

United States District Court for the Northern District of Texas, Dallas Division

Securities and Exchange Commission
VS.

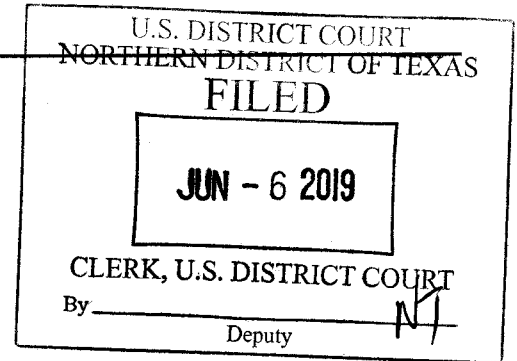
Case Number 3:16-cv-01735-D

Christopher A. Faulkner, Breitling Energy , et al.,

ROYALTY INVESTORS / INJURED PARTIES

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May 8, 2019



PETITION AGAINST RECEIVER'S PROPOSED DISTRIBUTION PLAN

The Kohls Family Trust is an Investor in the Breitling Oil, Joshua and Babylon Royalty Projects. We do not have an Attorney to represent us, and are requesting the Court to accept this Petition as **Pro Se Parties**. We have received the "RECEIVER'S" Distribution Plan and Proposal to the Court. We certainly agree that the Assets need to be returned to the Investors who have suffered far too long. However, the Receiver's Proposal has left out some important and essential elements in concluding its decision. We are not attorneys, and are simply responding to a proposal that appears to have ignored some very important Elements. There are two distinct Asset Classes that were not considered. The Investors in the two Classes had a Different State of Mind in their Investment Philosophy. There were Tax Credit Incentives that motivated a certain Class of Investors and there was immediate ownership of Property with monthly income streams that motivated others. We believe the two distinct Asset Classes be acknowledged and considered as independent entities.

Because the Receiver's method of distribution did not take into account the Clear and Distinct Classes of Investment Owners, I believe it could violate the Civil Rights of each investor especially the Oil Royalty Investor. There are several Simple and Obvious Issues that clearly divides the Working Interest Investor from the Oil Royalty Investor. These simple and basic issues are paramount for a fair distribution plan. If they are overlooked, it can be considered to be Bias and Prejudicial towards the "**Royalty Investors**". In the Proposed Distribution Plan Requested by the Court Attorney, the Receiver states that his plan is Equitable and Fair for all parties that lost money. The Receiver's Distribution Plan request that all Assets of the Working Interest Investor and the Oil Royalty Investor be placed in one Pot, and then divide equally based on each person's percentage share. **"HOWEVER, THERE IS ONLY ONE ASSET TO DIVIDE" and THAT SINGLE ASSET, BELONGS PRIMARILY TO THE OIL ROYALTY INVESTORS.**

The Oil Royalty Assets consist of "Cash Held in Suspense Accounts and in Ground Mineral Assets". The Funds for the Purchase of the Oil Royalties, came from "OIL ROYALTY INVESTOR'S retirement savings accounts, IRA accounts, 401K Accounts, Pension Funds and other Retirement Accounts. These Royalty Investors were not Privileged to claim an immediate "TAX WRITE OFF" through their IRA or 401K PLAN for their Oil Royalty Investment. However, the Working Interest Investor was able to Claim a Special Tax Write Off by the IRS for Working Interest Investor only. The Working Interest Investor from a TAX STAND POINT were able to write of Dollar for Dollar their cash Investment from 80% to 100% per the IRS Tax Code. In addition, if the Working Interest Investor's project was declared a "Dry Hole" or not economically feasible, it has already been written off and those investors should have no claim. This means, that **most**, if not **all** of the Working Interest Investors, have already **Received their Cash Investments back through Utilizing their Preferential IRS Tax Treatment.**

The Working Interest Investor and the Oil Royalty Investor, had **Two Distinct Mind Sets** and invested in two Distinct Classes of Assets. The "**Working Interest Investor**" was prepared to absorb any potential Investment Losses by a "**IRS Preferential Tax Write OFF**". However, the only expectation of the "**Oil Royalty Investor**" was to receive a consistent safe income throughout their retirement lives. The Court Receiver believes it is Fair to use this "**Single Asset Pot Distribution**", consisting Primarily of Oil Royalty Assets. This one pot would pay all Investors regardless of their Investment Class Status. Because there are two distinct Classes of Investors, they should remain in their Separate Classes. The SEC came against Chris Faulkner, Breitling Oil, et-al for its Fraudulent Dealings, and misuse of funds from the Working Interest Investors. The "Oil Royalty Investor" did not seem to be part of that Legal Action. The Oil Royalty Investor and the Working Interest Investors have always been two separate Entities that Invested with Two Distinct Investment Mind Sets. In order to be completely Fair, the Court Appointed Receiver should acknowledge the immediate compensation afforded to the "**Working Interest Investor**" through a Privileged IRS Tax WRITE OFF and such should be Noted and acknowledged as a CASH RETURN for their Investment.. The Distribution of Assets should take place using the Existing Asset of Each Investment Class and should Remain the Exclusive Assets of that Investment Class.

The Court Receiver Claims that both Investors Funds were commingled so all Investors should Share from this One Pot of Assets. However, **Each Investor** came in with **Different Mind Sets** on what they were Buying. If Funds were commingled it does not interfere with the Type of Investment each Investor was seeking and its inherited Risks and Rewards. The Tax Write Off Given to the Working Interest Group by the IRS was given to them because of the "TYPE OF ASSET THEY INVESTED IN. The **State of Mind** of the **Working Interest Investor** and the **Oil Royalty Investor** were Individually Different. Released their Investment Dollars to Breitling OIL, *Et Al*, for two different Investment Products. At such time, two Distinct Purchases and Asset

Classes were created. The unlawful Act of commingling Funds was an independent Act of Christopher A. Faulkner, Breitling Energy, et al. and it does not dilute the Separate Issue of Asset Classes.

CONCLUSION

The State of mind of the **"Working Interest Investor"** and the **"Oil Royalty Investor"** are Distinctly Different and are therefore two Separate Asset Classes. The **Working Interest Investor** are Investors that in most cases, are **Financially Able** to absorb 100% of their Losses, and are willing to do so because of the **"CHANCE of HUGE Financial Gains"**. On the other side, are the **Royalty Investors, OR THE Typical Working Class Investor**, that are Semi Retired, Fully Retired or in position to Retire using their Life Long Earnings from their Pensions, IRA, Private Savings or 401K Accounts to live. From these accounts, Oil Royalties were Purchased. These conservative Investors simply want to maintain a consistent cash flow to live out their lives. They want the simple means to maintain a consistent life style. Having a means to live is a **"Civil Right afforded to all American Citizens"**. The Proposed Distribution Plan of the Receiver may affect or alter the Civil Rights of the Retired Oil Royalty Investors. The two Distinct Investors and their **Mind Sets** are clearly **Different**. To take away the Assets of the Oil Royalty Investor or the Assets from the Working Interest Investor, to Pay the Other Investor, abridges the Civil Right of each Party who owns the Asset. We believe the Court would be "UNFAIR" to blend the two Distinct Classes of Investors especially for Asset Liquidation Purposes. This **BLENDED ASSET DISTRIBUTION PROPOSAL**, would essentially pay the Working Interest Investors Twice for their Monetary Investment. First Payment received by the Working Interest Investor has been the immediate 80% to 100% IRS Tax Write Credit. The Second Payment would be by allowing the **Working Interest Investor** to participate in the Oil Royalty Investor's Asset Distribution. We Believe the Court and our Legal System would be Bias, Prejudicial and Unfair to further compensate the Working Interest Investor using the Investment Dollars of the OIL Royalty Investor, which we believe abridges the Oil Royalty Investor's constitutional and Civil Rights.

In essence, we Simply Request the Receiver, to place the Two Entities in their Distinct Classes with their Separate Assets. Put Working Interest Investors with Working Interest Assets and Royalty Investors with Royalty Investors Assets. After such has been done then conduct the Distribution of Assets. Each Investor gets back the Asset Class they initially Contracted for and Purchased.

We respectfully request the Court to Consider the Merritt of our Petition based on its pure content. We are not attorneys and may have not presented this in a Legal Format, but we are petitioning for many people, especially many seniors on fixed incomes for what we believe is Right, Fair and within our Constitutional Civil Rights.

Respectfully,



Robert Kohls

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