

I.
PROCEDURAL HISTORY AND STATUS OF CLAIMS

1. On June 24, 2016, the Commission filed this civil action, *inter alia*, asserting that Defendants committed violations of the federal securities laws. *See* Dkt. No. 1. On August 11, 2016, the Commission filed its First Amended Complaint. *See* Dkt. No. 22. Since that time the Commission has actively litigated its claims against the defendants and relief defendants and, when appropriate, sought and obtained interlocutory or final judgments against these parties. The current status or disposition of the claims against the Defendants and Relief Defendants is recounted below, along with the outstanding claims for relief.

A. Interlocutory Judgments.

Defendants Beth C. Handkins, Dustin Michael Miller Rodriguez, and Gilbert Steedley

2. On June 24, 2016, the Commission filed an Unopposed Motion to Enter Agreed Interlocutory Judgments Against Defendants Dustin Michael Miller Rodriguez (“Miller”), Beth C. Handkins (“Handkins”), and Gilbert Steedley (“Steedley”). *See* Dkt. No. 3. That same day, the Court entered Judgments as to Miller, Handkins, and Steedley, which: (1) enjoined them from committing further violations of various provisions of the federal securities laws; (2) imposed officer-and-director bars against Miller and Handkins; (3) imposed a conduct-based injunction against Miller restraining and enjoining him from participating, directly or indirectly, including but not limited to through any other entity owned or controlled by him, in the issuance, purchase, offer, or sale of any security, provided however, that such permanent injunction shall not prevent him from purchasing or selling securities for his account; and (4) ordered all three Defendants to pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty in amounts to be determined by the Court upon future motion of the Commission. *See* Dkt. Nos. 7, 8, and 9.

Defendant Patriot Energy, Inc.

3. Likewise, on September 20, 2016, the Commission filed its Unopposed Motion to Enter Agreed Interlocutory Judgment Against Defendant Patriot Energy, Inc. (“Patriot”). *See* Dkt. No. 37. The next day (September 21, 2016), the Court entered Judgment against Patriot, enjoining it from further violations of the federal securities laws and ordering Patriot to pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty in amounts to be determined by the Court upon future motion of the Commission. *See* Dkt. No. 39.

Defendants Parker R. Hallam and Crude Energy, LLC

4. On April 17, 2017, the Commission filed its Unopposed Motion to Enter Agreed Judgments Against Defendants Parker R. Hallam (“Hallam”) and Crude Energy, LLC (“Crude”). *See* Dkt. No. 92. On the same date, the Court entered Judgments as to Hallam and Crude enjoining them from further violations of the federal securities laws, imposing an officer-and-director bar as to Hallam, ordering both Defendants to pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty in amounts to be determined by the Court upon future motion of the Commission, and noting that the Court will determine (upon future motion of the Commission) whether Hallam should be permanently restrained and enjoined from participating, directly or indirectly, including but not limited to through any other entity owned or controlled by him, in the issuance, purchase, offer, or sale of any security, provided however, that such permanent injunction shall not prevent Hallam from purchasing or selling securities for his account. *See* Dkt. Nos. 93 and 94.

Defendants Breitling Oil & Gas Corporation and Breitling Energy Corporation

5. On December 11, 2018, the Commission filed its Unopposed Motion to Enter Agreed Judgments Against Defendants Breitling Energy Corporation (“BECC”) and Breitling

Oil & Gas Corporation (“BOG”). *See* Dkt. No. 349. On December 11, 2018, the Court entered Agreed Judgments enjoining BECC and BOG from further violations of the federal securities laws and ordering them to pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty in amounts to be determined by the Court upon future motion of the Commission. *See* Dkt Nos. 354 and 355

B. Temporary Restraining Order, Asset Freeze, and Preliminary Injunction.

Defendants Christopher A. Faulkner, BOG, and BECC

6. On August 10, 2017, the SEC filed an *ex parte* motion requesting, among other relief, a temporary restraining order and a preliminary injunction against Defendants Christopher A. Faulkner (“Faulkner”), BOG, and BECC from violating Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Dkt. No. 102 at 2.

7. On August 14, 2017, the Court issued a Temporary Restraining Order and Asset Freeze Order, an Order Appointing Temporary Receiver, and two orders setting a briefing schedule on the request for a preliminary injunction and granting expedited discovery. *See* Dkt. Nos. 107-110.

8. On September 25, 2017, the Court entered a Memorandum Opinion and Order granting the SEC’s request for the preliminary injunction, asset freeze, appointment of receiver, and other ancillary relief. *See* Dkt. Nos. 141-142.

9. On July 20, 2018, the Commission filed its Unopposed Motion to Enter Order Imposing Previously Granted Preliminary Injunction (Doc. 141) Against Defendants Faulkner, BOG, and BECC, and, on the same day, the Court entered the preliminary injunctions. *See* Dkt. Nos. 290 and 291.

C. Addition of Crude and Patriot to the Receivership.

10. On September 12, 2018, the Court entered a Memorandum Opinion and Order granting, in part, the Receiver's motion to expand the receivership estate and adding Patriot to the Receivership Estate. *See* Dkt. No. 319 at 8-9. That same day, the Court entered the First Amended Order Appointing Receiver. Dkt. No. 320.

11. On March 26, 2019, the Court entered an Order granting the Receiver's motion to place Crude into the Receivership and entered a Second Amended Order Appointing Receiver. *See* Dkt. Nos. 417 and 418.

D. Final Judgments and/or Final Dispositions.

12. The Commission has obtained final judgments and/or final dispositions with respect to several parties.

Defendant Joseph Simo

13. On September 23, 2016, counsel for the Commission received a copy of a death certificate for Defendant Joseph Simo ("Simo"), reflecting that Simo passed away on September 11, 2016, and, on December 2, 2016, the Commission filed a Notice of Dismissal as to All Claims Against Defendant Simo. *See* Dkt Nos. 59 and 71.

Relief Defendants Jetmir Ahmedi and Tamra M. Freedman

14. On February 21, 2018, the Court, upon the motion of the Commission, entered the Final Judgment as to Relief Defendant Jetmir Ahmedi. *See* Dkt. No. 254.

15. On July 20, 2018, the Court, upon the motion of the Commission, entered the Final Judgment as to Relief Defendant Tamra M. Freedman. *See* Dkt. No. 289.

Defendant Christopher A. Faulkner

16. On October 23, 2018, the Court, upon the motion of the Commission, entered the Final Judgment as to Defendant Christopher A. Faulkner. *See* Dkt. No. 330.

Defendants Judson F. (“Rick”) Hoover and Jeremy S. Wagers

17. On December 19, 2018, the Court, upon the motion of the Commission, entered the Final Judgment as to Defendant Judson F. (“Rick”) Hoover. *See* Dkt. No. 366.

18. On March 19, 2019, the Court, upon the motion of the Commission, entered the Final Judgment as to Defendant Jeremy S. Wagers. *See* Dkt. No. 415.

E. Remaining Matters to be Resolved: Outstanding Relief.

19. Other than the administration of the receivership estate, the sole issues remaining to be resolved are the Commission’s claims for relief against four individual defendants and four entity defendants:

- i. Handkins, Miller, and Steedley: Disgorgement, prejudgment interest, and civil penalties.
- ii. Hallam: Disgorgement, prejudgment interest, civil penalties, and whether Hallam should be permanently restrained and enjoined from participating, directly or indirectly, including but not limited to through any other entity owned or controlled by him, in the issuance, purchase, offer, or sale of any security, provided however, that such permanent injunction shall not prevent Hallam from purchasing or selling securities for his account.
- iii. BOG, BECC, Crude, and Patriot: Interlocutory judgments have been entered against these four entity defendants, and all four are currently subject to the control of the Court-appointed Receiver. Disgorgement, prejudgment interest, and civil penalties remain to be resolved against these four Defendants.

20. For the purpose of discussing whether settlement of any of the remaining claims is feasible, the Commission intends, within the coming weeks, to contact counsel for the four defendants identified in Paragraphs 19(i) and 19(ii) above, as well as the Receiver on behalf of the four receivership defendants. By no later than September 26, 2019, the Commission will file a status report to notify the Court of the status of these settlement discussions and, if the negotiations are unsuccessful, to propose a schedule to resolve the remaining claims.

II.
ADMINISTRATIVE CLOSURE FOLLOWING RESOLUTION OF CLAIMS

21. Once the outstanding claims for relief are resolved, the Commission is not opposed to the administrative closure of this case.

Dated: August 19, 2019

Respectfully submitted,

/s/ Jason P. Reinsch

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CERTIFICATE OF SERVICE

I affirm that on August 19, 2019, I electronically filed the foregoing Status Report with the Clerk of the Court for the Northern District of Texas, Dallas Division, by using the CM/ECF system which will send a notice of electronic filing to all CM/ECF participants, constituting service as provided in LR 5.1 (d).

I further certify that on August 19, 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:

<p>Michael P. Gibson (via UPS and E-mail) Burleson, Pate & Gibson, LLP Founders Square 900 Jackson St., Suite 330 Dallas, TX 75202 mgibson@bp-g.com <i>Counsel for Defendant Beth C. Handkins</i></p>	<p>Alex More (Requested e-mail service only) Carrington Coleman 901 Main St., Suite 5500 Dallas, TX 75202 amore@CCSB.com <i>Counsel for Defendant Gilbert R. Steedley</i></p>
<p>Christopher A. Faulkner (via Certified mail, return receipt requested) Register No. 76501-112 FCI Seagoville Federal Correctional Institution P.O. Box 9000 Seagoville, TX 75159 <i>Pro Se Defendant</i></p>	<p>Jeremy S. Wagers (via UPS) 23381 McCrory Road Navasota, Texas 77868 jwagers@wagerslaw.com <i>Pro Se Defendant</i></p>

/s/ Jason P. Reinsch

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