

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

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

NOTICE OF PROPOSED PLAN OF DISTRIBUTION

TO: ALL POTENTIAL CLAIMANTS OF THE BREITLING RECEIVERSHIP ENTITIES

On February 25, 2019, Court-appointed temporary receiver Thomas L. Taylor III (“Receiver”) filed a Motion (the “Motion”) to approve the Receiver’s proposed “Plan” for the ultimate distribution of Receivership Assets¹; and (2) establish procedures to determine and disallow final claims against the Receivership.

The Motion, all attachments and other information regarding the Claims Confirmation Process have been posted on the Receivership’s website (<http://breitlingreceivership.com/>). This “Notice of Plan” has been mailed by U.S. First Class Mail, postage prepaid, to all potential claimants with postal addresses identified in the Receivership books and records, or sent by electronic mail to all such potential claimants for which the Receiver identifies an email address but is unable to identify a postal address. A notice consistent with this Notice of Plan also has been published for one day in The Dallas Morning News and the national edition of the Wall Street Journal.

¹ Receivership Assets means “[a]ll assets—in any form or of any kind whatsoever—owned, controlled, managed, or possessed by 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”), directly or indirectly.” Receivership Assets would also include the assets of any person or entity placed into receivership by the Court after its September 12, 2018 First Amended Order Appointing Receiver (Dkt. 320).

A. The proposed Plan for the ultimate distribution of Receivership Assets

As further detailed in the Motion, the Receiver proposes to ultimately distribute Receivership Assets to those investors who have suffered a “net out-of-pocket loss”² resulting from investments in or through Breitling Oil & Gas Corporation, Breitling Royalties Corporation, Breitling Energy Corporation, Crude Energy, LLC, Crude Royalties, LLC and Patriot Energy, Inc. -- the “Offering Entities.” Distributions would be made “*pro rata*” -- based on 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.

All Investor Claimants would be treated equally, regardless of the manner through which they were induced to invest in the Breitling fraudulent scheme (*e.g.*, participation in a private placement offering, the purchase of BECC shares of stock, etc.)

B. You have approximately 21 days to oppose the Receiver’s proposed Plan

Once mail and email service of this Notice of Plan and publication are complete, the Receiver will file a Certificate of Service in the above-styled civil action. According to Local Rule 7.1(e) of the U.S. District Court for the Northern District of Texas, once the certificate of service is filed, you will have 21 days to oppose the Receiver’s Motion. After that time, the Court may deem the Motion unopposed and grant the Motion.

C. Claim Bar Date

The Receiver has requested the Court set a Claim Bar Date, by which potential claimants must give the Receiver written notice of their potential claim against the Receivership. The Receiver has requested the Court set the Claim Bar Date to be the 180th day after the Court enters an Order approving a plan of distribution.

D. Please visit the Receivership Website for Documents and other information

As stated above, you may download the Motion, all of its attachments and find other information regarding the Receivership and the Claims Confirmation Process on the Receivership’s website (<http://breitlingreceivership.com/>).

Thomas L. Taylor III, Receiver

² Calculated as (A) the total amount invested in or through the Offering Entities; less (B) any amounts, or the value of any assets, received with respect to the investment (*e.g.*, payments or assets transferred from an Offering Entity, payments from a third-party oil and gas operating company, the sale of any oil and gas interest received from an Offering Entity, the sale of shares of BECC stock, etc.) (“net out-of-pocket loss”).