

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

SECURITIES AND EXCHANGE	§	
COMMISSION,	§	
<i>Plaintiff,</i>	§	
	§	
vs.	§	Civil Action No. 3:16-CV-1735-D
	§	
CHRISTOPHER A. FAULKNER, et al.,	§	
<i>Defendants.</i>	§	

**FIRST AMENDED ORDER GRANTING RECEIVER'S MOTION TO APPROVE
PROPOSED PLAN OF DISTRIBUTION AND ESTABLISH PROCEDURES TO
DETERMINE AND DISALLOW FINAL CLAIMS**

This Court has considered temporary receiver Thomas L. Taylor III's ("Receiver") March 27, 2019 Unopposed Motion to Amend ("Motion") the Court's March 26, 2019 Order Granting Receiver's Motion to Approve Proposed Plan of Distribution and Establish Procedures to Determine and Disallow Final Claims (ECF No. 419) ("March 26 Order"). Having determined that (1) upon the Receiver's filing of the certificate of service ordered below, full notice and opportunity to respond to the Receiver's February 25, 2019 Motion to Approve Proposed Plan of Distribution and to Establish Procedures to Determine and Disallow Final Claims (ECF No. 406) ("Plan Motion") will have been given by the Receiver to all potentially affected parties, and (2) the Plan Motion and the Motion are fully supported by the written submissions and record before the Court, the Plan Motion and Motion are hereby GRANTED in all respects. It is therefore:

ORDERED that the Receiver shall separately move the Court with respect to the invalidation of certain conveyances of assets from Receivership Entities to investors in or through Receivership entities through summary proceedings before this Court. Notice of all such motions

shall be served pursuant to FED. R. CIV. P. 5(b) on all affected parties, who shall be afforded the opportunity to respond to the relief sought by the Receiver. It is further

ORDERED that on or before June 5, 2019 the Receiver shall (1) serve a notice consistent with the notice attached as Exhibit 1 to the Plan Motion (ECF No. 406-1, the “Notice of Plan”) by U.S. First Class Mail, postage prepaid, on all potential claimants with postal addresses identified in the Receivership books and records, or by electronic mail to all such potential claimants for which the Receiver has identified an email address but is unable to identify a postal address; and (2) cause to be published for one day in The Dallas Morning News and the national edition of the Wall Street Journal a notice of the Plan Motion consistent with the Notice of Plan. It is further

ORDERED that the Receiver shall file with the Court a certificate of service certifying the completion of the foregoing service of notice to potential claimants. It is further

ORDERED that, unless otherwise subsequently ordered by this Court, on the 22nd day following the Receiver’s filing of the foregoing certificate of service, it shall be:

ORDERED that Receivership Assets¹ shall ultimately be distributed to those parties that have suffered a “net out-of-pocket loss” (the “Investor Claimants”) as a result of an investment in BOG, BRC, BECC, Crude Energy, Crude Royalties or Patriot (the “Offering Entities”). An Investor Claimant’s “net out-of-pocket loss” is equal to the gross amount of an Investor Claimant’s investment in an Offering Entity, less any amount, or the value of any asset, received by the Investor Claimant with respect to the investment.

¹ Receivership Assets means all assets—in any form or of any kind whatsoever—owned, controlled, managed, or possessed, directly or indirectly, by 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”), and any person or entity placed into receivership by this Court subsequent to the Court’s March 26, 2019 Second Amended Order Appointing Receiver (ECF No. 418) (collectively, excluding Faulkner, the “Receivership Entities”).

Receivership Assets shall ultimately be distributed to the Investor Claimants on a *pro rata* basis based upon the net out-of-pocket loss of each Investor Claimant as a percentage of the total net out-of-pocket losses of all Investor Claimants (the “Plan of Distribution”). It shall be further

ORDERED that unsecured claims against the estates of the Receivership Entities which do not arise from investments in the Offering Entities are subordinated to the claims of the Investor Claimants. It shall be further

ORDERED that all parties who assert a claim against a Receivership Entity or Offering Entity shall have one hundred and eighty (180) days following the date of this First Amended Order (the “Claim Bar Date”)² to contact the Receiver³ and identify themselves to him (all parties who identify themselves to the Receiver on or before the Claim Bar Date are hereinafter referred to as the “Potential Claimants”). In identifying themselves to the Receiver, all Potential Claimants shall provide the Receiver with an electronic mail address or physical address at which they consent to receive future claims-related communications. It shall be further

ORDERED that the estates of the Receivership Entities shall be forever discharged from any indebtedness or liability to all parties that do not identify themselves to the Receiver as a Potential Claimant on or before the Claim Bar Date. It shall be further

ORDERED that following the Claim Bar Date the Receiver shall establish a “Final Claim Amount” for all Potential Claimants (equal to the greater of zero (0) or the net out-

² The Claim Bar Date as defined in this First Amended Order supersedes the Claim Bar Date entered in the March 26 Order. (ECF No. 419 at p. 2.)

³ Contact with the Receiver shall be made in writing by electronic mail to claims@breitlingreceivership.com or by U.S. Certified Mail, Return Receipt Requested, to Thomas L. Taylor III, Receiver; The Taylor Law Offices, P.C.; 245 West 18th Street; Houston, Texas 77008.

of-pocket loss of each). The Receiver shall first give all Potential Claimants notice of a notional claim amount, in writing, as calculated by the Receiver. Each notional claim amount shall become a "Final Claim Amount" unless, within (30) days of the date of the Receiver's notice, the Potential Claimant properly disputes it: (i) in writing, (ii) asserting an alternative claim amount and the calculation for same, and (iii) with documentation supporting the calculation. The Receiver shall respond in writing to a properly disputed notional claim amount with a final notional claim amount. This final notional claim amount shall become a "Final Claim Amount" unless, within (30) days of the date of the Receiver's notice of the final notional claim amount, the Potential Claimant moves the Court to determine a "Final Claim Amount." It shall be further

ORDERED that the estates of the Receivership Entities shall be forever discharged from any indebtedness or liability to the Potential Claimants, and the Potential Claimants shall not be permitted to receive any distribution, except with respect to their Final Claim Amounts as expressly provided for under the Plan of Distribution.

Signed at Dallas, Texas this 28th day of March, 2019.



SIDNEY A. FITZWATER
SENIOR JUDGE