharge papers/conferences re same (4.6); attention to pending Receivership collections/ conference with IRS re same, review prior cases with SEC monitoring necessary and conf re same (1.8).
5/30/2023	KAC	0.2	Correspondence with Receiver re motion to discharge/open items.
5/31/2023	KAC	0.5	Attention to investor inquires; attention to payment of professionals.

<u>TIME SUMMARY</u>			
NAME	HOURS	RATE	TOTAL
Thomas L. Taylor III	60.1	\$ 395.00	\$23,739.50
Kelly A. Cornelison	13.3	\$ 120.00	\$ 1,596.00
TIME SUMMARY TOTAL			\$ 25,335.50

INVOICE

The Taylor Law Offices, P.C.
245 West 18th Street
Houston, Texas 77027
713.626.5300 (Tel.)
402.6154 (Fax)

Tax I.D. #27-2449812

Invoice Date: June 20, 2023

Regarding: *S.E.C. v. Christopher A. Faulkner, Breitling Energy Corporation, Jeremy S. Wagers, Judson F. Hoover, Parker R. Hallam, Joseph Simo, Dustin Michael Miller Rodriguez, Beth C. Handkins, Gilbert Sedley, Breitling Oil & Gas Corporation, Crude Energy, LLC, Patriot Energy, Inc.*; Civil Action No. 3:16-cv-1735-D in the United States District Court for the Northern District of Texas, Dallas Division

For Professional Services Rendered Through: June 30, 2023

Total Professional Services \$ 27,492.50

Asset Analysis and Recovery			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
6/1/2023	TLT	2.4	Review EnergyNet correspondence/recorded conveyances; telephone conference with buyer re same/attention to transfer of assets and allocation of revenue and expenses (1.8); review emails with producers re transfer/telephone conference re same (.6).
6/7/2023	TLT	1.2	Review IRS correspondence/conference with C. Clotfelter re status of seized assets and procedure post-Receivership, draft proposed insert re same, conference with KAC re same.
6/12/2023	TLT	0.8	Review EnergyNet emails re recording of conveyances/ notification of producers/telephone conference re same.

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
6/1/2023	TLT	4.1	Review claimant correspondence (.3); draft Discharge Motion, review prior motions re requirements (3.8).
6/1/2023	KAC	0.3	Call with Receiver; respond to claimant inquiry.
6/2/2023	TLT	4.9	Draft discharge motion and conferences re same (3.8); claimant correspondence (.3); attention to outstanding clawback payments and entry of judgment per settlements (.8).

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
6/5/2023	KAC	2.3	Attention to motion for discharge (1.8); attention to investor inquiries (.4); email to R. Foti re final invoice (.1)
6/6/2023	TLT	7.4	Telephone conference with SEC Staff re status of enforcement action/motion to approve (.3); review of clawback settlements, SEC settlements/monitoring post-discharge; email with counsel re proposed inserts (1.7); draft and revise discharge motion and support (2.4); emails re status of collection/settlements and telephone conference with counsel re same (.7); review and revise inserts (1.5); review invoices from professionals for inclusion in discharge motion (.8).
6/6/2023	KAC	0.8	Attention to discharge motion.
6/7/2023	TLT	7.6	Review correspondence re Sue-Ann operating production (.2); review investors correspondence re distribution (.2); review and approve Sprouse Shrader invoice and email re final fee app (.3); review R. Foti invoice and conference with KAC re same (.2); review correspondence re status of payments from defendants/review file re same, conference re deposits pending discharge motion (.6); attention to discharge motion draft and conferences with KAC re same, attention to Receivership books and records, location of same, conference with KAC re same (2.5).
6/7/2023	KAC	0.3	Telephone conference with Receiver re open items (.2); investor inquiries (.1)

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
6/8/2023	TLT	3.2	Claimant correspondence (.3); emails with SEC Staff re settlement/discharge, telephone conference re same, review prior status reports to Court re status of enforcement action (.7); attention to status of clawback settlements and conference with counsel re same, review proposed revised payment schedule/ Okpo correspondence and response, attention to inserts to discharge motion (2.2).
6/8/2023	KAC	0.2	Telephone conference with Receiver re discharge motion.
6/11/2023	TLT	0.3	Attention to edits re clawbacks and emails with KAC and counsel re same.
6/12/2023	TLT	4.3	Prepare inserts to motion re status of claim/monitoring post-discharge/review correspondence re anticipated payments during pendency/conferences with counsel re same (1.4); review email from SEC Staff re approval/conference with counsel re same (.2); draft and revise discharge motion (2.7).
6/12/2023	KAC	2.5	Attention to discharge motion.
6/14/2023	TLT	4.3	Attention to final distribution; conference with accts re same and re estimates for completion of 2023 tax return, etc., emails and telephone conference with D. Bielitz re same, conference with KAC re estimate, email from E. Patterson/approve proposed invoice for inclusion in fee app (1.6); review and edit version 3 of discharge motion, etc./emails re same (2.5); claimant correspondence (.2).

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
6/14/2023	KAC	2.8	Investor inquiries (.5); attention to motion for discharge (2.3).
6/15/2023	TLT	4.1	Review letter response filed with Court re matters to be concluded before closing/prepare inserts re same for motion/conference with KAC re same/draft motion (2.3); review and approve accountant proposed invoice and estimates/email re same (.3); review and revise draft (1.5).
6/15/2023	KAC	0.4	Attention to request from Receiver re filed letter response; attention to motion for discharge.
6/16/2023	TLT	6	Draft inserts to discharge motion/conferences with A. Goforth re TLT revisions/conferences with counsel re same (3.4); attention to proposed order/motion for enlarged brief (1.4); emails with SEC Staff re draft, motion for approval/conference with counsel re same (.5); review billing for off-site storage of documents (.2); review emails re settlement receipts and conference re inclusion in discharge (.3); approve draft motion for transmission to SEC Staff (.2).
6/17/2023	TLT	0.5	Email with SEC Staff/telephone conference with counsel re status of filings.
6/17/2023	KAC	0.2	Confer with Receiver re SEC settlements/open items.
6/19/2023	TLT	0.2	Telephone conference with KAC re refund from PNC.
6/19/2023	KAC	0.2	Telephone conference Receiver, email to PNC re same (.2); final reimbursements/bookkeeping (.8)

Case Administration			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
6/20/2023	TLT	1.8	Telephone conference with KAC re remaining items to be addressed before filing discharge motion; review OAR re final accounting /conference re procedure in <i>Vendetta</i> ; email and telephone conference with SEC Staff/conference with counsel re filing of agreed judgments and re motion for enlarged brief and draft Proposed Order.
6/20/2023	KAC	0.4	Review OAR and other cases re Final Accounting requirements and email to Receiver re same.
6/21/2023	KAC	3.8	Attention to returned investors letters and update distribution spreadsheet re same (1); correspondence with investors regarding updated addresses (.9); reconcile disallowed claimants with uncleared interim distribution checks/pull PNC reports re same (.9); update "All Checks Sent" spreadsheet and compile list of checks to cancel (.2); calculate estimated distribution (.2); prepare final distribution spreadsheet (.4); telephone conference with Receiver and email re same (.2).
6/22/2023	KAC	0.2	Telephone conferences re final distribution.
6/26/2023	KAC	0.4	Update Receivership website.
6/27/2023	KAC	3.4	Draft SFAR and Receipts and Disbursements exhibits and email re same.
6/28/2023	KAC	0.4	Respond to investor inquiries; telephone conference with counsel and email re same (pro rata shares to SEC).
6/29/2023	KAC	0.4	Telephone conference with counsel re distribution spreadsheet.

Estimate of Fees			
DATE	ATTY	HOURS	DESCRIPTION OF SERVICES RENDERED
07/2023	TLT	2	Attention to administrative matters associated with final sale of working interests.
07/2023	KAC	1.5	Attention to administration of finalizing working interest sale: accounting related to allocation of royalty interest payments and JIBs, communication with buyer.
07/2023	KAC	3	Assist accountants with administration of final distribution: correspondence with claimants, reissuance of lost checks, etc.; update Receivership website re same.
07/2023	TLT	2	Review and approval of 2023 Receivership tax return.
07/2023	KAC	0.5	Administer final payments to professionals.
07/2023	TLT	1	Filing of Final Accounting post-distribution.
07/2023	KAC	1	Final Accounting of Disbursements: calculation of final disbursements, draft Final Accounting to investors and e-filing of same.
07/2023	KAC	3	Attention to disposition of Receivership books and records.

Estimate of Expenses		
07/2023	Destruction of paper books and records (DSS Shredding)	\$ 150.00
07/2023	Destruction of electronic books and records (DSS Shredding)	\$ 75.00
07/2023	Bank fees for June Pinnacle software subscription	\$ 120.00
07/2023	Bank Fees for June downloads of Pinnacle reports	\$ 18.00
07/2023	Bank fees for June stop payments of outstanding interim distribution checks	\$ 520.00
07/2023	Bank fees for future stop payments of lost or otherwise cancelled final distribution checks	\$ 300.00
	TOTAL EXPENSES	\$ 1,183.00

<u>TIME SUMMARY</u>			
NAME	HOURS	RATE	TOTAL
Thomas L. Taylor III	58.1	\$ 395.00	\$ 22,949.50

Kelly A. Cornelison	28	\$ 120.00	\$ 3,360.00
TIME SUMMARY TOTAL			\$ 26,309.50
TOTAL EXPENSES			\$ 1,183.00
TOTAL INVOICE			\$ 27,492.50

Exhibit 2

GOFORTH LAW, PLLC

INVOICE

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HOUSTON, TEXAS 77042
TEL: (713) 464-2263
FAX: (713) 583-1762

DUE UPON COURT APPROVAL

May 10, 2023

andrew@goforth.law

Tax I.D. 83-1908359

Thomas L. Taylor III, Receiver
THE TAYLOR LAW OFFICES, PC
245 West 18th Street
Houston, Texas 77008

Re: Representation of Receiver appointed in *SEC v. Christopher A. Faulkner, et al.*; Case No. 16-cv-1735-D; In the United States District Court for the Northern District of Texas, Dallas Division

For Professional Services Rendered Through:

April 30, 2023

FEEES\$ 5,397.00

EXPENSES \$ 1.10

TOTAL AMOUNT DUE \$ 5,398.10

GOFORTH LAW, PLLC**INVOICE**

April 2023

Page 2

Date	ID	Hours	Description
Asset Analysis and Recovery			
4/3/2023	AMG	2.3	Draft letter agreement to J Drennan re outstanding tax matters related to royalty interest sale, emails with K Cornelison re same, review Receivership records, previous correspondence re same
4/4/2023	AMG	1.7	Draft letter agreement to J Drennan re outstanding tax matters related to royalty interest sale, emails with Receiver re same, review Receivership records, previous correspondence re same
4/5/2023	AMG	3.4	Draft letter agreement to J Drennan re outstanding tax matters related to royalty interest sale, emails with Receiver re same, review Receivership records, previous correspondence re same (1.3); Review EnergyNet auction results, emails re same (.2); Research re outstanding judgments or abstracts vis-a-vis oil and gas interests (1.9)
4/6/2023	AMG	1.4	Confer with Receiver re EnergyNet auction results, Motion to Confirm same, draft Motion re same, emails with EnergyNet re exhibits for same, review EnergyNet data room, outgoing conveyances, and other Receivership records re same, confer with SEC re same
4/7/2023	AMG	4.2	Draft Motion to Confirm EnergyNet sale, emails with EnergyNet re exhibits for / details of same, review EnergyNet data room, outgoing conveyances, and other Receivership records re same (1.3); Research re outstanding judgments or abstracts vis-a-vis oil and gas interests (2.9)
4/10/2023	AMG	1.1	Draft Motion to Confirm EnergyNet sale, emails with EnergyNet re exhibits for / details of same, emails with Receiver re same
4/11/2023	AMG	1.5	Finalize and file Motion to Confirm EnergyNet sale, appendix re same, emails with EnergyNet re exhibits for same, emails with Receiver re same
4/12/2023	AMG	0.7	Draft letter agreement to J Drennan re outstanding tax matters related to royalty interest sale, emails with Receiver, J Drennan re same, review Receivership records re same
4/13/2023	AMG	0.5	Draft letter agreement to J Drennan re outstanding tax matters related to royalty interest sale, emails with K Cornelison re same, review records re same

GOFORTH LAW, PLLC**INVOICE**

April 2023

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4/14/2023	AMG	0.1	Email draft letter agreement to J Drennan re outstanding tax matters related to royalty interest sale, confer with Receiver re same
4/17/2023	AMG	0.5	Emails with J Drennan re draft letter agreement re outstanding tax matters related to royalty interest sale, confer with Receiver re same, review records re same and amend draft language
4/18/2023	AMG	3	Confer with Receiver re draft letter agreement re outstanding tax matters related to royalty interest sale, review records re same and amend draft language (.8); Research re outstanding judgments or abstracts vis-a-vis oil and gas interests (2.2)
4/19/2023	AMG	0.4	Finalize letter agreement re outstanding tax matters related to royalty interest sale, transmit to Receiver, J Drennan for execution
4/24/2023	AMG	0.2	Emails with Receiver re order confirming EnergyNet sale, review docket calendar re same; Email Receiver's executed letter agreement re outstanding tax matters related to royalty interest sale to J Drennan
4/26/2023	AMG	0.1	Emails with J Drennan re executed letter agreement re outstanding tax matters related to royalty interest sale

Administrative

4/3/2023	AMG	1	Confer with Receiver re PNC Bank lockbox/distribution matter, draft and transmit email to PNC counsel re same
4/6/2023	AMG	0.2	Review emails with Receiver, SEC Staff re Commission approval of settlements with entities in receivership
4/7/2023	AMG	0.1	Confer with Receiver re Commission approval of settlements with entities in receivership
4/11/2023	AMG	0.3	Confer with Receiver re Commission approval of settlements with entities in receivership; Emails with Receiver, SEC counsel re outstanding judgments
4/12/2023	AMG	0.1	Emails with Receiver, KAC, SEC counsel re outstanding judgments
4/21/2023	AMG	1.8	Confer with Receiver re PNC Bank lockbox/distribution matter, draft and transmit email to PNC counsel re same
4/28/2023	AMG	1.1	Confer with Receiver re PNC Bank lockbox/distribution matter, draft and transmit email to PNC counsel re same, review response re same

GOFORTH LAW, PLLC**INVOICE**

April 2023

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BILLING SUMMARY

ID	Timekeeper	Hours	Rate	Total
AMG	Andrew Goforth	25.7	\$ 210.00	<u>\$ 5,397.00</u>

EXPENSES

Date	Description	Amount
	April PACER Charges	\$ 0.10
	April Printing Charges	\$ 1.00

***NOTE: INCURRED EXPENSES NOT APPEARING ON
THIS INVOICE WILL BE BILLED LATER.***

GOFORTH LAW, PLLC

INVOICE

11152 WESTHEIMER ROAD # 1121
HOUSTON, TEXAS 77042
TEL: (713) 464-2263
FAX: (713) 583-1762

DUE UPON COURT APPROVAL

June 8, 2023

andrew@goforth.law

Tax I.D. 83-1908359

Thomas L. Taylor III, Receiver
THE TAYLOR LAW OFFICES, PC
245 West 18th Street
Houston, Texas 77008

Re: Representation of Receiver appointed in *SEC v. Christopher A. Faulkner, et al.*; Case No. 16-cv-1735-D; In the United States District Court for the Northern District of Texas, Dallas Division

For Professional Services Rendered Through:

May 31, 2023

FEES \$ 630.00

EXPENSES \$ 0.00

TOTAL AMOUNT DUE \$ 630.00

GOFORTH LAW, PLLC**INVOICE**

May 2023

Page 2

Date	ID	Hours	Description
Asset Analysis and Recovery			
5/9/2023	AMG	0.2	Emails with Receiver, Buyer re EnergyNet sale and Confirmation Order
5/24/2023	AMG	0.3	Emails with K Cornelison re outstanding settlements, review accounting records re same
5/31/2023	AMG	0.8	Confer with Receiver, emails with opposing counsel re outstanding settlements, review accounting records re same
Administrative			
5/3/2023	AMG	0.1	Review Court advisory and submit proposed order re Motion to Disallow Certain Claims, review Court entry of same
5/24/2023	AMG	0.8	Draft insert for Discharge Motion re outstanding settlements and judgments
5/31/2023	AMG	0.8	Draft insert for Discharge Motion re outstanding settlements and judgments; Emails with K Cornelison re West Maggie well, review records re same

BILLING SUMMARY

ID	Timekeeper	Hours	Rate	Total
AMG	Andrew Goforth	3.0	\$ 210.00	<u><u>\$ 630.00</u></u>

**NOTE: INCURRED EXPENSES NOT APPEARING ON
THIS INVOICE WILL BE BILLED LATER.**

GOFORTH LAW, PLLC

INVOICE

11152 WESTHEIMER ROAD # 1121
HOUSTON, TEXAS 77042
TEL: (713) 464-2263
FAX: (713) 583-1762

DUE UPON COURT APPROVAL

June 21, 2023

andrew@goforth.law

Tax I.D. 83-1908359

Thomas L. Taylor III, Receiver
THE TAYLOR LAW OFFICES, PC
245 West 18th Street
Houston, Texas 77008

Re: Representation of Receiver appointed in *SEC v. Christopher A. Faulkner, et al.*; Case No. 16-cv-1735-D; In the United States District Court for the Northern District of Texas, Dallas Division

For Professional Services Rendered Through:

June 30, 2023

FEEES\$ 7,308.00

EXPENSES \$ 321.20

TOTAL AMOUNT DUE \$ 7,629.20

GOFORTH LAW, PLLC**INVOICE**

June 2023

Page 2

Date	ID	Hours	Description
Asset Analysis and Recovery			
6/7/2023	AMG	0.2	Emails with O Okpo re settlement payments, confer with Receiver re same
6/8/2023	AMG	0.7	Emails with O Okpo re settlement payments, confer with Receiver re same
6/19/2023	AMG	1.1	Draft Motion for Entry of Judgments in <i>Clawback</i> case, legal research re same, review Receivership records re same
6/20/2023	AMG	4	Draft Motion for Entry of Judgments in <i>Clawback</i> case, Declaration re same, legal research re same, review Receivership records re same, prepare exhibits re same
6/21/2023	AMG	2.6	Finalize and file Motion for Entry of Judgments in <i>Clawback</i> case, Declaration and Appendix re same, legal research re same, review Receivership records re same, prepare exhibits re same
ESTIMATED			
	AMG	6	Obtain certified copies of Agreed Judgments in <i>Clawback</i> case, prepare and file Abstracts of Judgments in NDTX County property records
Administrative			
6/5/2023	AMG	1.2	Draft inserts for Discharge Motion re outstanding settlements and judgments, Frost Bank matter, SEC settlement with Receivership entities, emails with Receiver re same
6/6/2023	AMG	1	Draft inserts for Discharge Motion re outstanding settlements and judgments, Frost Bank matter, SEC settlement with Receivership entities, emails with Receiver re same
6/12/2023	AMG	1.5	Draft inserts for Discharge Motion re outstanding settlements and judgments, Frost Bank matter, SEC settlement with Receivership entities, emails with Receiver re same
6/14/2023	AMG	2.3	Emails with Receiver, accountants re matters remaining vis-à-vis discharge, review invoices vis-à-vis final fee application, emails with K Cornelison re Discharge Motion draft, review same
6/15/2023	AMG	4.5	Review, proof and revise Discharge Motion, confer with Receiver re same

GOFORTH LAW, PLLC**INVOICE**

June 2023

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6/16/2023	AMG	5	Review, proof and revise Discharge Motion, confer with Receiver re same, emails with SEC re same
6/21/2023	AMG	2.7	Review, proof and revise Discharge Motion

ESTIMATED

AMG	2	Finalize and file Discharge Motion
-----	---	------------------------------------

BILLING SUMMARY

ID	Timekeeper	Hours	Rate	Total
AMG	Andrew Goforth	34.8	\$ 210.00	\$ 6,972.00

EXPENSES

Date	Description	Amount
	June PACER Expenses	\$ 10.10
	June Printing Expenses	\$ 7.10
	Estimated Postage - Abstracts of Judgment	\$ 60.00
	Estimated Fees - Certified Judgments	\$ 44.00
	Estimated Filing Fees - Abstracts of Judgment	\$ 200.00
		\$ 321.20

Exhibit 3

Brietling Oil (SEC vs C A Faulkner)

Invoice Period: 10-01-2022 - 06-13-2023

RE: BO1466 - Brietling Oil (SEC vs C A Faulkner)**Time Details**

Date	Staff Member	Description	Hours	Rate	Amount
<u>Distribution - Distribution Processing</u>					
03-08-2023	Juwanda Henderson	Processed and mailed letters to investors regarding 2022 distributions.	2.50	95.00	237.50
03-08-2023	Janice Oden	Assisted Dean Bielitz with merge letter to investors regarding 2022 distributions.	0.80	125.00	100.00
03-09-2023	Juwanda Henderson	Processed and mailed letters to investors regarding 2022 distributions.	4.60	95.00	437.00
03-10-2023	Juwanda Henderson	Completed processing and mailing letters to investors regarding 2022 distributions.	0.70	95.00	66.50
			8.60		841.00
<u>Distribution - Pre-Distribution Accounting</u>					
04-03-2023	Aniza Rowe	Met with Dean Bielitz regarding potential upcoming distribution; teleconference with Dean Bielitz, Thomas Taylor and Kelly Cornelison regarding same.	0.60	270.00	162.00
04-05-2023	Aniza Rowe	Prepared estimate for processing distribution; corresponded with Dean Bielitz regarding same.	0.80	270.00	216.00
04-14-2023	Aniza Rowe	Teleconference with Dean Bielitz, Tom Taylor and Kelly Cornelison regarding final distribution; forwarded information request for check order to Kelly Cornelison regarding same.	0.80	270.00	216.00
05-09-2023	Aniza Rowe	Ordered intuit check stock and envelopes for upcoming final distribution.	0.60	270.00	162.00
05-10-2023	Aniza Rowe	Verified order status of Intuit checks.	0.30	270.00	81.00
05-15-2023	Aniza Rowe	Verified check stock and envelope order; corresponded with Kelly Cornelison regarding same.	0.40	270.00	108.00
06-13-2023	Aniza Rowe	Met with Dean Bielitz and Jim Shaw regarding upcoming distribution.	0.50	270.00	135.00
06-13-2023	Dean Bielitz	Met with Aniza Rowe and Jim Shaw regarding upcoming distribution.	0.50	400.00	200.00
			4.50		1,280.00
<u>Employment/Fee Application</u>					
11-14-2022	Dean Bielitz	Preliminary research regarding fee application.	0.40	385.00	154.00

Employment/Fee Application

			0.40		154.00
<u>Tax Services - Accounting Analysis for Tax Services</u>					
03-30-2023	Aniza Rowe	Met with Dean Bielitz regarding QuickBooks reports for tax returns.	0.30	270.00	81.00
			0.30		81.00
<u>Tax Services - Federal Income Tax Return</u>					
10-03-2022	Frances Hernandez	Assembled tax return--Tax Payer and file copies; Printed envelopes; Turned over to Jim Shaw for signatures.	0.50	100.00	50.00
04-03-2023	Ben Beckelman	Teleconference with Tom, Kelly, Aniza and Dean.	0.30	300.00	90.00
			0.80		140.00
<u>Tax Services - Informational Returns</u>					
01-13-2023	Laura Paz-Sanchez	Communicated with Kelly Cornelison regarding 1099/W2 preparation; requested all pertinent financial data for 2022 reflecting activity through December 31, 2022 for the purpose of 1099/W2's and tax return reporting.	0.30	240.00	72.00
01-18-2023	Laura Paz-Sanchez	Ongoing communication with Kelly Cornelison regarding 1099 reporting.	0.30	240.00	72.00
01-18-2023	Dean Bielitz	Discussed potential 1099s to be filed for distributions to claimants.	0.30	400.00	120.00
01-30-2023	Laura Paz-Sanchez	Prepared template for reportable payments to be imported into 1099 tax reporting software; generated preliminary review report for 1099-NEC and 1099-MISC; reconciled and printed original forms; documented control log and file.	1.20	240.00	288.00
01-31-2023	Laura Paz-Sanchez	Prepared electronic file of Forms 1099-NEC for uploading onto the IRS website.	0.40	240.00	96.00
01-31-2023	Laura Paz-Sanchez	Uploaded electronic file onto the IRS FIRE website; documented control worksheet and file	0.20	240.00	48.00
01-31-2023	Laura Paz-Sanchez	Teleconferenced with Dean Bieitz regarding 1099 preparation for claimants of which tax identification information is missing; to conference call wih Kelly Cornelison on matter.	0.40	240.00	96.00
02-03-2023	Laura Paz-Sanchez	Processed for transmittal the 2022 Form 1099-MISC; documented tax file and control log.	0.30	240.00	72.00
02-03-2023	Laura Paz-Sanchez	Discussion with Dean Bielitz regarding claimant's tax reporting for 2022.	0.20	240.00	48.00
02-09-2023	Laura Paz-Sanchez	Logged onto the IRS website to check on electronic filing of the 2022 Forms 1099-NEC; documented tax file and control log.	0.20	240.00	48.00
02-13-2023	Laura Paz-	Reconciled counts and amounts for the preparation of	0.20	240.00	48.00

Tax Services - Informational Returns					
	Sanchez	the electronic filing of the 2022 Forms 1099-Misc.			
02-15-2023	Laura Paz-Sanchez	Generated and provided copies of the Forms 1099-Misc and Summary Report to Kelly Cornelison with the Taylor Law Offices.	0.20	240.00	48.00
02-17-2023	Laura Paz-Sanchez	Generated electronic magfile from tax reporting software and final reconcile count for preparation of electronic filing of Forms 1099.	0.30	240.00	72.00
03-16-2023	Laura Paz-Sanchez	Uploaded electronic file onto the IRS FIRE website; documented control worksheet and file.	0.20	240.00	48.00
04-19-2023	Laura Paz-Sanchez	Updated "File In Time" tracker with 2022 tax filing status.	0.20	240.00	48.00
			4.90		1,224.00
Tax Services - Other Tax Services					
01-13-2023	Dean Bielitz	Discussed follow up communications with Laura Paz regarding 1099 data request.	0.10	400.00	40.00
01-31-2023	Dean Bielitz	Teleconference with Kelly Cornelison regarding issuance of 1099s and researched 1099 requirements for distributions of settlement amounts.	2.10	400.00	840.00
02-03-2023	Juwanda Henderson	Processed 1099 MISC for 2022.	0.20	95.00	19.00
02-13-2023	Dean Bielitz	Drafted language for including with Grantor letters regarding distributions and forwarded to Kelly Cornelison.	0.50	400.00	200.00
03-07-2023	Dean Bielitz	Reviewed and forwarded copy of the final version of the Distribution Letter to Kelly Cornelison.	0.50	400.00	200.00
03-08-2023	Dean Bielitz	Quality Control reviewed the Brietling Distribution letters prior to commencing mailing them.	0.30	400.00	120.00
03-15-2023	Dean Bielitz	Communicated with Kelly Cornelison regarding returned Distribution letter.	0.10	400.00	40.00
03-17-2023	Dean Bielitz	Drafted "MEMO to file" regarding the 1099 requirements.	0.70	400.00	280.00
03-20-2023	Dean Bielitz	Reviewed and prepared pdf version of the Distribution Letters to send to Kelly Cornelison as requested.	0.30	400.00	120.00
03-30-2023	Dean Bielitz	Discussed Lain Faulkner processing and mailing distribution checks and followed-up with Aniza Rowe.	0.20	400.00	80.00
04-03-2023	Dean Bielitz	Discussed preparation of the Distributions with Aniza Rowe, Kelly Cornelison and Tom Taylor.	0.30	400.00	120.00
04-14-2023	Dean Bielitz	Phone conversation with Receiver, Kelly Cornelison and Aniza Rowe regarding issuing checks.	0.30	400.00	120.00

Tax Services - Other Tax Services

			5.60	2,179.00
<u>X - Client Time Non-Billed</u>				
10-06-2022	Jim Shaw	Fee App questions from Tom Taylor on old returns and 1099's, all is okay.	1.30	425.00 No Charge
			1.30	0.00
			Total	5,899.00

Time Summary

Staff Member	Hours	Rate	Amount
Aniza Rowe	4.30	270.00	1,161.00
Ben Beckelman	0.30	300.00	90.00
Dean Bielitz	6.60	399.09	2,634.00
Frances Hernandez	0.50	100.00	50.00
Janice Oden	0.80	125.00	100.00
Jim Shaw - No Charge	1.30	0.00	0.00
Juwanda Henderson	8.00	95.00	760.00
Laura Paz-Sanchez	4.60	240.00	1,104.00
Total	26.40		5,899.00
Activity	Hours	Rate	Amount
Distribution - Distribution Processing	8.60	97.79	841.00
Distribution - Pre-Distribution Accounting	4.50	284.44	1,280.00
Employment/Fee Application	0.40	385.00	154.00
Tax Services - Accounting Analysis for Tax Services	0.30	270.00	81.00
Tax Services - Federal Income Tax Return	0.80	175.00	140.00
Tax Services - Informational Returns	4.90	249.80	1,224.00
Tax Services - Other Tax Services	5.60	389.11	2,179.00
X - Client Time Non-Billed	1.30	0.00	0.00
	Total Fees		5,899.00

Expenses

Expense	Description	Amount
Postage/Overnight Delivery	October postage	1.92
Postage/Overnight Delivery	February Postage	3.00
Postage/Overnight Delivery	March Postage	507.25
Postage/Overnight Delivery	April postage	2.94
	Total Expenses	515.11

Expense Summary

Expense	Amount
Postage/Overnight Delivery	515.11
Total Expenses	515.11

Total for this Invoice 6,414.11

LainFaulkner

Brietling Oil (SEC vs C A Faulkner)

Pending Services	Amount
Pending preparation of the 2022 Federal Tax Return, Form 1041	\$2,500.00
Preparation of the 2023 FINAL Federal Tax Return, Form 1041	2,500.00
Remainder of budgeted amount for the processing, mailing related filings in regards to the forthcoming FINAL distributions to claimants	7,300.00
Preparation of the 2022 Forms 1099 for professional service provider for filing in 2024	400.00
Total Fees for Pending Services	12,700.00
Total for Services Rendered (10/1/2022 – 6/13/2023)	6,414.11
GRAND TOTAL	\$19,114.11

Exhibit 4

STANDARDIZED FUND ACCOUNTING REPORT - Cash Basis
SEC v. Christopher Faulkner, et al.; Civil Court Docket No. 3:16-cv-1735-D
Reporting Period April 1, 2023 - Close of Receivership Estate

FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 4/1/2023):			\$ 4,477,797.50
	Increases in Fund Balance:			
Line 2	Business Income			\$ 1,829.17
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income			
Line 5	Business Asset Liquidation			\$ 145,500.00
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income			\$ 3,000.00
Line 8	Miscellaneous - Other (Excess w/d payments)			
	Total Funds Available (Lines 1 – 8):			\$ 4,628,126.67
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors			\$ (4,418,623.57)
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals			\$ (203,703.31)
Line 10b	Business Asset Expenses			\$ (5,659.21)
Line 10c	Personal Asset Expenses			
Line 10d	Investment Expenses			
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments			\$ (7,097.88)
	Total Disbursements for Receivership Operations			\$ (216,460.40)
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator.....			
	Independent Distribution Consultant (IDC).....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			\$ 6,957.30
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....			
	Claimant Identification.....			
	Claims Processing.....			
	Web Site Maintenance/Call Center.....			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			\$ 6,957.30
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 – 11):			\$ (4,628,126.67)
Line 13	Ending Balance at Close of Receivership:			\$ -
Line 14	Ending Balance of Fund – Net Assets:			
Line 14a	Cash & Cash Equivalents			
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund – Net Assets			\$ -

STANDARDIZED FUND ACCOUNTING REPORT - Cash Basis
SEC v. Christopher Faulkner, et al.; Civil Court Docket No. 3:16-cv-1735-D
Reporting Period April 1, 2023 - Close of Receivership Estate

OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items NOT To Be Paid by the Fund:			
	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	Plan Development Expenses Not Paid by the Fund:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund			
Line 15b	Plan Implementation Expenses Not Paid by the Fund:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....			
	Claimant Identification.....			
	Claims Processing.....			
	Web Site Maintenance/Call Center.....			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. FAIR Reporting Expenses			
	Total Plan Implementation Expenses Not Paid by the Fund			
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund:			
Line 17	DC & State Tax Payments			
Line 18	No. of Claims:			
Line 18a	# of Claims Received This Reporting Period.....			
Line 18b	# of Claims Received Since Inception of Fund.....			
Line 19	No. of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period.....			
Line 19b	# of Claimants/Investors Paid Since Inception of Fund.....			



By: _____
(signature)

Thomas L. Taylor III
(printed name)

Receiver
(title)

Date: 6/30/23

Breitling Receivership
Receipts and Disbursements
Since Inception to Close of Receivership

	<u>Total</u>
Income	
2 - Business Income	
BEC Income	629,228.26
BOG Income	397,941.89
BRC Income	4,923,365.11
Crude Income	431,413.77
Total 2 - Business Income	\$ 6,381,949.03
3 - Cash and Equivalents	1,110,828.74
5 - Business Asset Liquidation	2,650,525.00
6 - Personal Asset Liquidation	96,242.50
7 - 3rd Party Litigation Income	
Derek Adam Taylor Settlement	4,500.00
Okpo Settlement	9,562.50
Reymond Trevino Settlement	4,375.00
Rothstein Kass Settlement	7,000,000.00
Scheef & Stone Settlement	3,000,000.00
Total 7 - 3rd Party Litigation Income	\$ 10,018,437.50
8 - Misc./Other Income	
RackAlley Matter	210,000.00
SEC Settlements	
Jacob Herrera Settlement	50,000.00
Jetmir Ahmedi Settlement	155,000.00
Judson Rick Hoover Settlement	160,000.00
Tamra Freedman Settlement	52,752.23
Total SEC Settlements	\$ 417,752.23
Total 8 - Misc./Other Income	\$ 627,752.23
Services	
Total Income	\$ 20,885,735.00
Gross Profit	\$ 20,885,735.00
Expenses	
10 - Receivership Operations	
10a-Disb.to Receiver/Other prof	2,613,719.26
Carole Faulkner Atty Fee Award	-128,132.00
Total 10a-Disb.to Receiver/Other prof	\$ 2,485,587.26
10b-Business Asset/Operating	4,068.58
Admin	9,622.83
Bank Fees	2,512.57
Contract Labor	209,342.66
Court Fees	440.44

Discovery Expenses	31,702.62
Joint Interest Billing/AFE	123,439.68
Postage	11,883.43
Receivership Website	650.21
Travel Expenses	16,827.25
Total 10b-Business Asset/Operating	\$ 410,490.27
10c-Personal Asset Expenses	1,532.45
10e-3rd Party Lit. Expenses	14,780.46
Taylor v. Rothstein Kass	2,421,822.67
Taylor v. Scheef & Stone	906,616.24
Taylor v. Trevino, et al.	1,549.00
Total 10e-3rd Party Lit. Expenses	\$ 3,344,768.37
10g-Federal/State Taxes	637,894.71
Asset Property Taxes	637,894.71
Total 10g-Federal/State Taxes	\$ 637,894.71
Total 10 - Receivership Operations	\$ 6,880,273.06
11-Disb. for Distribution	5,936.22
11a-Distrib. Plan Development	5,936.22
11b-Distrib. Plan Implementatio	125,345.01
Total 11-Disb. for Distribution	\$ 131,281.23
9 - Disbursements to Claimants	13,874,180.71
Total Expenses	\$ 20,885,735.00
Net Operating Income	\$ 0.00
Net Income	\$ 0.00

This Court has considered Court-appointed Temporary Receiver Thomas L. Taylor III's ("Receiver") Motion for entry of an Order (1) approving the final payment of fees and expenses to engaged professionals, (2) approving the final distribution of Receivership Assets, (3) assigning the payment of certain Receivership Estate judgments and claims to the U.S. Securities and Exchange Commission ("Commission"), (4) permitting final disposition of the books and records of the Receivership Estate, and (5) closing the Receivership Estate and discharging the Receiver (the "Motion for Discharge"); and all opposition, responses or objections thereto, if any; and having determined that the Motion for Discharge is fully supported by the written submissions, the Motion for Discharge is hereby **GRANTED** in all respects. It is therefore

ORDERED that the following are approved and authorized: (i) the payment of \$77,703.50 in fees and expenses to The Taylor Law Offices, P.C., (ii) the payment of \$13,657.30 in fees and expenses to Goforth Law PLLC, and (iii) the payment of \$19,114.11 in fees and expenses to Lain, Faulkner & Co., P.C.; It is further

ORDERED that the Receiver distribute, pursuant to the Plan of Distribution approved by this Court on April 28, 2020 [ECF No. 541], all remaining funds held in accounts of the Receivership Estate after payment of final fees and expenses; It is further

ORDERED that the Receiver is authorized to assign to the Commission the payments related to the Outstanding Claims as described in the Motion for Discharge; It is further

ORDERED that the Receiver is authorized to store, maintain, abandon or destroy all books and records of the Receivership Estate under his control; It is further

ORDERED that the Receiver, its entities, agents, employees, members, officers, independent contractors, attorneys, and retained and/or appointed professionals, and their respective agents and representatives ("Receiver Released Parties"), are released from all claims

and liabilities arising out of and/or pertaining to the Receiver's appointment by this Court, and from all claims and liabilities that were asserted and/or could have been asserted in the above-styled action, the Receivership, and/or in connection with the Receiver's administration of the Receivership, including without limitation (a) all claims for relief and causes of action asserted in, or that could have been asserted by any of the parties to, the above-styled action or their current or former counsel, and (b) all claims for relief and causes of action that could have been asserted against the Receiver Released Parties by Receivership creditors, claimants, consumers, consultants, experts, vendors, purchasers (actual or prospective), clients, and/or any other persons arising out of the Receiver's appointment, the Receiver's administration of the Receivership or those of his professionals in connection with the Receivership; and it is further

ORDERED that, subject to completion of the foregoing final payment of fees and expenses, final distributions to investors, disposition of books and records, and filing of the final accounting of the Receivership with the Court, the Receivership is hereby terminated and the Receiver is **DISCHARGED** from any further obligation to any party under the Order Appointing Receiver [ECF No. 108, as modified by ECF Nos. 142, 320, 418 and 496] without need of further order of this Court.

Signed at Dallas, Texas this _____ day of July, 2023.

SIDNEY A. FITZWATER
SENIOR JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE	§	
COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
vs.	§	Civil Action No. 3:16-CV-1735-D
	§	
CHRISTOPHER A. FAULKNER,	§	
BREITLING ENERGY CORPORATION,	§	
JEREMY S. WAGERS, JUDSON F.	§	
("RICK") HOOVER, PARKER R.	§	
HALLAM, JOSEPH SIMO, DUSTIN	§	
MICHAEL MILLER RODRIGUEZ, BETH	§	
C. HANDKINS, GILBERT STEEDLEY,	§	
BREITLING OIL & GAS CORPORATION,	§	
CRUDE ENERGY, LLC, PATRIOT	§	
ENERGY, INC.,	§	
	§	
Defendants,	§	
	§	
and	§	
	§	
TAMRA M. FREEDMAN and	§	
JETMIR AHMEDI,	§	
	§	
Relief Defendants.	§	

ORDER (1) APPROVING FINAL PAYMENT OF FEES AND EXPENSES TO PROFESSIONALS; (2) APPROVING FINAL DISTRIBUTION OF ASSETS; (3) ASSIGNING PAYMENTS OF CERTAIN RECEIVERSHIP JUDGMENTS AND CLAIMS TO THE U.S. SECURITIES AND EXCHANGE COMMISSION; (4) PERMITTING FINAL DISPOSITION OF BOOKS AND RECORDS OF THE RECEIVERSHIP ESTATE; AND (5) CLOSING THE RECEIVERSHIP ESTATE AND DISCHARGING THE RECEIVER



This Court has considered Court-appointed Temporary Receiver Thomas L. Taylor III's ("Receiver") June 30, 2023 Motion for entry of an Order (1) approving the final payment of fees and expenses to engaged professionals, (2) approving the final distribution of Receivership Assets, (3) assigning the payment of certain Receivership Estate judgments and claims to the U.S. Securities and Exchange Commission ("Commission"), (4) permitting final disposition of the books and records of the Receivership Estate, and (5) closing the Receivership Estate and discharging the Receiver (the "Motion for Discharge"); and the absence of any timely opposition, responses, or objections thereto; and having determined that the Motion for Discharge is fully supported by the written submissions, the Motion for Discharge is hereby **GRANTED** in all respects. It is therefore

ORDERED that the following are approved and authorized: (i) the payment of \$77,703.50 in fees and expenses to The Taylor Law Offices, P.C., (ii) the payment of \$13,657.30 in fees and expenses to Goforth Law PLLC, and (iii) the payment of \$19,114.11 in fees and expenses to Lain, Faulkner & Co., P.C.; It is further

ORDERED that the Receiver distribute, pursuant to the Plan of Distribution approved by this Court on April 28, 2020 [ECF No. 541], all remaining funds held in accounts of the Receivership Estate after payment of final fees and expenses; It is further

ORDERED that the Receiver is authorized to assign to the Commission the payments related to the Outstanding Claims as described in the Motion for Discharge; It is further

ORDERED that the Receiver is authorized to store, maintain, abandon, or destroy all books and records of the Receivership Estate under his control; It is further

ORDERED that the Receiver, its entities, agents, employees, members, officers, independent contractors, attorneys, and retained and/or appointed professionals, and their

respective agents and representatives (“Receiver Released Parties”), are released from all claims and liabilities arising out of and/or pertaining to the Receiver’s appointment by this Court, and from all claims and liabilities that were asserted and/or could have been asserted in the above-styled action, the Receivership, and/or in connection with the Receiver’s administration of the Receivership, including without limitation (a) all claims for relief and causes of action asserted in, or that could have been asserted by any of the parties to, the above-styled action or their current or former counsel, and (b) all claims for relief and causes of action that could have been asserted against the Receiver Released Parties by Receivership creditors, claimants, consumers, consultants, experts, vendors, purchasers (actual or prospective), clients, and/or any other persons arising out of the Receiver’s appointment, the Receiver’s administration of the Receivership or those of his professionals in connection with the Receivership; and it is further

ORDERED that, subject to completion of the foregoing final payment of fees and expenses, final distributions to investors, disposition of books and records, and filing of the final accounting of the Receivership with the Court, the Receivership is hereby terminated and the Receiver is **DISCHARGED** from any further obligation to any party under the Order Appointing Receiver [ECF No. 108, as modified by ECF Nos. 142, 320, 418 and 496] without need of further order of this Court.

SO ORDERED.

July 24, 2023.



 SIDNEY A. FITZWATER
 SENIOR JUDGE

Beginning with the Receiver's First Quarterly Fee Application, which covered the first thirty days of the Receivership (March 8, 2019 - April 7, 2019), the Receiver has filed fee applications covering every quarter of the Receivership. This Twenty-Second Quarterly Fee Application covers the period beginning April 1, 2024, through June 30, 2024.

I. **FEES AND EXPENSES INCURRED**

A. SFAR

A copy of the Standardized Fund Accounting Report for the period April 1, 2024, through June 30, 2024, is attached hereto as **Exhibit A**.

B. Receiver Fees & Expenses (\$14,046.00).

Fees. As outlined more fully in the Receiver's Twenty-Second Quarterly Report [Dkt. 336], the overwhelming majority of the Receiver's time during the Second Quarter of 2024 involved preparing for and testifying multiple times at proceedings surrounding Debbie Carter's criminal trial, which occurred in June and July 2024. The Receiver and his team also continued strategizing means for quick resolution of the Debbie Carter-related litigation.

By this Twenty-Second Quarterly Fee Application, the Receiver requests authority to pay \$12,810.00 in Receiver fees incurred from April 1, 2024, through June 30, 2024. The Receiver provided 36.8 hours of service to the Receivership during this period, which, without additional reductions and write-offs, would otherwise result in a bill of \$21,160.00 to the Receivership Estate.¹

The services provided by the Receiver from April 1, 2024, through June 30, 2024, as well as itemized reductions and write-offs, are set forth in the invoices attached hereto as **Exhibit B**.

¹ The Receiver's discounted hourly rate for this matter is \$350 per hour. Mr. Thomas' regular billing rate for non-receivership matters is \$575 per hour.

The services are also summarized in the Receiver's Twenty-Second Quarterly Report [Dkt. 336], which was filed on July 30, 2024.

Expenses. In addition, to assist the Receivership Estate, the Receiver incurred expenses in the amount of \$1,236.00 between April 1, 2024, through June 30, 2024. *See* Ex. B at 2. These expenses consist of the May 2024 to July 2024 fees for Public Storage (\$1,236.00).² The Receiver once again is not seeking reimbursement for mileage or other travel expenses related to the Receivership.

In sum, pursuant to the Receivership Order, the Receiver seeks authority to pay a total of **\$14,046.00** in Receiver fees and expenses incurred between April 1, 2024, through June 30, 2024.

C. Receiver's Counsel Fees (\$1,558.00).

The Receiver's primary counsel (Scheef & Stone) did not submit any fees or expenses for the Second Quarter of 2024. On May 21, 2019, the Court granted the Receiver's motion to engage his law firm, Brown Fox PLLC ("Brown Fox") as secondary counsel in this matter.

As detailed more fully in the Receiver's Twenty-Second Quarterly Report [Dkt. 336], during the Second Quarter of 2024 counsel supporting the Receiver primarily assisted the Receiver's efforts to resolve (in the most efficient manner) the outstanding dispute with Debbie Carter (once her criminal sentencing concludes).

Brown Fox submits monthly invoices to the Receiver for the services rendered. By this Application and pursuant to the Receivership Order, the Receiver requests authority to pay Brown Fox \$1,558.00 in fees billed for work performed during the three-month period of April

² The Public Storage expense was previously paid for directly by the Receivership via check. Public Storage has had a history of losing the checks sent by the Receivership, most recently has ceased receiving in-person delivery of the checks, and has requested payment via credit card. Because the Receivership Estate does not have a credit card, the Receiver's firm has agreed to pay the rental fee and seek reimbursement via fee application.

1, 2024, through June 30, 2024. Attached hereto as **Exhibit C** is Brown Fox's invoice for the period ending June 2024.

The attorneys and paralegals of Brown Fox who provided services to the Receiver during this period, their billable rates, and the hours billed are summarized as follows:

Attorney/Paralegal	Hours Billed	Discounted Billable Rate	Total Billed
Charlene Koonce (Partner)	.2	\$340.00	\$68.00
Alan Carrillo (Associate)	1.0	\$290.00	\$290.00
Tim Wells (Associate)	4.8	\$250.00	\$1,200.00

Expenses. Brown Fox did not incur any expenses between April 1, 2024, through June 30, 2024.

In sum, pursuant to the Receivership Order, the Receiver seeks authority to reimburse Brown Fox the total of **\$1,558.00** for fees and expenses incurred between April 1, 2024, through June 30, 2024.

D. Receiver's Accountant Fees and Expenses (\$246.00).

The accounting firm of W.D. Brown & Associates, PLLC ("W.D. Brown & Associates") of Dallas, Texas serves as the accountant for the Receiver. As discussed in prior fee applications, the accountants' primary responsibility in this case is to provide a forensic accounting that will enable the Receiver to trace (1) the amount of funds flowing from each DGI investor into Gallagher Financial Group and (2) where those investor funds ultimately ended up (*i.e.*, whether they were saved, spent, or transferred to someone else). This forensic accounting has been of paramount importance to the Receiver's duties in analyzing claims received from investors, identifying potential targets of fraudulent transfer claims, and determining the amounts owing to the Receivership on account of such claims.

(collectively, \$14,614.00), divided by the hours worked (44.6 hours), the lodestar average rate per hour is \$327.67.³ In accordance with the law governing calculation of the lodestar rate, the lodestar rate for which approval is sought in this case is reasonable and does not merit any adjustment.

The “lodestar” method of evaluating the reasonableness of fees, which has been expressly approved by the Supreme Court, requires the court to look into the prevailing market rates in the relevant community and compare the prevalent rates with the average rate charged in the matter in issue. *Perdue v. Kenny*, 130 S.Ct. 1662, 1673 (2010). The lodestar method also includes most of the relevant factors constituting a “reasonable” fee but does not expressly require the “subjective” *Johnson* factor analysis.⁴ *Id.*

The Court calculates the lodestar by determining the number of hours reasonably expended by an appropriate hourly rate in the community.⁵ *Louisiana Power & Light Co. v. Kellstrom*, 50 F.3d 319, 324 (5th Cir. 1995). In evaluating whether requested fees are reasonable, the court may use its own expertise and judgment to independently assess the value of an attorney’s services. *Davis v. Bd. Of Sch. Comm’rs of Mobile County*, 526 F.2d 865, 868 (5th Cir. 1976). The Court also looks for evidence of “billing judgment,” or the attorney or receiver’s decision to discount or write off time that was unproductive or duplicative. *Saizan v. Delta Concrete Prods. Co.*, 448 F.3d 795, 799 (5th Cir. 2006). The amount of the award, and any reduction of the requested fee award, is within the trial court’s discretion. *See, e.g., United States Football League v. National Football League*, 887 F.2d 408, 415 (2d Cir. 1989).

³ To date, the Receiver, Receiver’s counsel, and Receiver’s accountants have billed at a cumulative lodestar average rate of \$243.80.

⁴ These Johnson factors are nevertheless addressed herein. *See infra*.

⁵ The movant bears the burden of proving that the compensation requested is reasonable, and satisfaction of this burden requires that the movant present records from which the court may determine the nature of the work done, the need for it, and the amount of time reasonably required. *Louisiana Power*, 50 F.3d at 324.

Additional considerations are also relevant in the context of an equity receivership. First, the agreement or opposition of the Commission to the fee application is entitled to great weight. *See, e.g., SEC v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973). Further, given the public service nature of equity receiverships, courts also consider the amounts recovered or other results obtained by the receiver in determining what constitutes a “reasonable fee.” *SEC v. Goren*, 272 F. Supp. 2d 202, 207 (E.D.N.Y. 2003). Additionally, examination of reasonableness and necessity should take into account all circumstances surrounding the receivership. *See SEC v. W.L. Moody & Co., Bankers (Unincorporated)*, 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff’d*, *SEC v. W.L. Moody & Co.*, 519 F.2d 1087 (5th Cir. 1975). The complexity and difficulty associated with the receivership are highly relevant factors in determining the reasonableness of professional fees. *See Fifth Ave. Coach Lines*, 364 F. Supp. at 1222 (awarding interim fees and expenses to law firm for role in receivership and noting that it involved wide variety of complex legal matters requiring the time, competence, and diverse resources of a law firm of high caliber). Further, Courts examine the credentials, experience, reputation, and other professional qualities required to carry out a court’s orders when assessing the reasonableness of the rates charged for services to a receivership. *See W.L. Moody & Co.*, 374 F. Supp. at 481 (holding that a court should give “considerable weight” to “a receiver’s abilities, as required by the tasks of the receivership”); *see also Fifth Ave. Coach Lines*, 364 F. Supp. at 1222 (fees awarded in full because they were based on law firm’s usual hourly rate and supported by meticulous records).

The Receiver submitted detailed descriptions of the matters on which services were expended, the number of hours billed by each professional, the rates charged by each, and the lodestar calculation for the fees submitted in this Application. Further, the Receiver’s invoices

and this Application demonstrate that billing judgment was exercised in the reduction of the standard rates charged by the Receiver and the retained professionals,⁶ in staffing the work performed efficiently, and in writing off time and further reducing rates where necessary. Finally, the Receiver requests that the Court judicially notice the much higher lodestar and hourly rates approved in other receiverships in Texas.⁷

The request for approval of the disbursements is also consistent with the *Johnson* factors set forth by the Fifth Circuit Court of Appeals in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974). Based on the lodestar calculation and the Johnson factors, the Receiver believes that the fees submitted are appropriate, just, and reasonable:

A. **The Time and Labor Required.** The Receiver respectfully directs the Court's attention to the foregoing summary of unpaid fees and expenses, which identifies the total number of hours billed by the Receiver, the Receiver's attorneys, and accountants (44.6 hours total) for the period April 1, 2024, through June 30, 2024.

B. **The Novelty and Difficulty of the Questions.** Federal equity receiverships require extensive effort in order to act swiftly and efficiently in securing assets, obtaining documents and data from computers to find additional assets, and to communicate with investors and law enforcement agencies. As set forth in prior quarterly reports, the Receiver and his personnel have, among other things, (1) communicated with impacted investors and interface with a multitude of financial institutions, creditors, and persons in possession of information

⁶ See Receiver's Unopposed Motion for Approval of Engagement Agreements ¶ 8 ("Each firm agreed to discounts of not less than 15% for the contracted rates, and in some instances for discounts of 20% or more.").

⁷ See, e.g., *Securities and Exchange Commission v. Correll*, No. 4:05-CV-472 (E.D. Tex.) (approving Receiver fees of \$400 per hour and lead counsel fees of \$585 per hour); *SEC v. Amerifirst Funding, Inc., et al.*, No. 3:07-CV-1188 (N.D. Tex.) (noting in Dkt. 117 that Receiver's counsel's rates, discounted by 10–20% is \$420 per hour); *SEC v. W Financial Group, LLC, et al.*, No. 3:08-CV-0499-N (N.D. Tex.) (noting in Dkt. 65 that Receiver's counsel's rate is \$510 per hour, and \$165 per hour for a law clerk); and *CFTC v. Pousa*, No. 1:12-cv-00862 (W.D. Tex.) (approving Receiver fees in excess of \$600 per hour).

necessary for the Receiver to accomplish his mandate; (2) made substantial progress on the completion of the forensic accounting in this case, which is essential to both the claims process and the Receiver's potential ability to recover significant sums for the investors on fraudulent transfer claims; (3) pursued several lawsuits against fraudulent transferees and other third parties on behalf of the Receivership Estate and injured investors (and settled several of these); (4) disposed of various pieces of real estate held by the Receiver; and (5) established a claims process and made initial and interim distribution payments to the investors.

C. **The Skill Requisite to Perform the Service.** The Receiver believes the services performed in this case to date required individuals possessing considerable skill in the administration of receiverships, asset seizure, collection, and litigation. The Receiver, Scheef & Stone, L.L.P., Brown Fox, PLLC, and W.D Brown & Associates have considerable skill and experience in such areas.

D. **The Preclusion of Other Employment Due to Acceptance of the Case.** Neither the Receiver, Scheef & Stone, LLP, Brown Fox PLLC, nor W.D. Brown & Associates have declined any representation solely because of their services in this case. However, performing all of the work necessary since the inception of the Receivership has substantially limited the Receiver's available time to dedicate to other pending matters for which his rate was not reduced and which was not subject to a write-off.

E. **The Customary Fee.** The hourly rates sought herein for the Receiver and the Receiver's attorneys and accountants are *substantially* lower than the rates charged by other practitioners of similar experience levels in Texas. Indeed, the per hour rates charged by the Receiver's counsel whose fees are included herein are substantially lower than the rates currently

charged on other receiverships pending in Texas.⁸ The lodestar rate of \$327.67 (and \$243.80 cumulatively) per hour also demonstrates that when appropriate the Receiver is having work performed by less expensive attorneys or legal assistants, or is otherwise reducing the amounts billed to the Receivership Estate.

F. **Whether the Fee is Fixed or Contingent.** The Receiver's fees and his counsel's fees are fixed insofar as monies exist by way of Receivership Assets from which to pay such fees, but payment of the fees and expenses is subject to approval by the Court. As discussed more fully in prior fee applications, the Court approved Scheef & Stone's contingency engagement related to third-party litigation on May 24, 2019 [Dkt. 51]. The Receiver will continue to include any requests for approval to pay contingency amounts in conjunction with resolved third-party claims.

G. **Time Limitations Imposed by the Client or Other Circumstances.** Performing the mandate of the Receivership Order and the TRO has been extremely time-sensitive given the asset freeze issues and other related concerns. Likewise, deadlines for the Receiver related to reporting, duties related to asset recovery, management and liquidation are generally time sensitive. This includes the Receiver's successful attempts to file nearly all lawsuits against third parties on or before March 7, 2020—the one-year anniversary of the Receivership. Moreover, identifying and communicating with investors, shocked by the Commission's allegations, remains time-sensitive.

H. **The Amount Involved and the Results Obtained.** The amount involved in this Receivership is significant. Indeed, pursuant to the Court's Final Claims Order, the approved claims of DGI investors exceed \$23 million. In the first days of the Receivership, there was

⁸ See footnote 7, supra.

approximately only \$800,000 in the Gallagher Defendants' bank accounts. In the months since, the Receiver has recovered approximately an additional \$9.9 million, for a total of approximately \$10.7 million collected as of September 30, 2023 (\$7.0 million net of expenses). All of these monies and properties were obtained directly through the efforts of the Receiver and the personnel he retained. Moreover, the Receiver continues to identify and pursue additional sources of recovery, including currently pursuing certain interests held by Debbie Carter.

I. **The Experience, Reputation and Ability of the Attorneys.** Scheef & Stone, L.L.P., the Receiver's primary counsel, and Brown Fox, PLLC, include numerous attorneys who specialize in representation of equity receivers in federal securities or commodities enforcement cases, and have done so for more than fifteen years. The reputations of Scheef & Stone and Brown Fox are recognized and respected in these fields. Scheef & Stone and Brown Fox also have multiple attorneys who specialize in representation of equity receivers in federal securities or commodities enforcement cases. The Receiver has extensive experience in litigation in federal courts in and around the Northern District of Texas.

J. **The Undesirability of the Case.** The representation of the Receiver incident to this case has not been undesirable.

K. **The Nature and Length of the Professional Relationship with the Client.** Scheef & Stone and Brown Fox have not previously represented the Receiver in a receivership.

L. **Awards in Similar Cases.** The Receiver believes the fees requested in this case for his counsel are less than or equal to those which have been awarded in similar cases in federal courts in Texas.

III. **CONCLUSION**

In conclusion, in accordance with the Receivership Order and SEC billing guidelines, the Receiver represents and certifies that: (i) he has personally reviewed the entire contents of this Fee Application; (ii) the fees and expenses included in this Application were incurred in the best interests of the Receivership Estate; and, (iii) with the exception of the SEC Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof. The Receiver respectfully requests that the Court enter an order approving the fees and expenses requested in this Twenty-Second Quarterly Fee Application, for the period from April 1, 2024, through June 30, 2024.

Dated: August 14, 2024

Respectfully submitted,

RECEIVER CORTNEY C. THOMAS

/s/ Cortney C. Thomas

Cortney C. Thomas

State Bar No. 24075153

cort@brownfoxlaw.com

Brown Fox PLLC

8111 Preston Road, Suite 300

Dallas, Texas 75225

Telephone: (214) 327-5000

Fax: (214) 327-5001

CERTIFICATE OF CONFERENCE

I hereby certify that this Application and true and correct copies of the invoices that are exhibits to this Application were provided to counsel for the Securities and Exchange Commission on July 15, 2024. The Receiver subsequently conferred with counsel for the Securities and Exchange Commission, who indicated that the Commission does not oppose the relief sought herein. A copy of this Application and true and correct copies of the invoices that are exhibits to this Application will be provided to Defendant W. Neil Gallagher, who currently is not represented by counsel in this matter, in accordance with the certificate of service below.

/s/ Cortney C. Thomas

Cortney C. Thomas

CERTIFICATE OF SERVICE

Pursuant to Fed. R. Civ. P. 5(d)(1)(B), as amended, no certificate of service is necessary because this Quarterly Fee Application is being filed with the Court's electronic-filing system. The Receiver will serve a paper copy of this document on Defendant W. Neil Gallagher via certified mail and regular U.S. mail as follows:

William Neil Gallagher, TDCJ # 02328785
Wallace Pack Unit
2400 Wallace Pack Road
Navasota, TX 77868

/s/ Cortney C. Thomas

Cortney C. Thomas

EXHIBIT A

Civil Action No.: 3:19-CV-0575-C
Standardized Fund Accounting Report
As of June 30, 2024

1 - Beginning Balance (April 1, 2024):	475,317.66
2 - Contributions/Deposits:	5,592.82
3 - Investment/Interest Earnings:	-
3a - Investment Interest	2,244.90
4 - Gain on investment Disposition:	-
5 - Disbursements to Investors:	-
Disbursements for Plan Administration Expenses	
6 - Paid by Fund:	17,800.56
7 - Disbursements to Courts/Other:	
8 - District of Columbia (DC) & State Tax Payment:	
9 - Loss on Investment Disposition:	22,154.52
9a - Receivable Write-Off - Property Closing Costs	
10 - Ending Balance (June 30, 2024):	443,200.30
11 - Ending Balance of Fund - Net Assets:	443,200.30
11a - Cash & Cash Equivalents:	443,200.30
11b - Investments (3 month CDs):	-
11c - Property Closing Costs	-
Disbursements for Plan Administration Expenses Not	
12 - Paid by Fund:	-
13 - Disbursements to Courts/Other:	
14 - No. of Claims:	
15 - No. of Claimants/Investors:	

Civil Action No.: 3:19-CV-0575-C
Standardized Fund Accounting Report
As of June 30, 2024

-

EXHIBIT B



8111 Preston Road, Suite 300
Dallas, Texas 75225
Phone: (214) 327-5000
brownfoxlaw.com/payments

BROWN FOX

INVOICE

Invoice # 40650
Date: 07/10/2024

Gallagher Financial Group Receivership

SEC v. Gallagher - Case Administration

Services

Date	Initials	Description	Hours	Rate	Client Total
04/01/2024	CCT	Begin drafting Cash Accounting Summary for 1Q24.	0.30	\$350.00	\$105.00
04/08/2024	CCT	Continue drafting cash accounting summary (1Q24); correspondence with accountants regarding same.	0.20	\$350.00	\$70.00
04/25/2024	CCT	Continue drafting quarterly report (1Q24).	0.60	\$350.00	\$210.00
04/29/2024	CCT	Review correspondence from one investor regarding re-issuing distribution checks; review list of distributions and bank records regarding same; coordinate with staff regarding re-issuance of same.	0.40	\$350.00	\$140.00
04/30/2024	CCT	Finish drafting quarterly report (1Q24); coordinate filing of same; coordinate update to receivership website regarding same. [No charge]	0.20	\$0.00	\$0.00
06/24/2024	CCT	Continue preparing for testimony in D. Carter's criminal trial.	0.20	\$350.00	\$70.00
06/25/2024	CCT	Continue preparing for testimony in D. Carter's criminal trial.	0.90	\$350.00	\$315.00

Quantity Subtotal 2.8

Services Subtotal \$910.00

Expenses

Date	Description	Client Total
04/12/2024	Public Storage - May 2024.	\$412.00
05/14/2024	Public Storage - June 2024.	\$520.00
06/12/2024	Public Storage - July 2024.	\$304.00
Expenses Subtotal		\$1,236.00
Subtotal		\$2,146.00

SEC v. Gallagher - Asset Analysis and Recovery

Date	Initials	Description	Hours	Rate	Client Total
05/01/2024	CCT	Correspondence with Tarrant County DA regarding scheduling prep session before trial; brief telephone conference with potential gold and silver purchaser regarding coins.	0.30	\$350.00	\$105.00
06/11/2024	CCT	Travel to Tarrant County courthouse for all-day prep meeting with DA's office in preparation for D. Carter's criminal trial; attend brief hearing on D. Carter's request to proceed pro se.	8.90	\$350.00	\$3,115.00
06/14/2024	CCT	Correspondence with Tarrant County DA regarding hearing on motion to suppress gold and silver.	0.10	\$350.00	\$35.00
06/17/2024	CCT	Begin preparing for hearing on motion to suppress evidence of gold and silver and for testimony in D. Carter' criminal trial.	0.40	\$350.00	\$140.00
06/18/2024	CCT	Continue preparing for hearing on motion to suppress evidence of gold and silver and for testimony in D. Carter's criminal trial	0.60	\$350.00	\$210.00
06/19/2024	CCT	Continue preparing for hearing on motion to suppress evidence of gold and silver and for testimony in D. Carter's criminal trial.	3.90	\$350.00	\$1,365.00
06/20/2024	CCT	Continue preparing for hearing on motion to suppress evidence of gold and silver and for testimony in D. Carter' criminal trial; travel to Fort	4.40	\$350.00	\$1,540.00

Worth criminal courthouse for suppression hearing on gold and silver; meeting with Tarrant County DA regarding same; return from same; brief meeting with A. Carrillo to discuss plan of action for motion for summary judgment.

06/26/2024	CCT	Continue preparing for testimony in D. Carter' criminal trial; travel to Fort Worth for purposes of same; participate in same; return to Dallas; draft update for receivership website regarding same. [Time reduced from 11.6 total hours for lunch break]	10.90	\$350.00	\$3,815.00
06/27/2024	CCT	Travel to Fort Worth for purposes of Debbie Carter trial; continue testifying at same; return to Dallas.	4.30	\$350.00	\$1,505.00
06/28/2024	CCT	Telephone conference with A. Carrillo regarding strategy for contempt proceeding and TSA lawsuit against Debbie Carter.	0.20	\$350.00	\$70.00

Quantity Subtotal 34.0

Subtotal \$11,900.00

Expenses Total \$1,236.00

Hours Total 36.8

Services Total \$12,810.00

Total \$14,046.00

Current Statement payable upon receipt and due within 30 days.

Federal Tax ID 61-1764390

Wire Payments
Veritex Community Bank
17950 Preston Road, Suite 500
Dallas, TX 75252
ABA # 113024164 Account # 30081159

Check Payments
Brown Fox PLLC
8111 Preston Road, Suite 300
Dallas, TX 75225

Credit Card Payments <https://www.brownfoxlaw.com/payments>

Direct payment inquiries to the Account Services Department at accounting@brownfoxlaw.com

Thank you for choosing Brown Fox. We appreciate your business.

EXHIBIT C



8111 Preston Road, Suite 300
 Dallas, Texas 75225
 Phone: (214) 327-5000
 brownfoxlaw.com/payments

BROWN FOX

INVOICE

Invoice # 40651
 Date: 07/10/2024

Gallagher Financial Group Receivership

SEC v. Gallagher - Non-Receiver Activity: Asset Analysis and Recovery

Date	Initials	Description	Hours	Rate	Client Total
06/03/2024	TBW	Begin researching valuation for gold and silver coins.	0.60	\$250.00	\$150.00
06/17/2024	TBW	Research value of gold and silver coins and how and where to sell same; correspondence with gold and silver buyers regarding pricing gold and silver coins.	0.70	\$250.00	\$175.00
06/19/2024	TBW	Travel to and correspond with multiple gold and silver buyers to get quotes for selling coins.	2.30	\$250.00	\$575.00
06/20/2024	CAC	Confer with Receiver regarding next steps for D. Carter civil case.	0.50	\$290.00	\$145.00
06/20/2024	TBW	Travel to DFW Gold Buyer to sell gold and silver coins.	1.20	\$250.00	\$300.00
06/21/2024	CCK	Confer with C. Thomas regarding strategy related to funds in the court's registry and ancillary lawsuit/claims against D. Carter given her impeding trial.	0.20	\$340.00	\$68.00
06/28/2024	CAC	Confer with Receiver regarding next steps for motion for summary judgment and motion for civil contempt against D. Carter.	0.50	\$290.00	\$145.00
Quantity Subtotal					6.0
Hours Total					6.0

Subtotal	\$1,558.00
Client Total	\$1,558.00

Current Statement payable upon receipt and due within 30 days.

Federal Tax ID 61-1764390

Wire Payments
Veritex Community Bank
17950 Preston Road, Suite 500
Dallas, TX 75252
ABA # 113024164 Account # 30081159

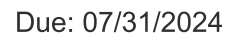
Check Payments
Brown Fox PLLC
8111 Preston Road, Suite 300
Dallas, TX 75225

Credit Card Payments <https://www.brownfoxlaw.com/payments>

Direct payment inquiries to the Account Services Department at accounting@brownfoxlaw.com

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EXHIBIT D



Tax: \$0.00

469-467-4660
2901 N. Dallas Parkway Ste. 320 Plano, TX 75093

Attention: Cort Thomas

Please contact Stacey Huser for any queries about this invoice.

Services

Total

\$246.00

Date: 04/09/2024

Date: 04/11/2024						
Date	Subject / Description			Owner	Hours	Rate Amount
04/11/2024	Review			Stacey H.	18m	\$180.00 \$54.00
	Review of Q1 2024 accounting and SFAR					

Date	Subject / Description	Owner	Hours	Rate	Amount
04/12/2024	Review	Stacey H.	12m	\$180.00	\$36.00
	Finalize Q1 SFAR				

Expense total **APP_0216** \$0.00

Credit Card



SO ORDERED

DATED: _____

UNITED STATES DISTRICT JUDGE

Beginning with the Receiver's First Quarterly Fee Application, which covered the first thirty days of the Receivership (March 8, 2019 - April 7, 2019), the Receiver has filed fee applications covering every quarter of the Receivership. This Twenty-Third Quarterly Fee Application covers the period beginning July 1, 2024, through September 30, 2024.

I. **FEES AND EXPENSES INCURRED**

A. **SFAR**

A copy of the Standardized Fund Accounting Report for the period July 1, 2024, through September 30, 2024, is attached hereto as **Exhibit A**.

B. **Receiver Fees & Expenses (\$16,496.00).**

Fees. As outlined more fully in the Receiver's Twenty-Third Quarterly Report [Dkt. 339], the overwhelming majority of the Receiver's time during the Third Quarter of 2024 involved preparing for and testifying multiple times at proceedings surrounding Debbie Carter's criminal trial, which occurred in June and July 2024. The Receiver and his team also continued strategizing means for quick resolution of the Debbie Carter-related litigation, began preparing and filing motions and other filings related to that litigation, and attended an initial hearing in Commanche County regarding gold and silver seized from Carter upon her initial arrest.

By this Twenty-Third Quarterly Fee Application, the Receiver requests authority to pay \$15,260.00 in Receiver fees incurred from July 1, 2024, through September 30, 2024. The Receiver provided 45.6 hours of service to the Receivership during this period, which, without additional reductions and write-offs, would otherwise result in a bill of \$26,220 to the Receivership Estate.¹

¹ The Receiver's discounted hourly rate for this matter is \$350 per hour. Mr. Thomas' regular billing rate for non-receivership matters is \$575 per hour.

The services provided by the Receiver from July 1, 2024, through September 30, 2024, as well as itemized reductions and write-offs, are set forth in the invoices attached hereto as **Exhibit B**. The services are also summarized in the Receiver's Twenty-Third Quarterly Report [Dkt. 339], which was filed on October 30, 2024.

Expenses. In addition, to assist the Receivership Estate, the Receiver incurred expenses in the amount of \$1,236.00 between July 1, 2024, through September 30, 2024. *See* Ex. B at 3. These expenses consist of the August 2024 to October 2024 fees for Public Storage (\$412 per month).² The Receiver once again is not seeking reimbursement for mileage or other travel expenses related to the Receivership.

In sum, pursuant to the Receivership Order, the Receiver seeks authority to pay a total of **\$16,496.00** in Receiver fees and expenses incurred between July 1, 2024, through September 30, 2024.

C. Receiver's Counsel Fees (\$5,858.00).

The Receiver's primary counsel (Scheef & Stone) did not submit any fees or expenses for the Third Quarter of 2024. On May 21, 2019, the Court granted the Receiver's motion to engage his law firm, Brown Fox PLLC ("Brown Fox") as secondary counsel in this matter.

As detailed more fully in the Receiver's Twenty-Third Quarterly Report [Dkt. 339], during the Third Quarter of 2024 counsel supporting the Receiver continued assisting the Receiver with his efforts to resolve (in the most efficient manner) the outstanding disputes with Debbie Carter.

² The Public Storage expense was previously paid for directly by the Receivership via check. Public Storage has had a history of losing the checks sent by the Receivership, most recently has ceased receiving in-person delivery of the checks, and has requested payment via credit card. Because the Receivership Estate does not have a credit card, the Receiver's firm has agreed to pay the rental fee and seek reimbursement via fee application.

Brown Fox submits monthly invoices to the Receiver for the services rendered. By this Application and pursuant to the Receivership Order, the Receiver requests authority to pay Brown Fox \$5,858.00 in fees billed for work performed during the three-month period of July 1, 2024, through September 30, 2024. Attached hereto as **Exhibit C** is Brown Fox's invoice for the period ending September 2024.

The attorneys and paralegals of Brown Fox who provided services to the Receiver during this period, their billable rates, and the hours billed are summarized as follows:

Attorney/Paralegal	Hours Billed	Discounted Billable Rate	Total Billed
Alan Carrillo (Associate)	20.2	\$290.00	\$5,858.00

Expenses. Brown Fox did not incur any expenses between July 1, 2024, through September 30, 2024.

In sum, pursuant to the Receivership Order, the Receiver seeks authority to reimburse Brown Fox the total of **\$5,858.00** for fees and expenses incurred between July 1, 2024, through September 30, 2024.

D. Receiver's Accountant Fees and Expenses (\$0.00).

The Receiver's accountants did not submit an invoice for any work performed for the receivership during the Third Quarter of 2024.

* * *

Based on the foregoing, the Receiver believes the services rendered to the Receivership by the Receiver, the Receiver's counsel, and the Receiver's accountant W.D. Brown & Associates were valuable and that the rates charged to the Receivership were fair and reasonable. Moreover, the expenses incurred for the Receivership were also reasonable and necessary. The

attorneys for the Securities and Exchange Commission previously reviewed the invoices of the Receiver and his professionals and have no objection to the invoices.

II. LEGAL DISCUSSION OF GUIDELINES FOR PAYMENT OF RECEIVERSHIP FEES AND EXPENSES

In reviewing the total fees (not including expenses) of the Receiver, the Receiver's counsel, and the Receiver's accountants for which approval is sought in this Application (collectively, \$21,118.00), divided by the hours worked (65.7 hours), the lodestar average rate per hour is \$321.43.³ In accordance with the law governing calculation of the lodestar rate, the lodestar rate for which approval is sought in this case is reasonable and does not merit any adjustment.

The "lodestar" method of evaluating the reasonableness of fees, which has been expressly approved by the Supreme Court, requires the court to look into the prevailing market rates in the relevant community and compare the prevalent rates with the average rate charged in the matter in issue. *Perdue v. Kenny*, 130 S.Ct. 1662, 1673 (2010). The lodestar method also includes most of the relevant factors constituting a "reasonable" fee but does not expressly require the "subjective" *Johnson* factor analysis.⁴ *Id.*

The Court calculates the lodestar by determining the number of hours reasonably expended by an appropriate hourly rate in the community.⁵ *Louisiana Power & Light Co. v. Kellstrom*, 50 F.3d 319, 324 (5th Cir. 1995). In evaluating whether requested fees are reasonable, the court may use its own expertise and judgment to independently assess the value

³ To date, the Receiver, Receiver's counsel, and Receiver's accountants have billed at a cumulative lodestar average rate of \$244.91.

⁴ These Johnson factors are nevertheless addressed herein. *See infra*.

⁵ The movant bears the burden of proving that the compensation requested is reasonable, and satisfaction of this burden requires that the movant present records from which the court may determine the nature of the work done, the need for it, and the amount of time reasonably required. *Louisiana Power*, 50 F.3d at 324.

of an attorney's services. *Davis v. Bd. Of Sch. Comm'rs of Mobile County*, 526 F.2d 865, 868 (5th Cir. 1976). The Court also looks for evidence of "billing judgment," or the attorney or receiver's decision to discount or write off time that was unproductive or duplicative. *Saizan v. Delta Concrete Prods. Co.*, 448 F.3d 795, 799 (5th Cir. 2006). The amount of the award, and any reduction of the requested fee award, is within the trial court's discretion. *See, e.g., United States Football League v. National Football League*, 887 F.2d 408, 415 (2d Cir. 1989).

Additional considerations are also relevant in the context of an equity receivership. First, the agreement or opposition of the Commission to the fee application is entitled to great weight. *See, e.g., SEC v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973). Further, given the public service nature of equity receiverships, courts also consider the amounts recovered or other results obtained by the receiver in determining what constitutes a "reasonable fee." *SEC v. Goren*, 272 F. Supp. 2d 202, 207 (E.D.N.Y. 2003). Additionally, examination of reasonableness and necessity should take into account all circumstances surrounding the receivership. *See SEC v. W.L. Moody & Co., Bankers (Unincorporated)*, 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff'd*, *SEC v. W.L. Moody & Co.*, 519 F.2d 1087 (5th Cir. 1975). The complexity and difficulty associated with the receivership are highly relevant factors in determining the reasonableness of professional fees. *See Fifth Ave. Coach Lines*, 364 F. Supp. at 1222 (awarding interim fees and expenses to law firm for role in receivership and noting that it involved wide variety of complex legal matters requiring the time, competence, and diverse resources of a law firm of high caliber). Further, Courts examine the credentials, experience, reputation, and other professional qualities required to carry out a court's orders when assessing the reasonableness of the rates charged for services to a receivership. *See W.L. Moody & Co.*, 374 F. Supp. at 481 (holding that a court should give "considerable weight" to "a receiver's

abilities, as required by the tasks of the receivership”); *see also Fifth Ave. Coach Lines*, 364 F. Supp. at 1222 (fees awarded in full because they were based on law firm’s usual hourly rate and supported by meticulous records).

The Receiver submitted detailed descriptions of the matters on which services were expended, the number of hours billed by each professional, the rates charged by each, and the lodestar calculation for the fees submitted in this Application. Further, the Receiver’s invoices and this Application demonstrate that billing judgment was exercised in the reduction of the standard rates charged by the Receiver and the retained professionals,⁶ in staffing the work performed efficiently, and in writing off time and further reducing rates where necessary. Finally, the Receiver requests that the Court judicially notice the much higher lodestar and hourly rates approved in other receiverships in Texas.⁷

The request for approval of the disbursements is also consistent with the *Johnson* factors set forth by the Fifth Circuit Court of Appeals in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974). Based on the lodestar calculation and the Johnson factors, the Receiver believes that the fees submitted are appropriate, just, and reasonable:

A. **The Time and Labor Required.** The Receiver respectfully directs the Court’s attention to the foregoing summary of unpaid fees and expenses, which identifies the total number of hours billed by the Receiver, the Receiver’s attorneys, and accountants (65.7 hours total) for the period July 1, 2024, through September 30, 2024.

⁶ See Receiver’s Unopposed Motion for Approval of Engagement Agreements ¶ 8 (“Each firm agreed to discounts of not less than 15% for the contracted rates, and in some instances for discounts of 20% or more.”).

⁷ See, e.g., *Securities and Exchange Commission v. Correll*, No. 4:05-CV-472 (E.D. Tex.) (approving Receiver fees of \$400 per hour and lead counsel fees of \$585 per hour); *SEC v. Amerifirst Funding, Inc., et al.*, No. 3:07-CV-1188 (N.D. Tex.) (noting in Dkt. 117 that Receiver’s counsel’s rates, discounted by 10–20% is \$420 per hour); *SEC v. W Financial Group, LLC, et al.*, No. 3:08-CV-0499-N (N.D. Tex.) (noting in Dkt. 65 that Receiver’s counsel’s rate is \$510 per hour, and \$165 per hour for a law clerk); and *CFTC v. Pousa*, No. 1:12-cv-00862 (W.D. Tex.) (approving Receiver fees in excess of \$600 per hour).

B. **The Novelty and Difficulty of the Questions.** Federal equity receiverships require extensive effort in order to act swiftly and efficiently in securing assets, obtaining documents and data from computers to find additional assets, and to communicate with investors and law enforcement agencies. As set forth in prior quarterly reports, the Receiver and his personnel have, among other things, (1) communicated with impacted investors and interface with a multitude of financial institutions, creditors, and persons in possession of information necessary for the Receiver to accomplish his mandate; (2) made substantial progress on the completion of the forensic accounting in this case, which is essential to both the claims process and the Receiver's potential ability to recover significant sums for the investors on fraudulent transfer claims; (3) pursued several lawsuits against fraudulent transferees and other third parties on behalf of the Receivership Estate and injured investors (and settled several of these); (4) disposed of various pieces of real estate held by the Receiver; and (5) established a claims process and made initial and interim distribution payments to the investors.

C. **The Skill Requisite to Perform the Service.** The Receiver believes the services performed in this case to date required individuals possessing considerable skill in the administration of receiverships, asset seizure, collection, and litigation. The Receiver, Scheef & Stone, L.L.P., Brown Fox, PLLC, and W.D Brown & Associates have considerable skill and experience in such areas.

D. **The Preclusion of Other Employment Due to Acceptance of the Case.** Neither the Receiver, Scheef & Stone, LLP, Brown Fox PLLC, nor W.D. Brown & Associates have declined any representation solely because of their services in this case. However, performing all of the work necessary since the inception of the Receivership has substantially limited the

Receiver's available time to dedicate to other pending matters for which his rate was not reduced and which was not subject to a write-off.

E. **The Customary Fee.** The hourly rates sought herein for the Receiver and the Receiver's attorneys and accountants are *substantially* lower than the rates charged by other practitioners of similar experience levels in Texas. Indeed, the per hour rates charged by the Receiver's counsel whose fees are included herein are substantially lower than the rates currently charged on other receiverships pending in Texas.⁸ The lodestar rate of \$321.43 (and \$244.91 cumulatively) per hour also demonstrates that when appropriate the Receiver is having work performed by less expensive attorneys or legal assistants, or is otherwise reducing the amounts billed to the Receivership Estate.

F. **Whether the Fee is Fixed or Contingent.** The Receiver's fees and his counsel's fees are fixed insofar as monies exist by way of Receivership Assets from which to pay such fees, but payment of the fees and expenses is subject to approval by the Court. As discussed more fully in prior fee applications, the Court approved Scheef & Stone's contingency engagement related to third-party litigation on May 24, 2019 [Dkt. 51]. The Receiver will continue to include any requests for approval to pay contingency amounts in conjunction with resolved third-party claims.

G. **Time Limitations Imposed by the Client or Other Circumstances.** Performing the mandate of the Receivership Order and the TRO has been extremely time-sensitive given the asset freeze issues and other related concerns. Likewise, deadlines for the Receiver related to reporting, duties related to asset recovery, management and liquidation are generally time sensitive. This includes the Receiver's successful attempts to file nearly all lawsuits against third

⁸ See footnote 7, *supra*.

parties on or before March 7, 2020—the one-year anniversary of the Receivership. Moreover, identifying and communicating with investors, shocked by the Commission’s allegations, remains time-sensitive.

H. **The Amount Involved and the Results Obtained.** The amount involved in this Receivership is significant. Indeed, pursuant to the Court’s Final Claims Order, the approved claims of DGI investors exceed \$23 million. In the first days of the Receivership, there was approximately only \$800,000 in the Gallagher Defendants’ bank accounts. In the months since, the Receiver has recovered approximately an additional \$9.9 million, for a total of approximately \$10.7 million collected as of September 30, 2023 (\$7.0 million net of expenses). All of these monies and properties were obtained directly through the efforts of the Receiver and the personnel he retained. Moreover, following Debbie Carter’s conviction, the Receiver continues to pursue approximately \$2 million that Carter deposited in the registry of the court and approximately \$200,000 in gold and silver that was seized from Carter. The Receiver is hopeful that his efforts to recover these substantial sums will be successful.

I. **The Experience, Reputation and Ability of the Attorneys.** Scheef & Stone, L.L.P., the Receiver’s primary counsel, and Brown Fox, PLLC, include numerous attorneys who specialize in representation of equity receivers in federal securities or commodities enforcement cases, and have done so for more than fifteen years. The reputations of Scheef & Stone and Brown Fox are recognized and respected in these fields. Scheef & Stone and Brown Fox also have multiple attorneys who specialize in representation of equity receivers in federal securities or commodities enforcement cases. The Receiver has extensive experience in litigation in federal courts in and around the Northern District of Texas.

J. **The Undesirability of the Case.** The representation of the Receiver incident to this case has not been undesirable.

K. **The Nature and Length of the Professional Relationship with the Client.** Scheef & Stone and Brown Fox have not previously represented the Receiver in a receivership.

L. **Awards in Similar Cases.** The Receiver believes the fees requested in this case for his counsel are less than or equal to those which have been awarded in similar cases in federal courts in Texas.

III. CONCLUSION

In conclusion, in accordance with the Receivership Order and SEC billing guidelines, the Receiver represents and certifies that: (i) he has personally reviewed the entire contents of this Fee Application; (ii) the fees and expenses included in this Application were incurred in the best interests of the Receivership Estate; and, (iii) with the exception of the SEC Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof. The Receiver respectfully requests that the Court enter an order approving the fees and expenses requested in this Twenty-Third Quarterly Fee Application, for the period from July 1, 2024, through September 30, 2024.

Dated: October 30, 2024

Respectfully submitted,

RECEIVER CORTNEY C. THOMAS

/s/ Cortney C. Thomas

Cortney C. Thomas

State Bar No. 24075153

cort@brownfoxlaw.com

Brown Fox PLLC

8111 Preston Road, Suite 300

Dallas, Texas 75225

Telephone: (214) 327-5000

Fax: (214) 327-5001

CERTIFICATE OF CONFERENCE

I hereby certify that this Application and true and correct copies of the invoices that are exhibits to this Application were provided to counsel for the Securities and Exchange Commission on October 22, 2024. The Receiver subsequently conferred with counsel for the Securities and Exchange Commission, who indicated that the Commission does not oppose the relief sought herein. A copy of this Application and true and correct copies of the invoices that are exhibits to this Application will be provided to Defendant W. Neil Gallagher, who currently is not represented by counsel in this matter, in accordance with the certificate of service below.

/s/ Cortney C. Thomas

Cortney C. Thomas

CERTIFICATE OF SERVICE

Pursuant to Fed. R. Civ. P. 5(d)(1)(B), as amended, no certificate of service is necessary because this Quarterly Fee Application is being filed with the Court's electronic-filing system. The Receiver will serve a paper copy of this document on Defendant W. Neil Gallagher via certified mail and regular U.S. mail as follows:

William Neil Gallagher, TDCJ # 02328785
Byrd Unit
21 FM 247
Huntsville, TX 77320

/s/ Cortney C. Thomas

Cortney C. Thomas

EXHIBIT A

Civil Action No.: 3:19-CV-0575-C
Standardized Fund Accounting Report
As of September 30, 2024

1 - Beginning Balance (July 1, 2024):	443,200.30
2 - Contributions/Deposits:	-
3 - Investment/Interest Earnings:	-
3a - Investment Interest	2,230.90
4 - Gain on investment Disposition:	-
5 - Disbursements to Investors:	-
Disbursements for Plan Administration Expenses	
6 - Paid by Fund:	1,431.34
7 - Disbursements to Courts/Other:	
8 - District of Columbia (DC) & State Tax Payment:	
9 - Loss on Investment Disposition:	-
9a - Receivable Write-Off - Property Closing Costs	
10 - Ending Balance (September 30, 2024):	443,999.86
11 - Ending Balance of Fund - Net Assets:	443,999.86
11a - Cash & Cash Equivalents:	443,999.86
11b - Investments (3 month CDs):	-
11c - Property Closing Costs	-
Disbursements for Plan Administration Expenses Not	
12 - Paid by Fund:	-
13 - Disbursements to Courts/Other:	
14 - No. of Claims:	
15 - No. of Claimants/Investors:	

EXHIBIT B



8111 Preston Road, Suite 300
 Dallas, Texas 75225
 Phone: (214) 327-5000
 brownfoxlaw.com/payments

BROWN FOX

INVOICE

Invoice # 42044
 Date: 10/10/2024

Gallagher Financial Group Receivership

SEC v. Gallagher - Case Administration

Services

Date	Initials	Description	Hours	Rate	Client Total
07/01/2024	CCT	Begin drafting cash accounting summary (2Q24).	0.10	\$350.00	\$35.00
07/03/2024	CCT	Travel to Fort Worth to testify at D. Carter's criminal trial (recalled by D. Carter after State rested; D. Carter went to hospital; judge eventually released witnesses and asked to return Friday); return from same.	3.70	\$350.00	\$1,295.00
07/05/2024	CCT	Travel to Fort Worth from East Texas vacation to testify at D. Carter's criminal trial (recalled by D. Carter after State rested (second re-call); testify at same; return to East Texas from same.	7.90	\$350.00	\$2,765.00
07/07/2024	CCT	Review emails with counsel to D. Carter in preparation for follow-up testimony.	0.60	\$350.00	\$210.00
07/08/2024	CCT	Travel to Fort Worth to testify at D. Carter's criminal trial (recalled again by D. Carter after State rested (third re-call); testify at same; return to Dallas from same; update receivership website accordingly; correspondence with Comanche county DA's office regarding same; correspondence with W. Dunn regarding UCC lien. [Time reduced from 8.7 total hours]	7.70	\$350.00	\$2,695.00
07/09/2024	CCT	Continue drafting cash accounting summary (2Q24); send same to accountant.	0.20	\$350.00	\$70.00

07/09/2024	CCT	Correspondence with Tarrant County DA regarding sentencing hearing date; draft update for Receivership website regarding same; correspondence with Comanche County DA regarding status of forfeiture proceeding; correspondence with A. Carrillo regarding strategy for contempt motion and motion for summary judgment; correspondence with counsel to D. Carter regarding removal of request for criminal contempt.	0.70	\$350.00	\$245.00
07/11/2024	CCT	Correspondence with one investor regarding status of receivership.	0.20	\$175.00	\$35.00
07/15/2024	CCT	Correspondence with one investor regarding status of receivership.	0.10	\$175.00	\$17.50
07/15/2024	CCT	Correspondence with counsel to SEC regarding case update.	0.20	\$350.00	\$70.00
07/22/2024	CCT	Review auto-renewals of various Gallagher-related websites.	0.10	\$350.00	\$35.00
07/24/2024	CCT	Telephone conference with Tarrant County DA regarding status of sentencing.	0.30	\$350.00	\$105.00
07/29/2024	CCT	Continue drafting quarterly report (2Q24).	1.50	\$350.00	\$525.00
07/29/2024	CCT	Attend first day of criminal sentencing of D. Carter in Fort Worth. [time reduced from 5.7 total hours]	3.10	\$350.00	\$1,085.00
07/30/2024	CCT	Finish drafting quarterly report (2Q24); draft update to receivership website regarding same; correspondence with Comanche County DA's office regarding status of forfeiture proceeding.	0.70	\$350.00	\$245.00
07/31/2024	CCT	Correspondence with two investors regarding D. Carter sentencing.	0.40	\$175.00	\$70.00
08/08/2024	CCT	Telephone conference with K. Carroll regarding status of contempt proceedings; correspondence with C. Koonce and A. Carrillo regarding same.	0.60	\$350.00	\$210.00
08/13/2024	CCT	Continue drafting Seventh Fee Application; finish drafting motion for extension of time to file same.	1.20	\$350.00	\$420.00
08/13/2024	CCT	Telephone conference with Tarrant County DA's office regarding return of documents to storage unit.	0.20	\$350.00	\$70.00
08/15/2024	CCT	Meeting with Tarrant County DA at storage unit to	1.00	\$350.00	\$350.00

		receive return of documents; brief meeting and correspondence with A. Carrillo regarding strategy for forfeiture proceeding.			
08/19/2024	CCT	Telephone conference with M. Gallagher regarding radio stations; telephone conference with potential investor regarding same.	0.60	\$350.00	\$210.00
08/20/2024	CCT	Watch Bloomberg documentary on Gallagher. [No charge]	0.50	\$0.00	\$0.00
09/06/2024	CCT	Prepare for and participate in telephone conference with one investor regarding status of receivership.	0.20	\$175.00	\$35.00
09/12/2024	CCT	Correspondence with one investor regarding status of receivership.	0.10	\$175.00	\$17.50
			Quantity Subtotal		31.9
			Services Subtotal		\$10,815.00

Expenses

Date	Description	Client Total
07/15/2024	Public Storage - August 2024.	\$412.00
08/12/2024	Public Storage - September 2024	\$412.00
09/13/2024	Public Storage - October 2024.	\$412.00
Expenses Subtotal		\$1,236.00
Subtotal		\$12,051.00

SEC v. Gallagher - Asset Analysis and Recovery

Date	Initials	Description	Hours	Rate	Client Total
07/02/2024	CCT	Lengthy meeting with A. Carrillo to discuss strategy for motion for summary judgment.	0.60	\$350.00	\$210.00
07/11/2024	CCT	Continue reviewing initial working draft of brief in support of motion for summary judgment on Carter's aiding and abetting claims.	0.70	\$350.00	\$245.00
07/17/2024	CCT	Meeting with A. Carrillo to discuss working draft	0.80	\$350.00	\$280.00

		of motion for summary judgment and strategy for contempt proceeding and TSA case; correspondence with Tarrant County DA regarding status of transcript.			
07/31/2024	CCT	Correspondence with Comanche County prosecutor regarding potential status conference.	0.10	\$350.00	\$35.00
08/01/2024	CCT	Correspondence with Comanche County DA's office regarding status of forfeiture proceeding; review answer previously filed in forfeiture proceeding for purposes of same; correspondence with Comanche County court coordinator regarding potential status conference; correspondence with Tarrant County DA's office; review Carter bank statements.	0.70	\$350.00	\$245.00
08/02/2024	CCT	Telephone conference with Tarrant County investigator regarding gold and silver bars; review correspondence regarding same; begin reviewing background information from Tarrant County DA's office; continue preparing for forfeiture hearing	0.90	\$350.00	\$315.00
08/06/2024	CCT	Correspondence with Comanche County clerk's office regarding stay of proceeding; correspondence with A. Carrillo regarding motion to lift stay.	0.20	\$350.00	\$70.00
08/12/2024	CCT	Review working draft of motion to lift stay of forfeiture proceeding; revise same; correspondence with A. Carrillo regarding same.	0.30	\$350.00	\$105.00
08/14/2024	CCT	Brief meeting with A. Carrillo to discuss strategy for upcoming forfeiture hearing.	0.20	\$350.00	\$70.00
08/19/2024	CCT	Meetings with A. Carrillo to discuss strategy for contempt motion; correspondence with Comanche County court clerk regarding hearing dates on motion to lift abatement.	0.40	\$350.00	\$140.00
08/21/2024	CCT	Correspondence with accountants regarding Goldmark taxes.	0.10	\$350.00	\$35.00
09/23/2024	CCT	Meeting with A. Carrillo to discuss upcoming hearing in Comanche County; continue preparing for same.	0.50	\$350.00	\$175.00
09/24/2024	CCT	Travel to Comanche County to attend hearing on motion to lift abatement; participate in same; return from same; telephone conference with K. Crawford regarding potential storage options for gold and silver; telephone conference and correspondence	6.60	\$350.00	\$2,310.00

with Receivership Bank regarding same.

09/25/2024	CCT	Meeting at Receivership Bank to discuss safety deposit boxes.	0.60	\$350.00	\$210.00
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Quantity Subtotal 12.7

Subtotal \$4,445.00

Expenses Total \$1,236.00

Hours Total 44.6

Services Total \$15,260.00

Total \$16,496.00

Current Statement payable upon receipt and due within 30 days.

Federal Tax ID 61-1764390

Wire Payments
Veritex Community Bank
17950 Preston Road, Suite 500
Dallas, TX 75252
ABA # 113024164 Account # 30081159

Check Payments
Brown Fox PLLC
8111 Preston Road, Suite 300
Dallas, TX 75225

Credit Card Payments <https://www.brownfoxlaw.com/payments>

Direct payment inquiries to the Account Services Department at accounting@brownfoxlaw.com

Thank you for choosing Brown Fox. We appreciate your business.

EXHIBIT C



8111 Preston Road, Suite 300
Dallas, Texas 75225
Phone: (214) 327-5000
brownfoxlaw.com/payments

BROWN FOX

INVOICE

Invoice # 41855
Date: 10/10/2024

Gallagher Financial Group Receivership

SEC v. Gallagher - Non-Receiver Activity: Asset Analysis and Recovery

Date	Initials	Description	Hours	Rate	Client Total
07/02/2024	CAC	Review court filings and evidence to begin drafting motion for summary judgment in Texas Securities Act lawsuit against D. Carter; confer with Receiver regarding same.	2.00	\$290.00	\$580.00
07/05/2024	CAC	Begin to draft motion for summary judgment against D. Carter; review documents produced by Receiver to D. Carter in connection with same.	2.50	\$290.00	\$725.00
07/07/2024	CAC	Continue to draft motion for summary judgment against D. Carter in TSA case; conduct legal research for same; review evidence and public filings to draft same.	2.70	\$290.00	\$783.00
07/09/2024	CAC	Correspond with Receiver regarding next steps for D. Carter civil proceedings following criminal trial.	0.20	\$290.00	\$58.00
07/17/2024	CAC	Confer with Receiver regarding motions to draft in civil cases against D. Carter and next steps for litigation.	0.50	\$290.00	\$145.00
07/26/2024	CAC	Begin to draft motions to reopen TSA and contempt proceedings; conduct legal research in connection with same.	0.90	\$290.00	\$261.00
08/01/2024	CAC	Confer with Receiver regarding next steps for civil cases against D. Carter.	0.10	\$290.00	\$29.00
08/08/2024	CAC	Correspond with Receiver and C. Koonce regarding forfeiture proceeding strategy.	0.10	\$290.00	\$29.00

08/09/2024	CAC	Draft motion to lift abatement and request final hearing in the state forfeiture case; conduct legal research and review docket filings in connection with same; send same to Receiver for review and comment.	1.10	\$290.00	\$319.00
08/12/2024	CAC	Review Receiver's comments to draft motion to lift abatement of forfeiture proceeding and set final hearing; incorporate revisions based on same; draft proposed order based on same.	0.40	\$290.00	\$116.00
08/13/2024	CAC	Draft revisions to motion and proposed order regarding lifting abatement of forfeiture case and setting final hearing; confer with Receiver regarding same.	0.70	\$290.00	\$203.00
08/14/2024	CAC	Confer with Receiver regarding forfeiture proceeding and procedure.	0.20	\$290.00	\$58.00
08/15/2024	CAC	Revise draft motion to lift abatement of case and set final hearing and proposed order granting same; confer with Receiver regarding same; file same.	0.40	\$290.00	\$116.00
08/19/2024	CAC	Meet with Receiver regarding TSA and civil contempt proceedings against Debbie Carter and strategy for same.	0.20	\$290.00	\$58.00
08/31/2024	CAC	Analyze open issues regarding renewed demand for civil contempt against D. Carter.	0.20	\$290.00	\$58.00
09/23/2024	CAC	Meet with Receiver regarding hearing to lift abatement on forfeiture hearing; conduct legal research in preparation for same; review pleadings and documents in preparation for same.	1.90	\$290.00	\$551.00
09/24/2024	CAC	Attend hearing and argue for Receiver's motion to lift abatement of criminal forfeiture case; travel to and from same; prepare for same.	6.00	\$290.00	\$1,740.00
09/25/2024	CAC	Confer with Receiver regarding D. Carter criminal asset forfeiture case.	0.10	\$290.00	\$29.00

Quantity Subtotal 20.2

Hours Total 20.2

Services Total \$5,858.00

Total \$5,858.00

Current Statement payable upon receipt and due within 30 days.

Federal Tax ID 61-1764390

Wire Payments
Veritex Community Bank
17950 Preston Road, Suite 500
Dallas, TX 75252
ABA # 113024164 Account # 30081159

Check Payments
Brown Fox PLLC
8111 Preston Road, Suite 300
Dallas, TX 75225

Credit Card Payments <https://www.brownfoxlaw.com/payments>

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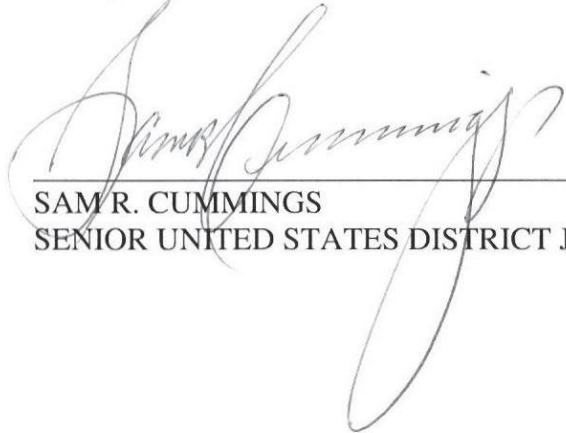
SO ORDERED

DATED: _____

UNITED STATES DISTRICT JUDGE

3. The sum of \$246.00 shall be paid to W.D. Brown & Associates, PLLC for its services as accountant to the Receiver from April 1, 2024 through June 30, 2024.

SO ORDERED this 4th day of November, 2024.



SAM R. CUMMINGS
SENIOR UNITED STATES DISTRICT JUDGE

**RECEIVER’S FEE APPLICATION FOR SERVICES PERFORMED BETWEEN
APRIL 1, 2024 AND JUNE 30, 2024, AND BRIEF IN SUPPORT**

TO THE HONORABLE UNITED STATES MAGISTRATE JUDGE HAL R. RAY, JR.:

Pursuant to the *Order Approving Employment of Dykema Gossett PLLC as Counsel to the Receiver Effective as of December 3, 2021* [ECF No. 19] (the “Dykema Employment Order”), the *Order Approving Employment of Rose L. Romero of the Law Offices of Romero | Kozub as Local Counsel to Receiver Effective December 3, 2021* [ECF No. 24] (the “Romero Employment Order”), the *Order* [ECF No. 87] (the “Jones Employment Order”) approving the *Application to Employ Law Practice of Darrell R. Jones, PLLC as Counsel to Receiver Effective December 2, 2021*, the *Order* [ECF No. 106] (the “Palmour Employment Order”) approving the *Application to Employ Vicki Palmour Consulting, LLC as Oil and Gas Consultant to Receiver Effective January 1, 2022*, the *Order* [ECF No. 180] (the “Ahuja Employment Order”) approving the *Application to Employ Ahuja & Clark, PLLC as Accountants to Receiver Effective April 1, 2022*, and the *Order* [ECF No. 331] (the “Stretto Employment Order”) approving the *Receiver’s Application to Employ Bankruptcy Management Solutions Inc. d/b/a Stretto as Claims and Disbursement Agent, Deborah D. Williamson, in her capacity as the Court-appointed Receiver* (the “Receiver”) for the Receivership Parties (as defined in the *Order Appointing Receiver* [ECF No. 17] (the “Receivership Order”))¹ and receivership estates (collectively, the “Receivership Estates”) in the above-captioned case (the “Case” or the “Receivership”), hereby submits this *Receiver’s Fee Application for Services Performed Between April 1, 2024 and June 30, 2024, and Brief in Support* (the “Application”) of Deborah D. Williamson, as Receiver, Dykema Gossett PLLC (“Dykema”), Rose L. Romero with the Law Offices of Romero | Kozub (“Romero”), the Law Practice of Darrell

¹ Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Receivership Order or the Eleventh Report (as defined herein).

R. Jones, PLLC (“Jones”), Vicki Palmour Consulting, LLC (“Palmour”), Ahuja & Clark, PLLC n/k/a Ahuja & Consultants, Inc. (“Ahuja”),² and Bankruptcy Management Solutions Inc. d/b/a Stretto (“Stretto”). In support of the Application, the Receiver respectfully states as follows:

I. OVERVIEW

1. As more fully detailed in the *Receiver’s Eleventh Quarterly Report for Receivership Estates (April 1, 2024 – June 30, 2024)* [ECF No. 571] (the “Eleventh Report”), the Receiver, with the assistance of her Retained Personnel, analyzed and, where appropriate, objected to claim submissions of the Receivership Parties’ creditors in accordance with the Court-approved claims procedure; resolved the Railroad Commission of Texas (“RRC”) claims in this Case; prepared final reporting for submission to the Texas Comptroller of Public Accounts (the “Comptroller”); and engaged a Fort Worth-based auctioneer to conduct a public auction of the remaining known personal property pursuant to Court-approved procedures. The Receiver engaged a third-party escheat vendor to commence the escheatment process with the Comptroller, which was completed during the Application Period (as defined below). A substantial amount of time was spent in the second quarter of 2024 on the Court-approved claims procedure, focusing on communications with various creditors, including investors (potential and known), vendors, and governmental agency contacts, and claims analysis and allowance and/or objection, as appropriate. The Receiver also obtained Court approval of the settlement of certain claims and causes of action of certain Heartland-related Receivership Parties with respect to former counsel, Locke Lord LLP (“Locke Lord”), which benefits Heartland investors as a “return of capital”. The Receiver formulated and proposed a distribution methodology and plan for Court approval, which was obtained on

² Effective January 25, 2024, Ahuja changed its name to “Ahuja & Consultants, Inc.”

July 1, 2024, after notice and hearing. Additionally, the Receiver and her team continue to analyze various records relating to other potential assets and/or claims of the Estates.

2. Communications with investors, vendors, and other creditors steadily increased throughout the Application Period as Locke Lord settlement and distribution packages were delivered to investors and known non-investor creditors. Specifically, Ms. Behrends, on behalf of the Receiver, held approximately 147 telephone conferences with known and potential investors (not including calls with non-investor creditors) regarding the claims procedure, including the proof of claim forms and questions on their respective transaction schedule and/or net transaction amount, the proposed distribution methodology and plan, and the settlement with Locke Lord. The Receiver and her team continued daily communications with investors (known and potential), vendors, creditors, and other stakeholders via email regarding Case status and the claims procedure. The website (www.heartlandreceivership.com) is continuously updated with key court documents, notices, and reports.

3. The Receiver remains very cognizant of the need to balance performance of her duties with costs. Comparing this Application Period to the prior, Ahuja's hours decreased from 438.50 hours in the first quarter of 2024 to 372.60 hours in this Application Period. Dykema has voluntarily reduced the requested reimbursement by \$12,671.40, including time spent by the Receiver and by Dykema attorneys during the Application Period.

4. At the beginning of the second quarter of 2024, the Receiver had \$9,629,770.27 on deposit. At the end of the second quarter of 2024, the amount on deposit was \$18,755,092.14 after receipt of proceeds from settlements and payments of operating expenses and Court-approved fees and expenses. As of the filing of this Application (July 24, 2024), \$18,752,648.59 is in the

Receivership bank accounts. This amount will be significantly reduced once \$15,025,000.00 in Court-approved distributions are made.

II. RELIEF REQUESTED

5. This Application seeks authorization from the Court to pay on an interim basis fees and expenses for professional services performed from April 1, 2024 through June 30, 2024 (the “Application Period”), by the Receiver in the amount of \$132,705.00 for fees; Dykema, as lead counsel to the Receiver, in the amount of \$215,690.40 for fees and in the amount of \$15,390.81 for expenses; Romero, as local counsel to the Receiver, in the amount of \$6,035.00 for fees; Jones, as oil and gas transactional counsel to the Receiver, in the amount of \$12,285.00 for fees; Palmour, as oil and gas consultant to the Receiver, in the amount of \$1,200.00 for fees; Ahuja, as tax and forensic accountants to the Receiver, in the amount of \$99,269.50 for fees and in the amount of \$302.80 for expenses; and Stretto, as claims and disbursement agent to the Receiver, in the amount of \$39,301.50 for fees and in the amount of \$29,425.32 for expenses. The Receiver respectfully requests this Court enter the proposed order attached hereto as **Exhibit B**, approving this Application on an interim basis and authorizing the Receiver to pay outstanding amounts approved thereunder.

6. The Receivership Order at ¶ 62 requires that the “Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates” within forty-five (45) days of the end of each calendar quarter. Thus, this Application covers April 1, 2024 through June 30, 2024.

III. GENERAL BACKGROUND

7. This Application is submitted in accordance with the Receivership Order, the local rules of this Court, and the *Billing Instructions for Receivers in Civil Actions Commenced by the United States Securities and Exchange Commission* (the “Commission Billing Instructions”), and

other applicable orders of this Court. The Receiver, Dykema, Romero, Jones, Palmour, Ahuja, and Stretto have previously submitted fee applications to this Court in this Case. *See generally* ECF Nos. 132, 198, 245, 280, 334, 361, 386, 427, 453, 540. Through the first quarter of 2024, the Receiver, Dykema, Romero, Palmour, Jones, Ahuja, and Stretto have been paid on an interim basis for services performed on behalf of the Receiver in this Case, all to the extent authorized by this Court. *See generally* ECF Nos. 163, 216, 259, 265, 290, 348, 372, 407, 439, 460, 554. The Receiver submitted this Application to the Commission (as defined below) for review prior to submission to the Court.

A. Procedural History

8. On December 1, 2021 (the “Commission Application Date”), Plaintiff, the Securities and Exchange Commission (the “Commission”), filed its application for the appointment of a receiver for the Receivership Parties (the “Commission Application”).

9. In its *Complaint*, the Commission alleges that this Case “concerns an oil and gas offering fraud conducted over three years.” *See* ECF No. 1, at ¶ 1. Further, the Commission’s *Complaint* alleges that various Defendants “fraudulently raised approximately \$122 million from more than 700 investors nationwide, purportedly for working over existing wells or drilling new wells in Texas, through five unregistered securities offerings[.]” *Id.*

10. On December 2, 2021, this Court determined that entry of an order appointing a receiver over the Receivership Parties was both necessary and appropriate to marshal, conserve, hold, and operate all of the Receivership Parties’ assets pending further order of this Court. Accordingly, the Court entered the Receivership Order on December 2, 2021, appointing Deborah D. Williamson of Dykema as the Receiver over the Receivership Estates in this Case.

11. The Receivership Order directs the Receiver to retain Romero as local counsel. See Receivership Order at ¶ 2. Accordingly, the Receiver engaged Romero on December 3, 2021, and has employed Romero on matters beyond local counsel, including obtaining advice on matters related to the Commission and the relief sought by the Commission.

12. Further, the Receivership Order authorizes the Receiver to “engage and employ persons in the Receiver’s discretion to assist the Receiver in carrying out the Receiver’s duties and responsibilities[.]” *Id.* at ¶ 8(H). Thus, the Receiver engaged Dykema as her lead counsel on December 3, 2021, and Jones as her oil and gas transactional counsel effective on the same date.

13. On December 3, 2021, the Receiver filed under seal her *Application to Employ Dykema Gossett PLLC as Counsel to Receiver Effective as of December 3, 2021* [ECF No. 18] (the “Dykema Application”). As detailed in the Dykema Application, the Receiver agreed to significantly discounted rates for Dykema professionals through 2022 in this Case.³ Dykema has agreed to keep the discounted rates until further notice.

14. On December 6, 2021, this Court entered the Dykema Employment Order [ECF No. 19].

15. On December 7, 2021, the Receiver filed under seal her *Application to Employ Law Offices of Romero | Kozub as Local Counsel to Receiver Effective as of December 3, 2021* [ECF No. 21] (the “Romero Application”). Ms. Romero also discounted her hourly rate in this Case.

³ The Receiver’s standard hourly rate for 2021 was \$840.00, the Receiver’s standard hourly rate for 2022 was \$880.00, the Receiver’s standard hourly rate for 2023 was \$950.00, and the Receiver’s standard hourly rate for 2024 is \$980.00. Dykema members’ and senior counsels’ standard hourly rates ranged from \$425.00-\$925.00 for 2021, \$425.00-\$1,400.00 for 2022, and \$470.00-\$1,400.00 for 2023. Dykema members’ and senior counsels’ standard hourly rates range from \$515.00-\$1,095.00 for 2024. Dykema associates’ and senior attorneys’ standard hourly rates ranged from \$370.00-\$505.00 for 2021, \$395.00-\$530.00 for 2022, and \$395.00-\$610.00 for 2023. Dykema associates and senior attorneys’ standard hourly rates range from \$435.00-\$625.00 for 2024.

16. On the same date, the Receiver filed under seal her *Application to Employ Law Practice of Darrell R. Jones, PLLC as Counsel to Receiver Effective as of December 2, 2021* [ECF No. 22] (the “Jones Application”). As detailed in the Jones Application, Mr. Jones discounted his standard hourly rate in this Case, which is an additional discount to the Receivership Estates.

17. On December 8, 2021, the Court entered the Romero Employment Order [ECF No. 24] and the *Order Approving Plaintiff United States Securities and Exchange Commission’s Motion to Unseal Case* [ECF No. 23], unsealing the docket in this Case.

18. Also on December 8, 2021, the Court entered an Order directing the Receiver to “file additional information regarding Jones’s application.” See ECF No. 26. In response, the Receiver filed a supplemental reply in support of the Jones Application. See generally ECF No. 31.

19. On December 27, 2021, the Receiver filed a second supplemental reply in support of the Jones Application. See generally ECF No. 67.

20. After considering the Jones Application at the January 4, 2022 hearing, this Court entered the Jones Employment Order [ECF No. 87].

21. On January 11, 2022, the Receiver filed her *Application to Employ Vicki Palmour Consulting, LLC as Oil and Gas Consultant to Receiver Effective as of January 1, 2022* [ECF No. 98] (the “Palmour Application”).

22. After considering the Palmour Application at the January 19, 2022 hearing, this Court entered the Palmour Employment Order [ECF No. 106].

23. On April 6, 2022, the Receiver filed her *Application to Employ Ahuja & Clark, PLLC as Accounts to Receiver Effective as of April 1, 2022* [ECF No. 179] (the “Ahuja Application”).

24. After considering the Ahuja Application at the April 22, 2022 hearing, this Court entered the Ahuja Employment Order [ECF No. 187].

25. On December 20, 2022, the Receiver filed her *Receiver’s Application to Employ Bankruptcy Management Solutions Inc. d/b/a Stretto as Claims and Disbursement Agent* [ECF No. 302] (the “Stretto Application”).

26. On February 10, 2023, after considering the Stretto Application at the February 9, 2023 hearing, this Court entered the Stretto Employment Order [ECF No. 331].

B. Work Performed During the Application Period

27. Since the beginning of this Case, the tasks and challenges presented have been numerous and, in many instances, novel, complex, and time-consuming. The efforts of the Receiver and her Retained Personnel during the Application Period resulted in several successful negotiations and settlements in this Case, execution of the Court-approved claims procedure, and tangible progress towards a distribution to investors and other creditors, as evidenced herein.

28. The Receiver incorporates by reference the *Receiver’s First Quarterly Report for Receivership Estates* [ECF No. 126], the *Receiver’s Second Quarterly Report for Receivership Estates* [ECF No. 189], the *Receiver’s Third Quarterly Report for Receivership Estates* [ECF No. 242], the *Receiver’s Fourth Quarterly Report for Receivership Estates* [ECF No. 274], the *Receiver’s Fifth Quarterly Report for Receivership Estates* [ECF No. 320], the *Receiver’s Sixth Quarterly Report for Receivership Estates* [ECF No. 350], the *Receiver’s Seventh Quarterly Report for Receivership Estates* [ECF No. 380], the *Receiver’s Eighth Quarterly Report for*