

Appointing Receiver previously entered on December 3, 2013 (Dkt. 11) (the “Order Appointing Receiver,” cited as “Order ¶1”).

I.
PRELIMINARY STATEMENT

On December 3, 2013, the Securities and Exchange Commission (the “Commission”) initiated the above-styled action (the “Enforcement Action”) alleging, *inter alia*, that Defendants Robert A. Helms and Janniece S. Kaelin offered and sold securities of Vendetta Partners and other entities in violation of the anti-fraud provisions of the federal securities laws and, through the entities they controlled, operated a Ponzi scheme. *See* Dkt. 1. Contemporaneously with the entry of a Temporary Restraining Order (Dkt. 10) (the “TRO”) and the grant of other ancillary relief sought by the Commission, this Court entered the Order Appointing Receiver (Dkt. 11), appointing Thomas L. Taylor III as Receiver for the estates of the Receivership Defendants.

Through the Order Appointing Receiver, this Court directed the Receiver to marshal, preserve and liquidate the Receivership Assets (including the Receivership Property and Receivership Funds) of all Receivership Defendants and the Recoverable Assets of all Relief Defendants for the benefit of defrauded investors and creditors of the Receivership Defendants. The Court further directed the Receiver to “use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Defendants,” Order ¶7, and “authorized, empowered and directed [the Receiver] to investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted.” *Id.* ¶43.

As further detailed hereinbelow, the Receiver’s investigation into the financial and business affairs of the Receivership Defendants has uncovered that assets of the Receivership Defendants were routinely and severely conflated and comingled by control persons Helms and

Kaelin,² and are otherwise inextricably intertwined. In this regard, the forensic accounting firm engaged by the Receiver, D. Supkis Cheek, PLLC (“DSC PLLC”), has identified over 4,500 discrete transactions in which funds were transferred among and between Receivership Defendants. Moreover, the Receiver’s investigation has uncovered transactions related to “mineral interest assets” acquired by Receivership Defendants. Several of these transactions involved the transfer of funds from a Receivership Defendant on behalf, or for the benefit, of another Receivership Defendant -- *i.e.*, payments by one Receivership Defendant related to transactions involving mineral interest assets held by other Receivership Defendants. Other transfers by Receivership Defendant to third parties and related to the acquisition of mineral interest assets (or commissions related thereto) of other Receivership Defendants have also been uncovered. Moreover, a number of transactions in the books and records of the Receivership Defendants that appear to have been additional equity contributions were improperly credited to fixed assets, rather than to equity, which improperly reduced the value of mineral interest assets across the entities.

The Receiver respectfully submits that the conflation and comingling of the assets and the financial and business affairs of the Receivership Defendants as detailed below necessitates that the estates of the Receivership Defendants as defined in the Order Appointing Receiver be consolidated into a single estate (the “Receivership Estate”). The Receiver requests that this

² Helms and Kaelin controlled the Receivership Defendants Vendetta Partners, Vendetta Management, Iron Rock Partners, Iron Rock Management, Haley Oil, Barefoot Minerals and Technicolor Minerals. *See* Answer of Kaelin, Dkt. 52 ¶30, Answer of Helms, Dkt. 54 ¶30 [Vendetta Partners, Vendetta Management, Iron Rock Partners and Iron Rock Management]; Dkt. 5-15 at pp. 17-18 [Vesta Partners, Vesta Management]; **Exhibit C** attached hereto, *Illinois Secretary of State, Corporation File Detail Report* [Haley Oil]; Dkt. 5-21 at pp. 3, 6 [Haley Oil, Barefoot Minerals, Technicolor Minerals]. Helms and Kaelin had the power to direct the management and policies of their affiliates Lake Rock, LLC, G3 Minerals, LLC and Arcady Resources, LLC. *See* Dkt. 5-21 at p. 6.

Court enter an Order amending the Order Appointing Receiver to allow for such consolidated treatment. A redline comparing the Order Appointing Receiver to the proposed amended Order is attached hereto as **Exhibit A**.³ The Receiver's proposed amendments to the Order Appointing Receiver will ensure that he is able to carry out his duties to marshal, preserve and liquidate the Receivership Assets (including Receivership Property and Receivership Funds) of, and Recoverable Assets traceable to, all of the Receivership Defendants in the most efficient manner possible, and with the least cost incurred. This consolidation is particularly necessary in anticipation of the Receiver's sale of the portfolio of mineral interest assets held in the name of several of the entity Receivership Defendants. *See* Receiver's Liquidation Plan, Dkt. 50. If the Court implements the modifications to the Order Appointing Receiver proposed herein, the Receiver will be able to more efficiently effectuate the sale of thousands of mineral interest assets held in the name of the several Receivership Defendants. This will benefit the defrauded investors and other creditors of the Receivership Defendants.⁴

³ The proposed amendments to paragraphs 9, 10, 11, and 53 are designed to preserve the original deadlines in those paragraphs as set out in the Order Appointing Receiver.

⁴ Entry of an Order amending the Order Appointing Receiver will also enable the Receiver to comply with the requirements of 28 U.S.C. § 754 and retain jurisdiction and control over property located outside the Western District of Texas, and which was identified by the Receiver more than ten days after the entry of the Order Appointing Receiver. Section 754 requires that a receiver "file copies of the complaint and such order of appointment" in district courts of districts in which property is located. *Id.* Such filings must occur "within ten days after the entry of his order of appointment." *Id.*

Numerous courts have held that a district court may reset the ten-day clock in Section 754 by reentering the receivership order. *See, e.g., SEC v. Vision Commc'ns, Inc.*, 74 F.3d 287, 291 (D.C. Cir. 1996) ("On remand, the court may reappoint the receiver and start the ten-day clock of § 754 ticking once again."); *SEC v. Aquacell Batteries, Inc.*, 2008 WL 2915064, at *3 (M.D. Fla. 2008) ("[N]oncompliance with the statute can be 'cured' by subsequent filing after re-appointment of the Receiver in any event..."); *Warfield v. Arpe*, 2007 WL 549467, at *12 (N.D. Tex. 2007) ("Although the Fifth Circuit has not spoken on this particular issue, other courts have held that a district court may reappoint a federal equity receiver in a securities fraud case in order to 'reset' the 10-day clock under § 754."); *Terry v. June*, 2003 WL 22125300, *3 (W.D. Va. 2003) ("[C]ourts having addressed this issue unanimously suggest that an order of reappointment

In support of the relief requested herein is the affidavit of Danielle Supkis Cheek (attached hereto as **Exhibit B**), president of DSC PLLC, which was engaged by the Receiver to review and analyze the books and records of the Receivership Defendants. DSC PLLC has tracked numerous transfers of funds which were made among and between the Receivership Defendants. In many instances these transfers have no clear purpose and typically lack proper documentation. Furthermore, DSC PLLC has identified numerous mineral interest assets related to transactions for which certain Receivership Defendants transferred funds for the benefit of other Receivership Defendants, with no identifiable purpose.

Counsel for the Receiver has discussed the present Motion with the Staff of the Commission and has been advised that it does not oppose the relief sought herein. Counsel for the Receiver conferred with Defendant Helms, who opposes the relief sought herein. Counsel for the Receiver attempted to confer with Defendant Kaelin. Mrs. Kaelin was provided a draft of the present Motion and exhibits on April 21, 2014 by email at roberthelms1964@gmail.com (the contact email address provided by Mrs. Kaelin to the Receiver at the beginning of the receivership, and also listed in the signature block of Mrs. Kaelin's Notice of Appearance, Dkt. 51), and again by email at janniecekaelin@gmail.com on April 22, 2014 (the email address listed in Mrs. Kaelin's Notice of Appearance). No response has been received as of the filing of this Motion.

will renew the ten-day filing deadline mandated by Section 754."); *SEC v. Heartland Group, Inc.*, 2003 WL 103015, at *5 (E.D. Ill. 2003) ("[T]he court can easily correct this failure to file such a claim by merely reappointing the Receiver and thereby starting the 10-day time period under § 754 ticking once more.").

II.
BACKGROUND FACTS

On December 3, 2013, the Commission initiated this Enforcement Action alleging, *inter alia*, that Defendants Helms and Kaelin offered and sold securities of Vendetta Partners and other entities in violation of the anti-fraud provisions of the federal securities laws and, through the entities they controlled, operated a Ponzi scheme. *See* Dkt. 1. This Court entered a Temporary Restraining Order (Dkt. 10) (the “TRO”) on the same day, restraining and enjoining the Receivership Defendants, *inter alia*, from further violating the anti-fraud provisions of the federal securities laws, and granting further ancillary relief enjoining the destruction of books and records, ordering interim accountings by the Receivership Defendants and authorizing expedited discovery.⁵ Contemporaneously, this Court entered the Order Appointing Receiver (Dkt. 11), appointing Thomas L. Taylor III as Receiver for the Receivership Defendants.

This Court directed the Receiver to take control and possession of, and to operate, the estates of the Receivership Defendants, and to perform all acts necessary to conserve, hold, manage and preserve the value of the Receivership Estates. The Order Appointing Receiver provides that the Receiver is:

To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Defendants...; ... [t]o take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Defendants; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto; ... [t]o manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court; ... [and t]o take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property

⁵ On December 18, 2014, this Court entered a Preliminary Injunction, by consent, against all of the Defendants (Dkt. 37). The Receiver consented to the Preliminary Injunction as to the entity Defendants.

Order ¶7. The Order Appointing Receiver further directs the Receiver to establish “custodial accounts at a federally insured bank” in which to deposit the Receivership Funds “[f]or each of the Receivership Estates.” *Id.* ¶35. Each Receivership Estate’s account is to be separate and named for the Receivership Estate of each Receivership Defendant. *Id.* ¶36.

At the inception of the Receivership, and in coordination with various law enforcement personnel, the Receiver took control of the books and records (including electronically stored data and paper files) of the Receivership Defendants from their offices and residence in Austin, Texas. Pursuant to the Order Appointing Receiver, financial records were obtained from financial institutions where Receivership Assets were deposited during time periods relevant to the Commission’s allegations in its Complaint. *See* Order ¶15. The Receiver also engaged forensic accountants to assist in the process of distilling the Receivership records and tracing the flow of funds and other property between the multiple entities owned and controlled by the Receivership Defendants. *See* Order ¶58.

During the course of the Receiver’s review of the books and records of the Receivership Defendants, in addition to information derived from interviews of Defendants Helms and Kaelin and employees of the entity Receivership Defendants, the Receiver has learned (1) that Receivership Assets, including Receivership Property and Receivership Funds, were routinely transferred among and between the Receivership Defendants (DSC Aff. ¶¶6-8, Tables 1-5, Figure 1); (2) that mineral interest assets were purchased by, or with funds of, Receivership Defendants in the name, or for the benefit, of other Receivership Defendants, and other transfers were made related to mineral interest assets among and between the Receivership Defendants, or by certain Receivership Defendants on behalf of other Receivership Defendants (DSC Aff. ¶10, Table 6); (3) approximately \$2,750,000 in transfers among and between the Receivership

Defendants cannot be reconciled based on the books and records available to the Receiver (DSC Aff. ¶8, Table 5); and (4) that transactions within the books and records of the Receivership Defendants that appear to have been additional equity contributions were credited to fixed assets, rather than to equity, and reduced the value of mineral interest assets across the entities by \$8,071,305.67 (DSC Aff. ¶11).

III.
TRANSFERS OF RECEIVERSHIP ASSETS AMONG AND
BETWEEN THE RECEIVERSHIP DEFENDANTS

A. Transfers of Receivership Funds Between and Among the Receivership Defendants

Inflows and outflows of funds among and between the various Receivership Defendants are clearly traceable in the books and records of those entities, although these records are not complete. *See* DSC Aff., ¶¶6-7, Tables 1-5, Figure 1. These books and records show more than 4,500 transactions in which transfers of funds were made among and between Receivership Defendants. DSC Aff. ¶7.

The following Receivership Defendants received gross cash inflows from the other Receivership Defendants in the following designated amounts: Vendetta Partners (\$3,560,420.95 verified); Vendetta Management (\$7,162,147.46 verified, \$30,400 unverified); Barefoot Minerals (\$943,487.44 verified); Haley Oil (\$120,100.00 verified); Iron Rock Partners (\$35,270.00 verified); Iron Rock Management (\$1,000 unverified); Technicolor Minerals (\$2,819,111.16 verified, \$5,071.57 unverified); and Helms and Kaelin (\$3,454,222.35 verified, \$169,750.00 unverified). *See* DSC Aff. Tables 1, 2.

Additionally, the books and records show that the Receivership Defendants transferred gross cash outflows to the other Receivership Defendants in the following designated amounts: Vendetta Partners (\$8,653,839.84 verified, \$1,025,800.00 unverified); Vendetta Management

(\$2,667,942.68 verified); Barefoot Minerals (\$2,809,209.36 verified, \$12,202.00 unverified); Haley Oil (\$1,132,056.10 verified, \$1,025,000.00 unverified); Iron Rock Partners (\$280,897.67 verified); Iron Rock Management (\$50.00 unverified); Technicolor Minerals (\$1,342,408.01 verified, \$2,194.91 unverified); and Helms and Kaelin (\$2,049,175.76 verified, \$51,750.00 unverified). *See* DSC Aff. Tables 3, 4.

The net effect of these transfers among and between the Receivership Defendants calculates to negative \$2,751,545.40. *See* DSC Aff. Table 5. These transfers should net out to \$0 under proper documentation, however due to poorly kept records by the Receivership Defendants, DSC PLLC has not been able to determine the extent and purpose of the above transfers. DSC Aff. ¶8. Moreover, and importantly, these numbers reflect only inter-company transfers -- they do not include expenditures improperly made by the entities/persons in Receivership that appear to be for the personal use or benefit of Defendants Helms and Kaelin (and their associates and family members).⁶ DSC Aff. ¶9.

B. Conflation of Receivership Defendants Related to Mineral Interest Assets

Transactions involving the purchase of mineral interest assets were also conflated by the Receivership Defendants. In reviewing the books and records of the Receivership Defendants and interviewing former Vendetta Partners employees, it is clear that certain Receivership Defendants purchased mineral interest assets on behalf of, or which were later transferred to, other Receivership Defendants. DSC Aff. ¶10, Table 6.

⁶ As stated in the Receiver's Status Report for the Quarter Ending December 31, 2013 (Dkt. 40), Vendetta Partners and other Receivership Defendant entities paid personal expenses on behalf of, without limitation, Defendants Helms and Kaelin, non-party Grady Vaughn III and members of their respective families. In many cases, these personal expenses were identified in QuickBooks as "promotional expenses." Payments were made on behalf of these and other individuals for, among other things, household utilities and other bills, school tuition payments and rent, mortgage and car loan payments. *See* Dkt. 40 at p. 12-13, 19.

In this regard, Barefoot Minerals and Vendetta Partners funded purchases of mineral interest assets on behalf of or for the benefit of Haley Oil. *See* DSC Aff. Table 6. These purchases were in amounts totaling approximately \$2,900,000. *Id.* Barefoot Minerals also transferred \$50,111.39 in funds in an apparent payment of debt on behalf of Defendant Kaelin, and paid \$50,000.00 in commissions on mineral acquisitions in Louisiana and Texas, which transactions do not appear to have occurred. *Id.* Furthermore, Vendetta Partners made transfers of approximately \$500,000 related to mineral interest assets held by Technicolor Minerals and Barefoot Minerals. *Id.* These transfers were apparent refunds for purchases made by outside entities through Kaelin, but were for \$100,000 in excess of the purchase price being refunded. *Id.* Additionally, transactions that appear to represent additional equity contributions to the Receivership Defendants were credited to fixed assets, rather than to equity, within the books and records of the Receivership Defendants -- resulting in the reduced value of mineral interest assets across the entities by \$8,071,305.67. DSC Aff. ¶11.

III. MEMORANDUM OF LAW

Federal courts “have inherent equitable authority to issue a variety of ‘ancillary relief’ measures in actions brought by the Commission to enforce the federal securities laws.” *SEC v. Wencke*, 622 F.2d 1363, 1368 – 69 (9th Cir. 1980) (“*Wencke II*”); *see also SEC v. Safety Fin. Serv.*, 674 F.2d 368, 372 – 73 (5th Cir. 1982); *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). This authority “derives from the inherent power of a court of equity to fashion effective relief.” *Wencke II*, 622 F.2d at 1369. The appointment of a receiver is particularly appropriate in cases where a defendant, through its management, has defrauded members of the investing public. *See, e.g., SEC v. First Financial Group of Texas*, 645 F.2d 429, 438 (5th Cir. 1981). Furthermore, “the district court has broad powers and wide discretion to determine the

appropriate relief in an equity receivership.” *Safety Fin. Serv.*, 674 F.2d at 373 (quoting *SEC v. Lincoln Thrift Ass’n*, 577 F.2d 600, 606 (9th Cir. 1978)); see also *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986).

A district court may extend an equitable receivership over related entities and treat related defendants as a single entity for the purposes of the receivership. See *SEC v. Elliott*, 953 F.2d at 1565 n.1 (where defendants had commingled funds between various companies, the district court treated the various companies as one entity for the purpose of the receivership proceeding); see also *SEC v. Elmas Trading Corp.*, 620 F. Supp. 231, 236 (D. Nev. 1985), *aff’d* 805 F.2d 1039 (9th Cir. 1986) (ordering the expansion of a receivership to include third-party entities where the party seeking expansion establishes a commingling of funds, intertwined business operations, utilization of an identical business address or office, co-identity of officers, or co-identity of directors and principals).

The relief requested by the Receiver herein may be granted by this Court through its inherent equitable powers and broad discretion in supervising an equity receivership. The proposed modifications to the Order Appointing Receiver do not extend the reach or scope of the Order Appointing Receiver, but rather consolidate into a single Receivership Estate the assets of persons and entities over which this Court has previously taken exclusive possession and control.⁷ This Court exercised its broad discretionary powers when it granted equitable relief in appointing the Receiver over the Receivership Defendants -- modifying the Order Appointing Receiver to consolidate the persons and entities in receivership into a single Receivership Estate is also within the Court’s “broad powers and wide discretion to determine the appropriate relief in an equity receivership.” *Safety Fin. Serv.*, 674 F.2d at 373.

⁷ The proposed amendments to paragraphs 9, 10, 11, and 53 are designed to preserve the original deadlines in those paragraphs as set out in the Order Appointing Receiver.

As discussed above, as demonstrated in the Affidavit of Danielle Supkis Cheek, and as established in the Commission's filings with the Court upon which the TRO and Order Appointing Receiver were based, *see* Dkts. 3 – 5, Defendants Helms and Kaelin orchestrated a fraudulent investment scheme in which they solicited millions of dollars from investors in exchange for limited partnership interests in Vendetta Partners and other entities, and for the purpose of purchasing a portfolio of mineral interest assets. These investor funds and funds traceable to them were comingled and transferred among and between the Receivership Defendants, and were used to purchase mineral interest assets which were transferred to or otherwise held in the name of other Receivership Defendants. The books and records maintained by Receivership Defendants demonstrate a pervasive comingling of funds and other property among the Receivership Defendants. The "separateness" of these persons and entities was a fiction. As in *SEC v. Elliott*, 953 F.2d at 1565 n.1, and *SEC v. Elmas Trading Corp.*, 620 F. Supp. at 236, Defendants have failed to maintain strict separation of the companies, as evidenced by the comingling of funds, intertwined business operations, utilization of the same business address or office on Cameron Road in Austin, Texas, and the co-identity of officers, directors or principals.

Because the mineral interest assets of Receivership Defendants and funds related to their acquisition and maintenance have been conflated, transferred, and otherwise intertwined among and between the Receivership Defendants, consolidating the Receivership Defendants into a single Receivership Estate will also facilitate the liquidation of the mineral interest assets by the Receiver as described in his Liquidation Plan. Dkt. 50. The collective sale of the Receivership Defendants' mineral interest assets will be hindered -- and the cost to the Receivership to implement the sale will be increased -- if the proceeds of such a sale are required to be

apportioned and placed into accounts of separate Receivership Estates. This is particularly true because the above-detailed conflation amongst and between the Receivership Defendants would make an accurate apportionment impractical, if not impossible. This is exacerbated by the poorly maintained and incomplete books and records of the Receivership Defendants. *See* DSC Aff. ¶7. Consolidating the assets of all Receivership Defendants into a single Receivership Estate will enable the Receiver to effectuate in an efficient manner the sale of all mineral interest assets of the Receivership Defendants.


For the forgoing reasons, the Receiver respectfully requests that this Court consolidate the Receivership Defendants into a single Receivership Estate for the purposes of this equity receivership. *See SEC v. Elliott*, 953 F.2d at 1565 n.1 (where defendants had commingled funds between various companies, the district court treated the various companies as one entity for the purpose of the receivership proceeding).

WHEREFORE, the Receiver, Thomas L. Taylor III, respectfully requests that this Court enter the proposed First Amended Order Appointing Receiver in the form attached hereto, a redlined copy of which is filed herewith as **Exhibit A**.

Dated: April 23, 2014

Respectfully submitted,

THE TAYLOR LAW OFFICES, P.C.

By: 

Andrew M. Goforth

Andrew M. Goforth
Texas State Bar: 24076405
goforth@taylorlaw.com

Exhibit A

WHEREAS the Court finds that, based on the record in these proceedings, the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all assets of the Defendants (“Receivership Assets”) and those assets of the Relief Defendants that: (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; (c) were fraudulently transferred by the Defendants; or (d) may otherwise be includable as assets of the estates of the Defendants (collectively, the “Recoverable Assets”), and,

WHEREAS this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants and Relief Defendants, and venue properly lies in this district.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants: Robert A. Helms, Janniece S. Kaelin, Deven Sellers, Roland Barrera, Vendetta Royalty Partners, Ltd., Vendetta Royalty Management, LLC, Vesta Royalty Partners, LP, Vesta Royalty Management, LLC, Iron Rock Royalty Partners, LP, Iron Rock Royalty Management, LLC, Arcady Resources, LLC, Barefoot Minerals, G.P., G3 Minerals, LLC, Haley Oil Company, Inc., Lake Rock, LLC, SeBud Minerals, LLC, and Technicolor Minerals, G.P. (collectively, the “Receivership Defendants”).

2. Until further Order of this Court, Thomas L. Taylor III is hereby appointed to serve without bond as receiver (the “Receiver”) for the ~~estates~~ Receivership Assets and Recoverable Assets of the Receivership Defendants (the “Receivership Estate”).

I. Asset Freeze

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with

direct or indirect control over any Receivership Assets or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

II. General Powers and Duties of Receiver

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the entity Receivership Defendants under applicable state and federal law, by the governing charters, bylaws, articles or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. § 754, 959 and 1692, and FED. R. CIV. P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys, and other agents of the Receivership Defendants are hereby dismissed and the powers of any general partners, directors, or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Defendants' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Defendants and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Defendants shall possess any authority to act by or on behalf of any of the Receivership Defendants.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Defendants, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Defendants own, possess, have a beneficial interest in, or control directly or indirectly (“Receivership Property” ~~or, collectively, the “Receivership Estates”~~);

B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Defendants; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

C. To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;

D. To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;

E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Defendants;

F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;

G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;

H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;

I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;

J. To pursue, resist, and defend all suits, actions, claims, and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,

K. To take such other action as may be approved by this Court.

III. Access to Information

8. The individual Receivership Defendants and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants, and employees of the entity Receivership Defendants, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, or relating to, the Receivership Defendants and all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within 10 days of the entry of ~~this the~~ Order Appointing Receiver (Dkt. 11), the Receivership Defendants shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Defendants; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Defendants.

10. Within thirty 30 days of the entry of ~~this the~~ Order Appointing Receiver (Dkt. 11), the Receivership Defendants shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2009, to the present:

A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Defendants, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a

direct or indirect beneficial interest, including the account statements from each bank, brokerage or other financial institution;

B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Defendants have signatory authority; and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Defendants;

C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Defendant, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;

D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;

E. Of all funds received by the Receivership Defendants, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;

G. Of all expenditures exceeding \$1,000 made by any of them, including those made on their behalf by any person or entity; and

H. Of all transfers of assets made by any of them.

11. Within thirty 30 days of the entry of ~~this the~~ Order Appointing Receiver (Dkt. 11), the Receivership Defendants shall provide to the Receiver and the Commission copies of the Receivership Defendants' federal income tax returns for **2009, 2010, 2012, and 2013** with all relevant and necessary underlying documentation.

12. The individual Receivership Defendants and the entity Receivership Defendants' past or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers, and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Defendants, or any other matter relevant to the operation or administration of the

receivership or the collection of funds due to the Receivership Defendants. In the event that the Receiver deems it necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make his discovery requests in accordance with the Federal Rules of Civil Procedure.

13. To issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed. R. Civ. P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Defendants are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

IV. Access to Books, Records and Accounts

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Defendants. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Defendants, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Defendants, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Defendants are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Defendants that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:

A. Not liquidate, transfer, sell, convey, or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Defendants except upon instructions from the Receiver;

B. Not exercise any form of set-off, alleged set-off, lien, or any form of set-off whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;

C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,

D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

V. Access to Real and Personal Property

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Defendants, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19. The Receiver is authorized to take immediate possession of all real property of the Receivership Defendants, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service,

facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Defendants, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Defendants, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody, and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estates.

VI. Notice to Third Parties

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers, and general and limited partners of the Receivership Defendants, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Defendant shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Defendant had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter or the financial condition of the Receivership Estates. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Defendants (the "Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Defendants. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Defendants shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Defendants, or any mail appearing to contain privileged information, or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mail box, depository, business or service, or mail courier or delivery service, hired, rented or used by the

Receivership Defendants. The Receivership Defendants shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electricity, telephone, sewage, garbage, or trash-removal services to the Receivership Defendants shall maintain such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

28. The Receiver is authorized to assert, prosecute and/or negotiate any claim under any insurance policy held by or issued on behalf of the Receivership Defendants, or their officers, directors, agents, employees or trustees, and to take any and all appropriate steps in connection with such policies.

VII. Injunction against Interference with Receiver

29. The Receivership Defendants and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

A. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Property; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;

B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying, or altering records or information;

C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning, or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any

Receivership Defendant, attempting to modify, cancel, terminate, call, extinguish, revoke, or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement, or other agreement executed by any Receivership Defendant or which otherwise affects any Receivership Property; or

D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estates.

30. The Receivership Defendants shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

VIII. Stay of Litigation

32. As set forth in detail below, the following proceedings, excluding the instant proceeding and all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, are stayed until further Order of this Court:

All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Defendants, including subsidiaries and partnerships; or, (d) any of the Receivership Defendants' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Defendants against a third person or party, any applicable statute of limitation is

tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

IX. Managing Assets

35. ~~For each of the Receivership Estates,~~ The Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property (the “Receivership Funds”) for the Receivership Estate.

36. The Receiver’s deposit account(s) shall be entitled “Receiver’s Account, Estate of ~~[Name of Receivership Defendant]~~ Vendetta Royalty Partners, LP, et al.” together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estates, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estates.

40. The Receiver is authorized to take all actions to manage, maintain, or wind-down business operations of the Receivership Estates, including making legally required payments to creditors, employees, and agents of the Receivership Estates and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed, temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a "Qualified Settlement Fund." The Receivership Defendants shall cooperate with the Receiver in fulfilling the Settlement Funds' obligations under Treas. Reg. § 1.468B-2.

X. Investigate and Prosecute Claims

42. Subject to the requirement, in Section VII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, or adjust actions in any state, federal, or foreign court or proceeding of any kind as may in his

discretion, and in consultation with SEC counsel, be advisable or proper to recover or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts, disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Defendants.

45. The ~~R~~Receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

XII. Bankruptcy Filing

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code (the “Bankruptcy Code”) for the Receivership Defendants. If a Receivership Defendant is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership ~~Estates~~Defendants as a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as

provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Defendants and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Defendants in bankruptcy proceedings.

XII. Liability of Receiver

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver and his agents, acting within scope of such agency (“Retained Personnel”) are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission’s counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

XIII. Recommendations and Reports

52. The Receiver is authorized, empowered, and directed to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property (the “Liquidation Plan”).

53. Within ninety (90) days of the entry date of ~~this the~~ Order Appointing Receiver (Dkt 11), the Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

54. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of ~~each the~~ Receivership Estate (the “Quarterly Status Report”), reflecting (to the best of the Receiver’s knowledge as of the period covered by the report) the existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

55. The Quarterly Status Report shall contain the following:

- A. A summary of the operations of the Receiver;
- B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
- C. A schedule of all the Receiver’s receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
- D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
- E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);
- F. A list of all known creditors with their addresses and the amounts of their claims;

G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,

H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

56. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

XIV. Fees, Expenses and Accountings

57. Subject to Paragraphs 58 – 64 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state, or local taxes.

58. Subject to Paragraph 59 immediately below, the Receiver is authorized to solicit persons and entities ("Retained Personnel") to assist him in carrying out the duties and responsibilities described in this Order. The Receiver, after consultation with Commission counsel, may engage any Retained Personnel without first obtaining Court approval.

59. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the "Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission" (the "Billing Instructions") agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

60. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates (the "Quarterly Fee Applications"). At least thirty (30) days prior

to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

61. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

62. Quarterly Fee Applications may be subject to a holdback in the amount of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

63. Each Quarterly Fee Application shall:

A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,

B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

64. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

65. Financial institutions who receive notice of this Order by facsimile, email, or otherwise shall cooperate with the Receiver and the Commission staff regarding account identifying information, balance information, and other account information and readily provide such information upon request as soon as is reasonably possible under the circumstances.

IT IS SO ORDERED, this _____ day of _____, 2014.

UNITED STATES DISTRICT JUDGE

Exhibit B

Houston, Texas. I have been the President of DSC PLLC since August, 2013. I am a Certified Public Accountant (CPA) in the State of Texas, a Certified Fraud Examiner, and a Certified Valuation Analyst.

2. As part of my duties with DSC PLLC, I regularly perform audits and forensic accounting investigations including analyzing the books and records of various companies and individuals in order to evaluate financial transactions to determine the source and use of funds as represented by those books and records. Such an analysis may include summarizing the information to produce assorted schedules, charts, and/or reports.

3. Thomas L. Taylor III, the appointed Receiver in the above-styled action, has engaged DSC PLLC to provide accounting, forensic, and/or financial expertise as directed. Such tasks include assisting with the analysis of the books and records of the Defendants, and aiding with the tracing of the assets of each of the Defendants.¹

4. As part of my duties for the Receiver, I, along with other DSC PLLC employees, have reviewed certain QuickBooks accounting files that were located on various electronic media held by either the Defendants or related entities. In addition, we have reviewed bank statements and other supporting documentation that were located in the Defendants' offices and provided by the Receiver.

5. DSC PLLC has analyzed the QuickBooks files for explicit transfers of funds among the Defendants and/or other related entities. By reviewing the accounting entries as they were recorded in the books and records of each company, it was determined that over 4,500

¹ The following acronyms are used in the tables and figure below: Vendetta Royalty Partners, Ltd. ("VRP"); Vendetta Royalty Management, LLC ("VRM"); Barefoot Minerals, G.P. ("BFM"); Haley Oil Company, Inc. ("HOC"); Iron Rock Royalty Partners, LP ("IRRP"); Iron Rock Royalty Management, LLC ("IRRM"); Technicolor Minerals, G.P. ("TCM"); and Robert A. Helms and Janniece S. Kaelin ("RAH/JSK").

transactions existed regarding funds that were transferred among and between various Receivership Defendants as detailed below. Receivership Defendant entities are linked together based on the funds transferred among each of the organizations. *See* Tables 1-5 and Figure 1. Receivership Defendant entities are further linked together based upon transactions related to mineral interest assets, which transactions track payments by one Receivership Defendant on behalf of other Receivership Defendants, or otherwise related to transactions involving mineral interest assets held by other Receivership Defendants. *See* Table 6.

6. DSC PLLC has determined that the following entities either transferred or received funds from one another based upon their respective QuickBooks files and bank statements:

Table 1: Cash inflows (debits) between entities from QuickBooks Vouched to Bank Statements

On the books of	From							
	VRP	VRM	BFM	HOC	IRRP	IRRM	TCM	RAH/ JSK
VRP		1,162,573.51	2,013,941.84	5,500.00	-	-	288,305.60	90,100.00
VRM	6,962,940.28		62,329.74	41,916.34	900.00	-	44,653.66	49,407.44
BFM	303,450.00	25,921.57		42,104.45	276,631.42	-	254,600.00	40,780.00
HOC	7,000.00	66,100.00	22,300.00		-	-	1,000.00	23,700.00
IRRP	-	520.00	34,700.00	-		50.00	-	-
IRRM	-	-	-	-	-		-	-
TCM	266,313.59	172,949.36	348,000.00	1,500.00	3,366.25	-		2,026,981.96
RAH/ JSK	1,118,650.00	1,508,209.31	265,311.39	123,181.65	-	-	438,870.00	

Table 2: Cash inflows (debits) between entities from QuickBooks Unable to Vouch to Bank Statements

On the books of	From							
	VRP	VRM	BFM	HOC	IRRP	IRRM	TCM	RAH/ JSK
VRP		-	-	-	-	-	-	-
VRM	30,400.00		-	-	-	-	-	-
BFM	-	-		-	-	-	-	-
HOC	-	-	-		-	-	-	-
IRRP	-	-	-	-		-	-	-
IRRM	-	-	1,000.00	-	-		-	-
TCM	5,071.57	-	-	-	-	-		-
RAH/ JSK	-	-	-	-	-	-	169,750.00	

Table 3: Cash outflows (credits) between entities from QuickBooks Vouched to Bank Statements

On the books of	To							
	VRP	VRM	BFM	HOC	IRRP	IRRM	TCM	RAH/ JSK
VRP		(7,086,681.20)	(307,450.00)	(33,856.00)	(113,907.68)	-	(264,061.66)	(847,883.30)
VRM	(494,883.51)		(132,301.57)	(138,581.98)	(520.00)	-	(156,067.99)	(1,745,587.63)
BFM	(2,013,941.84)	(74,650.00)		(24,700.00)	(35,700.00)	(1,000.00)	(350,832.96)	(308,384.56)
HOC	(950,500.00)	(11,270.00)	(45,104.45)		-	-	(1,500.00)	(123,681.65)
IRRP	-	(900.00)	(276,631.42)	-		-	(3,366.25)	-
IRRM	-	-	-	-	-		-	-
TCM	(289,305.60)	(66,653.66)	(292,200.00)	(27,600.00)	-	-		(666,648.75)
RAH/ JSK	(90,100.00)	(913.80)	(55,980.00)	(4,000.00)	-	-	(1,898,181.96)	

Table 4: Cash outflows (credits) between entities from QuickBooks Unable to Vouch to Bank Statements

On the books of	To							
	VRP	VRM	BFM	HOC	IRRP	IRRM	TCM	RAH/ JSK
VRP		(800.00)	-	(1,025,000.00)	-	-	-	-
VRM	-		-	-	-	-	-	-
BFM	-	-		-	-	-	-	(12,202.00)
HOC	(1,025,000.00)	-	-		-	-	-	-
IRRP	-	-	-	-		-	-	-
IRRM	-	-	-	-	(50.00)		-	-
TCM	-	-	-	-	-	-		(2,194.91)
RAH/ JSK	(13,750.00)	-	-	-	-	-	(38,000.00)	

Table 5: Total Intercompany Activity

On the books of	From (To)/ Debit (Credit)							
	VRP	VRM	BFM	HOC	IRRP	IRRM	TCM	RAH/ JSK
VRP		(5,924,907.69)	1,706,491.84	(1,053,356.00)	(113,907.68)	-	24,243.94	(757,783.30)
VRM	6,498,456.77		(69,971.83)	(96,665.64)	380.00	-	(111,414.33)	(1,696,180.19)
BFM	(1,710,491.84)	(48,728.43)		17,404.45	240,931.42	(1,000.00)	(96,232.96)	(279,806.56)
HOC	(1,968,500.00)	54,830.00	(22,804.45)		-	-	(500.00)	(99,981.65)
IRRP	-	(380.00)	(241,931.42)	-		50.00	(3,366.25)	-
IRRM	-	-	1,000.00	-	(50.00)		-	-
TCM	(17,920.44)	106,295.70	55,800.00	(26,100.00)	3,366.25	-		1,358,138.30
RAH/ JSK	1,014,800.00	1,507,295.51	209,331.39	119,181.65	-	-	(1,327,561.96)	

Table Total (2,751,545.40)

7. Tables 1-5 and Figure 1 are the summation of over 4,500 transactions of funds moving between entities. The purpose for the movements is unclear in many instances from the records. In addition, it appears that we do not have full data for all of the intercompany movements.

8. If we had complete data, the sum of Table 5 would total to \$0 indicating each entity properly recorded the inflow and outflow of funds between entities. The records of Technicolor, Robert A. Helms, and Janniece S. Kaelin were not kept in QuickBooks. Technicolor and Helms records were kept in MS Money. To our knowledge, Kaelin's personal accounting was not kept in an accounting system.

9. Tables 1-5 and Figure 1 only include transfers of funds between entities and do not include expenditures made by entities/persons that appear to be for Helms/Kaelin person use.

10. Further, we pulled a sample of mineral interest assets purchased by the entity Defendants, and received additional information regarding the title/ownership of the interests from former employees of the Receivership Defendants as follows:

Table 6: Sample of Additions to Producing Mineral Assets (Debits to Fixed Assets)

Purchasing Entity	Date	Payee	Memo	Amount	Title Or Other Information Per Former VRP Employee
BFM	04/06/2011	Shelby's Wells Service	Haley Oil Purchase for Shelby Britton	1,800,000.00	This transaction is believed to be for an asset now titled to HOC.
BFM	10/01/2010	Angela Sledge	HALEY OIL ENTERED - Purchase of New Haley Oil Assets	450,000.00	This transaction is believed to be for an asset now titled to HOC.
VRP	01/23/2012	Elliot Goldman	Purchase all of VRP interest owned by Goldman	650,000.00	According to Clay County, Illinois Clerk in response to an inquiry from a former VRP employee, an Oil and Gas Assignment was filed May 24, 2011, for HOC to: - Donald Horton, Marty Horton, Reagan Horton, & Michelle Horton, - David Bennett & Karen Bennett, - Elliot Goldman, - Nancy Martin (Janniece Kaelin's Aunt), - Tereasa Moeller (daughter of Nancy Martin – Janniece Kaelin's cousin), and - BFM. Per a former VRP employee, no assignment has been recorded in Clay County, Illinois from Elliot Goldman to VRP.
VRP	11/30/2011	Bellwood Petroleum		225,000.00	According to an email forwarded by Robert Helms to a former VRP employee, in early July 2011, Bellwood Petroleum and Harwood Properties each paid \$175,000 for interests sold to them by Janniece Kaelin. Those interests were coming from VRP, TCM, and BFM. A former VRP employee understood that Bellwood and Harwood were given their money back and no interests were ever transferred, and that the mineral interests are currently in TCM and BFM, and are supposed to go to VRP.
VRP	11/30/2011	Harwood Properties		225,000.00	
BFM	05/17/2013	CHASE BANK WIRE	Oam Parkash	50,111.39	This transaction is believed to be to a gentleman from whom Janniece Kaelin bought furniture.
BFM	04/05/2013	Nivon Natural Resources	Commission on Mineral Acquisition - DR. Horthon (sic)	50,000.00	According to a former VRP employee, several emails from Terri Wilmoth to Janniece Kaelin request commission/commission advances for a number of deals she was sending to Kaelin. Conveyances were drawn up and Wilmoth repeatedly asked when the funds were to be wired. The transaction to Nivon Natural Resources is believed to be for commissions for someone that worked with Wilmoth. In addition, a former VRP employee looked up the counties for all the deals that Wilmoth and Kaelin were discussing, and could not find any recorded assignment into VRP, IRRP, etc. These two deals are in Red River Parish, LA and La Salle, TX, and per a former VRP employee no assignments were recorded.

11. In addition, there were \$8,071,305.67 of transactions that reduced the value of mineral interest assets across the entities (credits to fixed assets) that appear to have been additional equity contributions that should have been credited to equity rather than fixed assets. We were able to agree the cash inflows to bank statements in our possession.

12. Based on Tables 1-6, and Figure 1, these entities are linked together based on the funds transferred among each of the organizations.

13. DSC PLLC's work, analysis and discovery in this matter are ongoing. There is the potential for additional transfers to be identified and classified among the Defendants, the entities noted above, and other organizations as such work continues.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on this 21st day of April, 2014 in Houston, Texas.



Danielle Supkis Cheek, CPA, CFE, CVA

Exhibit C

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JESSE WHITE
SECRETARY OF STATE



CORPORATION FILE DETAIL REPORT

Entity Name	HALEY OIL COMPANY, INC.	File Number	67701194
Status	DISSOLVED		
Entity Type	CORPORATION	Type of Corp	DOMESTIC BCA
Incorporation Date (Domestic)	01/03/2011	State	ILLINOIS
Agent Name	DIANA RATTS	Agent Change Date	01/03/2011
Agent Street Address	3301 ELMDALE DR	President Name & Address	ROBERT A. HELMS
Agent City	MATTOON	Secretary Name & Address	INVOLUNTARY DISSOLUTION 06 14 13
Agent Zip	61938	Duration Date	PERPETUAL
Annual Report Filing Date	00/00/0000	For Year	2013

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WHEREAS the Court finds that, based on the record in these proceedings, the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all assets of the Defendants (“Receivership Assets”) and those assets of the Relief Defendants that: (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; (c) were fraudulently transferred by the Defendants; or (d) may otherwise be includable as assets of the estates of the Defendants (collectively, the “Recoverable Assets”), and,

WHEREAS this Court has subject matter jurisdiction over this action and personal jurisdiction over the Defendants and Relief Defendants, and venue properly lies in this district.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants: Robert A. Helms, Janniece S. Kaelin, Deven Sellers, Roland Barrera, Vendetta Royalty Partners, Ltd., Vendetta Royalty Management, LLC, Vesta Royalty Partners, LP, Vesta Royalty Management, LLC, Iron Rock Royalty Partners, LP, Iron Rock Royalty Management, LLC, Arcady Resources, LLC, Barefoot Minerals, G.P., G3 Minerals, LLC, Haley Oil Company, Inc., Lake Rock, LLC, SeBud Minerals, LLC, and Technicolor Minerals, G.P. (collectively, the “Receivership Defendants”).

2. Until further Order of this Court, Thomas L. Taylor III is hereby appointed to serve without bond as receiver (the “Receiver”) for the Receivership Assets and Recoverable Assets of the Receivership Defendants (the “Receivership Estate”).

I. Asset Freeze

3. Except as otherwise specified herein, all Receivership Assets and Recoverable Assets are frozen until further order of this Court. Accordingly, all persons and entities with

direct or indirect control over any Receivership Assets or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

II. General Powers and Duties of Receiver

4. The Receiver shall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the entity Receivership Defendants under applicable state and federal law, by the governing charters, bylaws, articles or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. § 754, 959 and 1692, and FED. R. CIV. P. 66.

5. The trustees, directors, officers, managers, employees, investment advisors, accountants, attorneys, and other agents of the Receivership Defendants are hereby dismissed and the powers of any general partners, directors, or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Defendants' operations or assets, except to the extent as may hereafter be expressly granted by the Receiver. The Receiver shall assume and control the operation of the Receivership Defendants and shall pursue and preserve all of their claims.

6. No person holding or claiming any position of any sort with any of the Receivership Defendants shall possess any authority to act by or on behalf of any of the Receivership Defendants.

7. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Defendants, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Defendants own, possess, have a beneficial interest in, or control directly or indirectly (“Receivership Property”);

B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Defendants; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

C. To manage, control, operate and maintain the Receivership Estate and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;

D. To use Receivership Property for the benefit of the Receivership Estate, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;

E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Defendants;

F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;

G. To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;

H. The Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;

I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;

J. To pursue, resist, and defend all suits, actions, claims, and demands which may now be pending or which may be brought by or asserted against the Receivership Estate; and,

K. To take such other action as may be approved by this Court.

III. Access to Information

8. The individual Receivership Defendants and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants, and employees of the entity Receivership Defendants, as well as those acting in their place, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, or relating to, the Receivership Defendants and all Receivership Property; such information shall include but not be limited to books, records, documents, accounts and all other instruments and papers.

9. Within 10 days of the entry of the Order Appointing Receiver (Dkt. 11), the Receivership Defendants shall file with the Court and serve upon the Receiver and the Commission a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Property; (b) all employees (and job titles thereof), other personnel, attorneys, accountants and any other agents or contractors of the Receivership Defendants; and, (c) the names, addresses and amounts of claims of all known creditors of the Receivership Defendants.

10. Within thirty 30 days of the entry of the Order Appointing Receiver (Dkt. 11), the Receivership Defendants shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation, covering the period from January 1, 2009, to the present:

A. Of all Receivership Property, wherever located, held by or in the name of the Receivership Defendants, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage or other financial institution held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a

direct or indirect beneficial interest, including the account statements from each bank, brokerage or other financial institution;

B. Identifying every account at every bank, brokerage or other financial institution: (a) over which Receivership Defendants have signatory authority; and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Defendants;

C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Defendant, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;

D. Of all assets received by any of them from any person or entity, including the value, location, and disposition of any assets so received;

E. Of all funds received by the Receivership Defendants, and each of them, in any way related, directly or indirectly, to the conduct alleged in the Commission's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;

G. Of all expenditures exceeding \$1,000 made by any of them, including those made on their behalf by any person or entity; and

H. Of all transfers of assets made by any of them.

11. Within thirty 30 days of the entry of the Order Appointing Receiver (Dkt. 11), the Receivership Defendants shall provide to the Receiver and the Commission copies of the Receivership Defendants' federal income tax returns for **2009, 2010, 2012, and 2013** with all relevant and necessary underlying documentation.

12. The individual Receivership Defendants and the entity Receivership Defendants' past or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers, and general and limited partners, and other appropriate persons or entities shall answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Defendants, or any other matter relevant to the operation or administration of the

receivership or the collection of funds due to the Receivership Defendants. In the event that the Receiver deems it necessary to require the appearance of the aforementioned persons or entities, the Receiver shall make his discovery requests in accordance with the Federal Rules of Civil Procedure.

13. To issue subpoenas to compel testimony of persons or production of records, consistent with the Federal Rules of Civil Procedure and applicable Local Rules, except for the provisions of Fed. R. Civ. P. 26(d)(1), concerning any subject matter within the powers and duties granted by this Order.

14. The Receivership Defendants are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver.

IV. Access to Books, Records and Accounts

15. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Defendants. All persons and entities having control, custody or possession of any Receivership Property are hereby directed to turn such property over to the Receiver.

16. The Receivership Defendants, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Defendants, and any persons receiving notice of this Order by personal service, facsimile transmission or otherwise, having possession of the property, business, books, records, accounts or assets of the Receivership Defendants are hereby directed to deliver the same to the Receiver, his agents and/or employees.

17. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, and of the Receivership Defendants that receive actual notice of this Order by personal service, facsimile transmission or otherwise shall:

A. Not liquidate, transfer, sell, convey, or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Defendants except upon instructions from the Receiver;

B. Not exercise any form of set-off, alleged set-off, lien, or any form of set-off whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;

C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the Commission a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,

D. Cooperate expeditiously in providing information and transferring funds, assets and accounts to the Receiver or at the direction of the Receiver.

V. Access to Real and Personal Property

18. The Receiver is authorized to take immediate possession of all personal property of the Receivership Defendants, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

19. The Receiver is authorized to take immediate possession of all real property of the Receivership Defendants, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service,

facsimile transmission or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing or erasing anything on such premises.

20. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receiver shall have exclusive control of the keys. The Receivership Defendants, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

21. The Receiver is authorized to open all mail directed to or received by or at the offices or post office boxes of the Receivership Defendants, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

22. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody, and control of, or identify the location of, any assets, records or other materials belonging to the Receivership Estates.

VI. Notice to Third Parties

23. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers, and general and limited partners of the Receivership Defendants, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

24. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Defendant shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver and its receipt for such payments shall have the same force and effect as if the Receivership Defendant had received such payment.

25. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and serve this Order upon, any person, entity or government office that he deems appropriate to inform them of the status of this matter or the financial condition of the Receivership Estate. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

26. The Receiver is authorized to instruct the United States Postmaster to hold or reroute mail which is related, directly or indirectly, to the business, operations or activities of any of the Receivership Defendants (the "Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Defendants. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Defendants shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Defendants, or any mail appearing to contain privileged information, or any mail not falling within the mandate of the Receiver, shall be released to the named addressee by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mail box, depository, business or service, or mail courier or delivery service, hired, rented or used by the

Receivership Defendants. The Receivership Defendants shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository or courier service.

27. Subject to payment for services provided, any entity furnishing water, electricity, telephone, sewage, garbage, or trash-removal services to the Receivership Defendants shall maintain such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

28. The Receiver is authorized to assert, prosecute and/or negotiate any claim under any insurance policy held by or issued on behalf of the Receivership Defendants, or their officers, directors, agents, employees or trustees, and to take any and all appropriate steps in connection with such policies.

VII. Injunction against Interference with Receiver

29. The Receivership Defendants and all persons receiving notice of this Order by personal service, facsimile or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

A. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Property; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Property;

B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying, or altering records or information;

C. Dissipate or otherwise diminish the value of any Receivership Property; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning, or in any way conveying any Receivership Property, enforcing judgments, assessments or claims against any Receivership Property or any

Receivership Defendant, attempting to modify, cancel, terminate, call, extinguish, revoke, or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement, or other agreement executed by any Receivership Defendant or which otherwise affects any Receivership Property; or

D. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estate.

30. The Receivership Defendants shall cooperate with and assist the Receiver in the performance of his duties.

31. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

VIII. Stay of Litigation

32. As set forth in detail below, the following proceedings, excluding the instant proceeding and all police or regulatory actions and actions of the Commission related to the above-captioned enforcement action, are stayed until further Order of this Court:

All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Property, wherever located; (c) any of the Receivership Defendants, including subsidiaries and partnerships; or, (d) any of the Receivership Defendants' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party defendant, or otherwise (such proceedings are hereinafter referred to as "Ancillary Proceedings").

33. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process.

34. All Ancillary Proceedings are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Defendants against a third person or party, any applicable statute of limitation is

tollled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

IX. Managing Assets

35. The Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Property (the “Receivership Funds”) for the Receivership Estate.

36. The Receiver’s deposit account(s) shall be entitled “Receiver’s Account, Estate of Vendetta Royalty Partners, LP, *et al.*” together with the name of the action.

37. The Receiver may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.

38. Subject to Paragraph 39, immediately below, the Receiver is authorized to locate, list for sale or lease, engage a broker for sale or lease, cause the sale or lease, and take all necessary and reasonable actions to cause the sale or lease of all real property in the Receivership Estate, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property.

39. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estate.

40. The Receiver is authorized to take all actions to manage, maintain, or wind-down business operations of the Receivership Estate, including making legally required payments to creditors, employees, and agents of the Receivership Estate and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

41. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable, whether proposed, temporary or final, or pronouncements thereunder, including the filing of the elections and statements contemplated by those provisions. The Receiver shall be designated the administrator of the Settlement Fund, pursuant to Treas. Reg. § 1.468B-2(k)(3)(i), and shall satisfy the administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to (a) obtaining a taxpayer identification number, (b) timely filing applicable federal, state, and local tax returns and paying taxes reported thereon, and (c) satisfying any information, reporting or withholding requirements imposed on distributions from the Settlement Fund. The Receiver shall cause the Settlement Fund to pay taxes in a manner consistent with treatment of the Settlement Fund as a "Qualified Settlement Fund." The Receivership Defendants shall cooperate with the Receiver in fulfilling the Settlement Funds' obligations under Treas. Reg. § 1.468B-2.

X. Investigate and Prosecute Claims

42. Subject to the requirement, in Section VII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, or adjust actions in any state, federal, or foreign court or proceeding of any kind as may in his

discretion, and in consultation with SEC counsel, be advisable or proper to recover or conserve Receivership Property.

43. Subject to his obligation to expend receivership funds in a reasonable and cost effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Estate, as the Receiver deems necessary and appropriate; the Receiver may seek, among other legal and equitable relief, the imposition of constructive trusts, disgorgement of profits, asset turnover, avoidance of fraudulent transfers, rescission and restitution, collection of debts, and such other relief from this Court as may be necessary to enforce this Order. Where appropriate, the Receiver should provide prior notice to Counsel for the Commission before commencing investigations or actions.

44. The Receiver hereby holds, and is therefore empowered to waive, all privileges, including the attorney-client privilege, held by all entity Receivership Defendants.

45. The Receiver has a continuing duty to ensure that there are no conflicts of interest between the Receiver, his Retained Personnel (as that term is defined below), and the Receivership Estate.

XII. Bankruptcy Filing

46. The Receiver may seek authorization of this Court to file voluntary petitions for relief under Title 11 of the United States Code (the "Bankruptcy Code") for the Receivership Defendants. If a Receivership Defendant is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Defendants as a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a

debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all entity Receivership Defendants and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Defendants in bankruptcy proceedings.

XII. Liability of Receiver

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver and his agents, acting within scope of such agency (“Retained Personnel”) are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Commission’s counsel of record and the Court of its intention, and the resignation shall not be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

XIII. Recommendations and Reports

52. The Receiver is authorized, empowered, and directed to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property (the “Liquidation Plan”).

53. Within ninety (90) days of the entry date of the Order Appointing Receiver (Dkt 11), the Receiver shall file the Liquidation Plan in the above-captioned action, with service copies to counsel of record.

54. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of the Receivership Estate (the “Quarterly Status Report”), reflecting (to the best of the Receiver’s knowledge as of the period covered by the report) the existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estate.

55. The Quarterly Status Report shall contain the following:

- A. A summary of the operations of the Receiver;
- B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
- C. A schedule of all the Receiver’s receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
- D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
- E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments);

F. A list of all known creditors with their addresses and the amounts of their claims;

G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,

H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

56. On the request of the Commission, the Receiver shall provide the Commission with any documentation that the Commission deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the Commission's mission.

XIV. Fees, Expenses and Accountings

57. Subject to Paragraphs 58 – 64 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state, or local taxes.

58. Subject to Paragraph 59 immediately below, the Receiver is authorized to solicit persons and entities ("Retained Personnel") to assist him in carrying out the duties and responsibilities described in this Order. The Receiver, after consultation with Commission counsel, may engage any Retained Personnel without first obtaining Court approval.

59. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estate as described in the "Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission" (the "Billing Instructions") agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

60. Within forty-five (45) days after the end of each calendar quarter, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estate (the “Quarterly Fee Applications”). At least thirty (30) days prior to filing each Quarterly Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

61. All Quarterly Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

62. Quarterly Fee Applications may be subject to a holdback in the amount of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

63. Each Quarterly Fee Application shall:

A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,

B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

64. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver’s final application for compensation and expense reimbursement.

65. Financial institutions who receive notice of this Order by facsimile, email, or otherwise shall cooperate with the Receiver and the Commission staff regarding account identifying information, balance information, and other account information and readily provide such information upon request as soon as is reasonably possible under the circumstances.

IT IS SO ORDERED, this _____ day of _____, 2014.

UNITED STATES DISTRICT JUDGE