

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

<b>SECURITIES AND EXCHANGE</b>	§
<b>COMMISSION,</b>	§
Plaintiff,	§
	§
v.	§
	§
<b>CHRISTOPHER A. FAULKNER,</b>	§
<b>BREITLING ENERGY</b>	§
<b>CORPORATION, JEREMY S.</b>	§
<b>WAGERS, JUDSON F. (“RICK”)</b>	§
<b>HOOVER, PARKER R. HALLAM,</b>	§
<b>JOSEPH SIMO, DUSTIN MICHAEL</b>	§
<b>MILLER RODRIGUEZ, BETH C.</b>	§
<b>HANDKINS, GILBERT STEEDLEY,</b>	§
<b>BREITLING OIL &amp; GAS</b>	§
<b>CORPORATION, CRUDE ENERGY,</b>	§
<b>LLC, PATRIOT ENERGY, INC.,</b>	§
Defendants,	§
	§
and	§
	§
<b>TAMRA M. FREEDMAN and</b>	§
<b>JETMIR AHMEDI,</b>	§
Relief Defendants.	§

Case No.: 3:16-cv-01735-D

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**RECEIVER’S MOTION FOR LEAVE TO COMMENCE ANCILLARY LITIGATION**

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Pursuant to Paragraph 43 of the Second Amended Order Appointing Receiver (Dkt. 418) (the “Second Amended OAR”), Thomas L. Taylor III, the Court-appointed temporary Receiver (the “Receiver”) for Defendants Christopher A. Faulkner (“Faulkner”), Breitling Oil & Gas Corporation (“BOG”), Breitling Energy Corporation (“BECC”), Crude Energy, LLC (“Crude Energy”) and Patriot Energy, Inc. (“Patriot”), and non-parties Breitling Royalties Corporation (“BRC”), Breitling Ventures Corporation (“BVC”), Breitling Holdings Corporation (“BHC”), Breitling Operating Corporation (“Breitling Ops”), Crude Royalties, LLC (“Crude Royalties”),

Inwood Investments, Inc. (“Inwood”) and Grand Mesa Investments, Inc. (“Grand Mesa”) (collectively, excluding Faulkner, the “Receivership Entities”) in the above-entitled action, hereby seeks the Court’s permission to commence ancillary litigation.

In the course of the Receiver’s investigation into the manner in which the financial and business affairs of the Receivership Entities were conducted, the Receiver has identified in the bank records and other books and records of the Receivership Entities payments of salary, commission and other compensation to individuals (and in some cases to their alter ego entities) for sales and/or promotion of the fraudulent investment vehicles which are the subject of the present action. There is a presumption that such payments from an insolvent, fraudulent scheme are fraudulent transfers under Tex. Bus. & Com. Code § 24.005(a)(1) (transfers with actual intent to defraud creditors). The Receiver believes that it is beyond dispute that the payments meet the threshold test of fraudulent transfers under TUFTA. Moreover, these individuals and their alter ego entities may not avail themselves of the defenses set forth in TUFTA § 24.009(a). The individuals and entities in question cannot demonstrate that they provided “reasonably equivalent value” when the promotional, advertising and sales activities were at the core of the Breitling fraudulent scheme. Nor can these employees even colorably assert the “good faith” element of a defense under TUFTA based upon their pervasive involvement in the operation of the Breitling fraudulent scheme.

The Receiver has established communication with the following putative fraudulent conveyance defendants, but has been unable to enter into acceptable settlement/payment arrangements with them. Accordingly, the Receiver seeks leave to proceed against the following:<sup>1</sup>

Reymond Trevino d/b/a Eagle Rio Energy Companies, Inc.  
Robert Lon Morgan II  
Derek Taylor d/b/a Alden Adams, Inc.  
Thomas Miller

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<sup>1</sup> The Receiver has discovered similar payments, compensation and/or commissions to other individuals but has been unsuccessful in locating these individuals/entities or establishing communication. The Receiver’s efforts with respect to these possible defendants continues.

Charles Faust  
Nathan Madu  
Okoto Okpo  
David Kovac

In connection with the present Motion for Leave to Commence Ancillary Litigation, the Receiver requests relief from this Court's stay of ancillary litigation embodied in Paragraphs 32-34 of the Amended OAR. In ordering a stay of Ancillary Proceedings, the Court caused applicable statutes of limitation to be tolled during the pendency of its Order. To facilitate the Receiver's commencement of proceedings, the Receiver requests that the tolling provisions in Paragraph 34 of the Amended OAR be continued in force as to these individuals and entities for 60 days from the date of this Court's Order Granting Leave to Commence Ancillary Litigation.

Dated: December 18, 2019.

Respectfully submitted,

By: /s/ Thomas L. Taylor III

Thomas L. Taylor III  
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RECEIVER

**CERTIFICATE OF CONFERENCE**

I certify that I have provided the Staff of the SEC with the present Motion and they have stated that they have no objection to the Court's granting the Motion as presented.

I further certify that I conferred regarding the relief sought by this Motion with Karen Cook and S. Michael McColloch, counsel for Defendants Parker Hallam and Crude Energy, LLC and non-party Crude Royalties, LLC, who do not oppose the relief sought herein.

/s/ Thomas L. Taylor III  
Thomas L. Taylor III

**CERTIFICATE OF SERVICE**

On December 18, 2019, I served the foregoing document pursuant to the Federal Rule of Civil Procedure 5(b)(2) by filing it through the Court's CM/ECF filing system.

I further certify that on December 18, 2019, I served a true and correct copy of the foregoing document on the following parties and persons entitled to notice that are non-CM/ECF participants:

Christopher A. Faulkner  
Johnson County Inmate  
FCI Seagoville  
Previous Register No. 76501-112  
1800 Ridgmar Dr.  
Cleburne, TX 76501  
*Pro Se Defendant*

/s/ Thomas L. Taylor III  
Thomas L. Taylor III



Derek Taylor d/b/a Alden Adams, Inc.  
Thomas Miller  
Charles Faust  
Nathan Madu  
Okoto Okpo  
David Kovac

**IT IS FURTHERE ORDERED** that the provisions of Paragraph 34 of the Second Amended Order Appointing Receiver (Dkt. 418) tolling applicable statutes of limitation as to these individuals shall remain in force for 60 days from the date hereof.

Signed this \_\_\_\_ day of \_\_\_\_\_, 2019.

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SIDNEY A. FITZWATER  
UNITED STATES DISTRICT JUDGE