

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

SECURITIES AND EXCHANGE	§	
COMMISSION,	§	
Plaintiff,	§	
	§	
v.	§	Case No.: 3:16-cv-01735-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.	§	

RECEIVER’S MOTION FOR LEAVE TO COMMENCE ANCILLARY LITIGATION

Pursuant to Paragraph 43 of the Amended Order Appointing Receiver (Dkt. 320) (the “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”), 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”), 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 causes of action against auditing firm Rothstein Kass & Co., PLLC and certain of its auditing personnel ("Rothstein Kass"). In determining to seek leave to commence litigation, the Receiver reviewed extensive investigative testimony taken by the Securities and Exchange Commission and associated documentary evidence, conducted interviews of relevant persons and conducted a deposition of the Rothstein Kass principal in charge of auditing engagements for Receivership Entities. Based upon the foregoing, the Receiver has determined that Rothstein Kass failed to perform auditing services to BOG, BRC and BECC according to Generally Accepted Auditing Standards and, hence, may be held liable to the Receivership Entities for professional negligence and related tortious conduct.¹ The Receiver also would seek to recover in excess of \$300,000 in fees paid to Rothstein Kass pursuant to the Texas Uniform Fraudulent Transfer Act. TEX. BUS. & COM. CODE § 24.001 *et seq.*

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 Rothstein Kass for 60 days from the date hereof.

¹ On March 5, 2019, this Court entered an Order denying Jinsun Plaintiffs' Motion to Vacate the Court's Clarification Order ("March 5 Order") (Dkt. 408). In entering its Order, this Court observed that actionable harm may have been sustained by Receivership Entities based upon alleged professional negligence by Rothstein Kass (March 5 Order, p. 10).

Dated: March 11, 2019.

Respectfully submitted,

By: /s/ Thomas L. Taylor III

Thomas L. Taylor III
Texas State Bar: 19733700
taylor@tltaylorlaw.com

THE TAYLOR LAW OFFICES, P.C.
245 West 18th Street
Houston, Texas 77008
Tel: 713.626.5300
Fax: 713.402.6154

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 Jeremy Wagers, *Pro Se* Defendant, and 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 March 11, 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, and by sending a true and correct copy via electronic mail to those parties listed below, with written consent:

Jeremy Wagers
2400 Augusta Drive, Ste. 453
Houston, TX 77057
jwagers@wagerslaw.com

PRO SE DEFENDANT

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

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

SECURITIES AND EXCHANGE	§	
COMMISSION,	§	
Plaintiff,	§	
	§	
v.	§	Case No.: 3:16-cv-01735-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 GRANTING THE RECEIVER’S MOTION FOR
LEAVE TO COMMENCE ANCILLARY LITIGATION**

On this date, the Court considered the Receiver’s March 11, 2019 Motion for Leave to Commence Ancillary Litigation (the “Motion”). The Court, having considered the Motion, finds that the Motion should be granted. Accordingly,

IT IS HEREBY ORDERED that the relief requested in the Motion is **GRANTED**, and the Court-appointed Receiver is granted leave to file ancillary litigation as to Rothstein Kass & Co., PLLC and certain of its auditing personnel (“Rothstein Kass”).

IT IS FURTHERE ORDERED that the provisions of Paragraph 34 of the Amended Order Appointing Receiver (Dkt. 320) tolling applicable statutes of limitation as to Rothstein Kass shall remain in force for 60 days from the date hereof.

Signed this ____ day of _____, 2019.

SIDNEY A. FITZWATER
UNITED STATES DISTRICT JUDGE