

# EXHIBIT 4



WIAND GUERRA KING

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August 27, 2013

**Via Federal Express &  
and Electronic Mail**

Bill G. Hatchett  
c/o John H. Carney & Associates  
5005 Greenville Avenue  
Suite 200  
Dallas, Texas 75206  
[JHCBlue@aol.com](mailto:JHCBlue@aol.com)

Betina Gilmore  
TransOil Marketing, LLC  
Post Office Box 6697  
Abilene, TX 79608  
[bgilmore@transoiltx.com](mailto:bgilmore@transoiltx.com)

Re: *Securities and Exchange Commission v. Nadel, et al.*  
U.S. Dist. Ct., M.D. Fla., Case No. 8:09-cv-87-T-26TBM

TransOil Marketing, LLC's And Bill G. Hatchett's Violation Of Court  
Injunction As It Relates To Quest Energy Management Group, Inc.

Dear Ms. Gilmore and Mr. Carney:

As you know, we represent Burton W. Wiand in his capacity as the Receiver (the "**Receiver**") appointed over Quest Energy Management Group, Inc. ("**Quest**"), by the U.S. District Court for the Middle District in the above-referenced Securities & Exchange Commission enforcement action (the "**SEC Action**" or the "**Receivership**"). The May 24, 2013, Order expanding the Receivership to include Quest is attached as **Exhibit 1** (the "**May 24 Order**"). Earlier in the SEC Action, the Court entered several orders appointing or re-appointing the Receiver, and the May 24 Order states that Quest is now "included within the ambit of the Court's previous orders appointing and reappointing Burton W. Wiand as the Receiver" in the SEC Action. May 24 Order at 8. A copy of the latest Order Reappointing Receiver is attached as **Exhibit 2** ("**Order Reappointing Receiver**"). Although you already have been provided with copies of these Orders, I have attached them again to ensure you understand the Court's directives.

We recently received Ms. Gilmore's August 20, 2013, letter to Quest, which I have attached as **Exhibit 3**. In the letter, Ms. Gilmore writes that TransOil Marketing, LLC ("**TransOil**") was notified by Bill G. Hatchett that an Oil and Gas Lease dated April 15, 2011, to which Quest is a party (the "**Lease**") was terminated as a result of a purported assignment of that

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lease. Based on this, Ms. Gilmore informed Quest the Lease “has been placed 100% in suspense until this matter is resolved” and that TransOil has suspended the sale of oil recovered from the property underlying the Lease. As both of you know, the Lease is an asset of Quest, and there has been no adjudication by any court or regulatory body that the assignment was effectuated or that the Lease was terminated. Rather, Mr. Hatchett’s and TransOil’s interference with Quest’s asset – and thus an asset of the Receivership – is merely based on Mr. Hatchett’s contentions.

In relevant part, the Order Reappointing Receiver states:

15. Without prior permission from this Court, during the period of this receivership all persons, including creditors, banks, investors, or others with actual notice of this Order, are enjoined ... from in any way disturbing the assets or proceeds of the receivership or from prosecuting any actions or proceedings which involve the Receiver or which effect the property of the Receivership Entities

Both TransOil and Mr. Hatchett have violated this provision by interfering with the Lease and refusing to pay the Receiver money from the sale of oil belonging to Quest.

TransOil and Mr. Hatchett must immediately cease interfering with the Receivership’s assets, and TransOil must immediately release to Quest the money Quest is owed. Unless I receive notice in writing by 5pm Eastern Time on Wednesday, August 28, 2013, that (1) TransOil has released the money and will no longer interfere with Quest’s assets and (2) Mr. Hatchett will no longer interfere with Quest’s assets, we will promptly file in the SEC Action a motion for an order to show cause why both TransOil and Mr. Hatchett should not be held in contempt of Court for violating the Order Reappointing Receiver. The Receiver also will seek to recover his and his attorneys’ fees and costs for bringing the motion and otherwise compelling TransOil and Mr. Hatchett’s compliance with the Order Reappointing Receiver.

Sincerely,

A handwritten signature in black ink, appearing to read "Gianluca Morello". The signature is written in a cursive style with a prominent "F" at the end.

Gianluca Morello

GM/car

Enclosures

# EXHIBIT 1

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

CASE NO: 8:09-cv-87-T-26TBM

ARTHUR NADEL; SCOOP CAPITAL, LLC;  
and SCOOP MANAGEMENT, INC.,

Defendants,

SCOOP REAL ESTATE, L.P.;  
VALHALLA INVESTMENT PARTNERS, L.P.;  
VALHALLA MANAGEMENT, INC.;  
VICTORY IRA FUND, LTD.; VICTORY FUND, LTD.;  
VIKING IRA FUND, LLC; VIKING FUND, LLC;  
and VIKING MANAGEMENT, LLC,

Relief Defendants.

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**ORDER**

Before the Court is the Receiver's Motion to Expand the Scope of Receivership to Include Quest Energy Management Group, Inc. (Dkt. 993), Quest Energy Management Group, Inc.'s Memorandum in Opposition (Dkt. 1003), and the Receiver's Reply. (Dkt. 1004.) After careful consideration of the motion, the applicable law, and the entire file, the Court concludes that the motion should be granted.

## RELEVANT BACKGROUND

This is the tenth motion to expand the scope of the receivership in the four-and-one-half-year span of this proceeding.<sup>1</sup> The Receiver now seeks to include Quest Energy Management Group, Inc. (Quest), a Texas-headquartered oil and gas exploration and production company, holding oil and gas leases by production.<sup>2</sup> Quest was identified as an entity in which Viking Oil & Gas, LLC (Viking Oil)<sup>3</sup> and Neil and Chris Moody (the Moodys), invested \$4 million between February 2006 and April 2007.<sup>4</sup> Valhalla Investment, Partners, L.P. (Valhalla), a Relief Defendant, also loaned Quest \$1.1 million of scheme proceeds as evidenced by a promissory note executed November 30, 2007, and amended July 29, 2008.<sup>5</sup> In total, Viking Oil, Valhalla and the Moodys invested at least \$5.1 million in Quest.<sup>6</sup>

In the founding of Quest, the funding predominantly consisted of scheme proceeds from defrauded investors. Two months after the Downeys had initially raised \$750,000

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<sup>1</sup> The Receiver lists the entities included in the expansion of the receivership. See docket 993 at 3.

<sup>2</sup> See docket 1003, Exh. A at para. 3.

<sup>3</sup> The fifth motion expanded the receivership to include Viking Oil. See docket 153.

<sup>4</sup> See docket 152 at 7, para. 19 and docket 994, Exhs. C & D.

<sup>5</sup> See docket 1003, Exh. A at paras. 43 & 44 and docket 994, Exhs. E & F. Quest claims that it has paid \$545,936.69 under the promissory note, paying a total of \$440,617.86 to the Receiver.

<sup>6</sup> See docket 994, Exh. G.

from 23 investors for the initial acquisition of four oil and gas leases in 2005,<sup>7</sup> the first \$3 million was invested by the Moodys, representing 80% of Quest's initial funding. Even after the additional \$1.6 million received from Viking Oil<sup>8</sup> and Valhalla,<sup>9</sup> and after other investors had contributed \$1.4 million and Quest had received a bank loan of \$500,000,<sup>10</sup> 63% of Quest's funding came from the Moodys, Viking Oil, and Valhalla through 2007. Although beginning in 2008 Quest raised additional capital, obtained bank financing, made a corporate note offering, and made an equity offering<sup>11</sup> to raise approximately \$15 million from other investors,<sup>12</sup> the initial funding overwhelmingly consisted of scheme proceeds.

Although attempts were made by the Receiver to settle with Quest, Quest never paid the \$2.3 million payment pursuant to the compromise agreement and therefore no settlement was ever approved by this Court.<sup>13</sup> Quest did, however, make interest payments to the Receiver on the \$1.1 million promissory note until January 2013. After

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<sup>7</sup> See docket 1003, paras. 17-19, and docket 994, Exh. C.

<sup>8</sup> Viking Oil gave \$1 million to Quest in April 2007. See docket 1003, para. 20.

<sup>9</sup> Valhalla loaned \$600,000 pursuant to the promissory note in November 2007. See docket 994, Exh. E. (The additional \$500,000 pursuant to the note was not loaned until July 2008. See docket 994, Exh. F.).

<sup>10</sup> See docket 1003, paras. 21 & 22.

<sup>11</sup> See docket 1003, paras. 21, 22, 25 & 26.

<sup>12</sup> See docket 1003, para. 29.

<sup>13</sup> See docket 994, para. 25.

Quest defaulted on the note, the Receiver filed the instant motion seeking to include Quest in the receivership estate.

### **JURISDICTION**

Quest's argument that service of process is necessary for this Court to exercise personal jurisdiction over it is unpersuasive. In this receivership proceeding, the receiver's compliance with 28 U.S.C. § 754 bestows jurisdiction over the property and assets of Quest in this district court in this case, and service of process to secure personal jurisdiction over Quest is unnecessary given the due process protections provided in the summary procedure and the judicial efficiency in conducting the receivership.<sup>14</sup> Section 754 allows the receiver to employ summary proceedings by filing copies of the complaint and the order appointing the receiver in each district in which property is located to obtain complete jurisdiction and control of property in different federal districts. See SEC v. Elliott, 953 F. 2d 1560, 1566-67 (11<sup>th</sup> Cir. 1992); SEC v. Hardy, 803 F. 2d 1034, 1038 (9<sup>th</sup> Cir. 1986); SEC v. TLC Invs. & Trade Co., 147 F. Supp. 2d 1031, 1034-35 (C.D. Cal. 2001). Whether a summary procedure violates due process, or notice and an opportunity to be heard, depends on the particular case. See TLC Investments, 147 F. Supp. 2d at

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<sup>14</sup> When obtaining personal jurisdiction is required, 28 U.S.C. § 1692 in conjunction with §754 and Federal Rule of Civil Procedure 4(k)(1)© provide the means of effectuating service nationwide, see SEC v. Vision Communications, Inc., 74 F. 3d 287, 387 (D.C. Cir. 1996); however, service of process need not be effectuated in many SEC receivership cases. See SEC v. Wencke, 783 F. 2d 829, 833 n. 5, 836 & 837 n. 9 (9<sup>th</sup> Cir. 1986) (holding that summary procedure adequately safeguards the claimant's interests without the requirement of an independent action in SEC receivership case and finding personal jurisdiction over non-party claimants).



1034 (noting the “general rule that the process due varies according to the nature of the right and type of proceedings”).

Quest relies on SEC. v. Ross, 504 F.3d 1130 (9<sup>th</sup> Cir. 2007), for the proposition that summary proceedings may not be used in cases such as this one. Ross is distinguishable, however, in that 1) the commissions made by the non-party in Ross were not located in a district for which the receiver had properly filed under § 754, and 2) the non-party in Ross was not a nominal defendant because he was accused of wrongdoing in obtaining the commissions. Here, the Receiver has complied with § 754 in filing in the proper districts in Texas, and summary proceedings are warranted because Quest is not charged with any wrongdoing but only the use of the scheme proceeds in the establishment of its business.<sup>15</sup>

#### **ALTER EGO**

Quest need not be determined to be an alter ego of Valhalla or Viking Oil to be included in this receivership. Quest’s use of scheme proceeds to purchase the oil and gas

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<sup>15</sup> There is no question that Quest received actual notice and an opportunity to be heard and therefore due process. See, e.g., SEC v. Wencke, 783 F. 2d 829, 835-36 (9<sup>th</sup> Cir. 1986) (affirming use of summary procedure in receiver’s disgorgement proceedings); In re San Vicente Med. Partners, Ltd., 962 F. 2d 1402, 1408 (9<sup>th</sup> Cir. 1992) (concluding that district court may include non-party’s property in SEC receivership order “as long as the non-party . . . receives actual notice and an opportunity for a hearing.”); Warfield v. Alaniz, 453 F. Supp. 2d 1118, 1133 (D. Ariz. 2006) (incorporating non-party’s assets into receivership estate would not violate due process where non-party had adequate notice and opportunity to be heard); SEC v. Abbondante, 2012 WL 2339704, \* 2 (D.N.J. 2012) (quoting New Hampshire Fire Ins. v. Scanlon, 362 U.S. 404, 406-07, 80 S. Ct. 843, 845, 4 L. Ed. 2d 826 (1960), that summary procedures may be conducted “on short notice, without summons and complaints”). Quest was represented by two attorneys in this case and has filed a response.

leases and to profit from the land subjects it to inclusion by virtue of the Receiver's need to take possession of the property and assets. The Court agrees with the Receiver that analogous cases authorizing a receiver to take possession of and sell land and residences purchased or improved with scheme proceeds apply to this case. See, e.g., SEC v. Lauer, 2009 WL 812719, at \*3 (S.D. Fla. 2009) (holding that the proceeds from sale of condominium that was maintained with tainted funds are also tainted by the fraud); In re Fin. Federated Title & Trust, Inc., 347 F. 3d 880 (11<sup>th</sup> Cir. 2003) (establishing constructive trust on property which was purchased with over 90% funds from Ponzi scheme); SEC v. Kirkland, 2006 WL 2639522 \* 2-3 (M.D. Fla. 2006) (finding, on motion to expand receivership, that property was purchased with funds from receivership entities and therefore included in estate); Commodity Futures Trading Comm'n v. Hudgins, 620 F. Supp. 2d 790, 795 (E.D. Tex. 2009) (imposing equitable lien and directing sale of condominium because innocent defrauder's girlfriend paid the mortgage off with Ponzi scheme funds). The fact that not all of the funding for Quest originated from Valhalla, Viking Oil, or the Moodys, does not change the outcome. The vast majority of the initial funding in the first four months, 80%, was tainted, and through 2007, 63% was tainted. Although the funds raised between 2008 and 2013 were not tainted, Quest did not use the additional funds to pay its obligations under the note or refund the \$5.1 million scheme proceeds it received. Even after reaching a settlement agreement with the Receiver, Quest was unable to make the settlement payment.

#### **PROMISSORY NOTE**

Quest asserts that the \$1.6 million loaned pursuant to the promissory note is not due because the payments were indefinitely extended by the Moodys, and Quest has a claim against the Moodys, Valhalla, and Viking Oil for approximately \$4.8 million. Again, Quest takes the position that its due process rights would be denied in these summary proceedings if the Receiver is allowed to enforce the preferred lien in favor of Valhalla pursuant to the terms of the note without filing a separate lawsuit. Based on the reasons discussed previously in this order, the Court finds that expanding the scope of the receivership to include Quest by way of summary procedure best enables the Receiver to administer the receivership estate and does not deny due process to Quest.

Quest's defenses and objections may be handled by summary procedure. A default under the note occurred at the very least in January 2013 when Quest failed to make its interest payment. Even assuming Quest's defense of indefinite extension as true, when the Receiver, on behalf of Valhalla as payee, demanded both principal and interest payment due under the note, any prior agreement ceased. With respect to Quest's claim of set off of the \$4.8 million owed by Viking Oil, the Receiver sent Quest a Notice to Creditors and Proof of Claim form on June 4, 2010.<sup>16</sup> Quest nevertheless failed to file a claim by the deadline of September 2, 2010.<sup>17</sup> Consequently, Quest appears to have no defenses to inclusion in the receivership estate.

It is therefore **ORDERED AND ADJUDGED** as follows:

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<sup>16</sup> See docket 1007, Exh. A.

<sup>17</sup> See docket 1002, Order on Motion to Modify Order Disallowing Claim of potential creditor.

- (1) The Receiver's Motion to Expand the Scope of Receivership to Include Quest Energy Management Group, Inc. (Dkt. 993) is **GRANTED**.
- (2) The scope of the receivership created in this case is expanded to include Quest Energy Management Group, Inc., (Quest) and all outstanding shares of stock of Quest are hereby transferred to the Receiver for the benefit of the Receivership estate. This entity is specifically included within the ambit of the Court's previous orders appointing and reappointing Burton W. Wiand as the Receiver in this case.
- (3) Upon notice of this Order, Paul Downey and Jeff Downey (the Downeys) and any other Quest shareholders shall deliver to the Receiver any and all share certificates in their possession, custody, or control together with fully executed assignments of those shares and such other documents as may be requested by the Receiver.
- (4) The Downeys and all other present or former officers, directors, and employees of Quest shall refrain from any act which harms Quest's business or business relationships, including but not limited to, any act which would interfere with its referral sources, existing customers or prospective customers, or business opportunities and prospects.
- (5) The Downeys and all other present or former officer, directors, and employees of Quest take all reasonable steps to preserve Quest's assets, property, records, or other materials relating to Quest's business and make

same available to the Receiver upon request, and refrain from removing any such items from Quest's offices or any other location where Quest maintains or stores any such items.

- (6) Failure to abide by the provisions of this order will subject the non-complying party to contempt of this Court.

**DONE AND ORDERED** at Tampa, Florida, on May 24, 2013.

*s/Richard A. Lazzara*  
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**RICHARD A. LAZZARA**  
**UNITED STATES DISTRICT JUDGE**

**COPIES FURNISHED TO:**  
Counsel of Record

# EXHIBIT 2

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

ARTHUR NADEL,  
SCOOP CAPITAL, LLC,  
SCOOP MANAGEMENT, INC.

CASE NO.: 8:09-cv-0087-T-26TBM

Defendants,

SCOOP REAL ESTATE, L.P.,  
VALHALLA INVESTMENT PARTNERS, L.P.,  
VALHALLA MANAGEMENT, INC.,  
VICTORY IRA FUND, LTD,  
VICTORY FUND, LTD,  
VIKING IRA FUND, LLC,  
VIKING FUND, LLC,  
AND VIKING MANAGEMENT

Relief Defendants.

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**ORDER REAPPOINTING RECEIVER**

WHEREAS, Plaintiff Securities and Exchange Commission (“Commission”) filed an emergency motion for the appointment of a Receiver over Defendants Scoop Capital LLC and Scoop Management Inc. (“Defendants”), and Relief Defendants Scoop Real Estate L.P., Valhalla Investment Partners L.P., Valhalla Management Inc., Victory IRA Fund LTD, Victory Fund LTD, Viking IRA Fund LLC, Viking Fund LLC and Viking Management (“Relief Defendants”), with full and exclusive power, duty and authority to: administer and

manage the business affairs, funds, assets, choses in action and any other property of the Defendants and Relief Defendants; marshal and safeguard all of the assets of the Defendants and Relief Defendants; and take whatever actions are necessary for the protection of the investors; and

**WHEREAS**, the Commission has made a sufficient and proper showing in support of the relief requested by evidence demonstrating a *prima facie* case of violations of the federal securities laws by the Defendants; and

**WHEREAS**, the Commission submitted the credentials of Burton W. Wiand to be appointed as Receiver of all of the assets, properties, books and records, and other items of the Defendants and Relief Defendants, including any properties, assets and other items held in the names of the Defendants and Relief Defendants, and the Commission has advised the Court that Burton W. Wiand was prepared to assume this responsibility if so ordered by the Court; and

**WHEREAS**, Burton W. Wiand was appointed Receiver over the Defendants and Relief Defendants; and

**WHEREAS**, upon sufficient and proper showing by Burton W. Wiand and, for the protection of the investors and the Receivership Estate, the Court expanded the Receivership to include Venice Jet Center, LLC; Tradewind, LLC; Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; the Marguerite J. Nadel Revocable Trust UAD 8/2/07; the Laurel Mountain Preserve Homeowners Association, Inc.; The Guy-Nadel Foundation, Inc.; Lime Avenue Enterprises, LLC; A Victorian Garden Florist, LLC; Viking Oil & Gas, LLC, Home Front



Homes, LLC; Traders Investment Club; Respiro Inc.; and Summer Place Development Corporation.

**NOW, THEREFORE, IT IS ORDERED AND ADJUDGED** that Burton W. Wiand is hereby reappointed the Receiver over the Defendants and Relief Defendants and Venice Jet Center, LLC; Tradewind, LLC; Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; the Marguerite J. Nadel Revocable Trust UAD 8/2/07; the Laurel Mountain Preserve Homeowners Association, Inc.; The Guy-Nadel Foundation, Inc.; Lime Avenue Enterprises, LLC; A Victorian Garden Florist, LLC; Viking Oil & Gas, LLC, Home Front Homes, LLC; Traders Investment Club; Respiro Inc.; and Summer Place Development Corporation (collectively “**Receivership Entities**”), their subsidiaries, successors and assigns, and is hereby authorized, empowered, and directed to:

1. Take immediate possession of all property, assets and estates of every kind of the Receivership Entities, whatsoever and wheresoever located belonging to or in the possession of the Receivership Entities, including but not limited to all offices maintained by the Receivership Entities, rights of action, books, papers, data processing records, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real property of the Receivership Entities wherever situated, and to administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further order of this Court;

2. Investigate the manner in which the affairs of the Receivership Entities were conducted and institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Entities and their investors and other creditors as the Receiver deems necessary against those individuals, corporations, partnerships, associations and/or unincorporated organizations, which the Receiver may claim have wrongfully, illegally or otherwise improperly misappropriated or transferred monies or other proceeds directly or indirectly traceable from investors in the Receivership Entities, including against their officers, directors, employees, affiliates, subsidiaries, or any persons acting in concert or participation with them, or against any transfers of money or other proceeds directly or indirectly traceable from investors in the Receivership Entities; provided such actions may include, but not be limited to, seeking imposition of constructive trusts, disgorgement of profits, recovery and/or avoidance of fraudulent transfers under Florida Statute § 726.101, *et. seq.* or otherwise, rescission and restitution, the collection of debts, and such orders from this Court as may be necessary to enforce this Order;

3. Present to this Court a report reflecting the existence and value of the assets of the Receivership Entities 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 Entities;

4. Appoint one or more special agents, employ legal counsel, actuaries, accountants, clerks, consultants and assistants as the Receiver deems necessary and to fix and pay their reasonable compensation and reasonable expenses, as well as all reasonable expenses of taking possession of the assets and business of the Receivership Entities, and exercising the

power granted by this Order, subject to approval by this Court at the time the Receiver accounts to the Court for such expenditures and compensation;

5. Engage persons in the Receiver's discretion to assist the Receiver in carrying out the Receiver's duties and responsibilities, including, but not limited to, the United States Marshal's Service or a private security firm;

6. Defend, compromise or settle legal actions, including the instant proceeding, in which the Receivership Entities or the Receiver is a party, commenced either prior to or subsequent to this Order, with authorization of this Court; except, however, in actions where the Receivership Entities are a nominal party, where the action does not effect a claim against or adversely affect the assets of the Receivership Entities, the Receiver may file appropriate pleadings in the Receiver's discretion. The Receiver may waive any attorney-client or other privilege held by the Receivership Entities;

7. Assume control of, and be named as authorized signatory for, all accounts at any bank, brokerage firm or financial institution which has possession, custody or control of any assets or funds, wherever situated, of the Receivership Entities and, upon order of this Court, of any of their subsidiaries or affiliates, provided that the Receiver deems it necessary;

8. Make or authorize such payments and disbursements from the funds and assets taken into control, or thereafter received by the Receiver, and incur, or authorize the incurrence of, such expenses and make, or authorize the making of, such agreements as may be reasonable, necessary, and advisable in discharging the Receiver's duties;

9. Have access to and review all mail of the Receivership Entities (except for mail that appears on its face to be purely personal or attorney-client privileged) received at any office or address of the Receivership Entities.

**IT IS FURTHER ORDERED AND ADJUDGED** that, in connection with the reappointment of the Receiver provided for above:

10. The Receivership Entities and all of their directors, officers, agents, employees, attorneys, attorneys-in-fact, shareholders, and other persons who are in custody, possession, or control of any assets, books, records, or other property of the Receivership Entities shall deliver forthwith upon demand such property, monies, books and records to the Receiver, and shall forthwith grant to the Receiver authorization to be a signatory as to all accounts at banks, brokerage firms or financial institutions which have possession, custody or control of any assets or funds in the name of or for the benefit of the Receivership Entities;

11. All banks, brokerage firms, financial institutions, and other business entities which have possession, custody or control of any assets, funds or accounts in the name of, or for the benefit of, the Receivership Entities shall cooperate expeditiously in the granting of control and authorization as a necessary signatory as to said assets and accounts to the Receiver;

12. Unless authorized by the Receiver, the Receivership Entities and their principals shall take no action, nor purport to take any action, in the name of or on behalf of the Receivership Entities;

13. The Receivership Entities, and their respective officers, agents, employees, attorneys, and attorneys-in-fact, shall cooperate with and assist the Receiver. The

Receivership Entities and their principals, respective officers, agents, employees, attorneys, and attorneys-in-fact shall take no action, directly or indirectly, to hinder, obstruct, or otherwise interfere with the Receiver in the conduct of the Receiver's duties or to interfere in any manner, directly or indirectly, with the custody, possession, management, or control by the Receiver of the funds, assets, premises, and choses in action described above;

14. The Receiver, and any counsel whom the Receiver may select, are entitled to reasonable compensation from the assets now held by or in the possession or control of or which may be received by the Receivership Entities; said amount or amounts of compensation shall be commensurate with their duties and obligations under the circumstances, subject to approval of the Court;

15. Without prior permission from this Court, during the period of this receivership all persons, including creditors, banks, investors, or others, with actual notice of this Order, are enjoined from filing a petition for relief under the United States Bankruptcy Code or from in any way disturbing the assets or proceeds of the receivership or from prosecuting any actions or proceedings which involve the Receiver or which affect the property of the Receivership Entities;

16. The Receiver is fully authorized to proceed with any filing the Receiver may deem appropriate under the Bankruptcy Code as to the Receivership Entities;

17. Title to all property, real or personal, all contracts, rights of action and all books and records of the Receivership Entities and their principals, wherever located within or without this state, is vested by operation of law in the Receiver;

18. Upon request by the Receiver, any company providing telephone services to the Receivership Entities shall provide a reference of calls from any number presently assigned to any of the Receivership Entities to any such number designated by the Receiver or perform any other changes necessary to the conduct of the receivership;

19. Any entity furnishing water, electric, telephone, sewage, garbage or trash removal services to the Receivership Entities shall maintain such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver;

20. The United States Postal Service is directed to provide any information requested by the Receiver regarding the Receivership Entities, and to handle future deliveries of the mail of the Receivership Entities as directed by the Receiver;

21. No bank, savings and loan association, other financial institution, or any other person or entity shall exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;

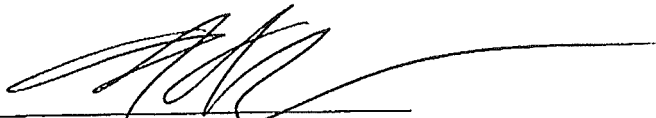
22. No bond shall be required in connection with the appointment of the Receiver. Except for an act of gross negligence or greater, the Receiver shall not be liable for any loss or damage incurred by the Receivership Entities or by the Receiver's officers, agents or employees, or any other person, by reason of any act performed or omitted to be performed by the Receiver in connection with the discharge of the Receiver's duties and responsibilities;

23. In the event that the Receiver discovers that funds of persons who have invested in the Receivership Entities have been transferred to other persons or entities, the Receiver shall apply to this Court for an Order giving the Receiver possession of such funds and, if the

Receiver deems it advisable, extending this receivership over any person or entity holding such investor funds; and

24. This Court shall retain jurisdiction of this matter for all purposes.

**DONE AND ORDERED** in Chambers at Tampa, Florida, on this 7<sup>TH</sup> day of March, 2013.



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**RICHARD A. LAZZARA**  
**UNITED STATES DISTRICT JUDGE**

**COPIES FURNISHED TO:**

Counsel of Record by CM/ECF

# EXHIBIT 3





August 20, 2013

Quest EMG Inc.  
64 South Jacobs Street  
Albany, TX 76430

Re: Main Hatchett Ranch / Property #6611  
Callahan County, Texas

Gentlemen:

On July 11, 2013 TransOil Marketing, LLC began purchasing oil on the Main Hatchett Ranch.

On August 9, 2013 division orders were issued pursuant to the Title Opinion dated May 9, 2013 prepared by Jeffrey L. Allen with Wetsel & Carmichael, L.L.P. Along with the Assignment of Oil and Gas Lease from Quest Energy Management Group, Inc. to Advanta IRA Trust LLC FBO Dennis Smith #667661.

On August 15, 2013 TransOil Marketing, LLC received notification from Bill G. Hatchett that in accordance with the terms of the Oil and Gas Lease dated April 15, 2011 the lease has terminated. It appears that the Assignment of Oil and Gas Lease from Quest Energy Management Group, Inc. to Advanta IRA Trust LLC FBO Dennis Smith #667661 was not agreed upon by the Lessors of the Oil and Gas Lease which is a condition in item no. 6 of the Oil and Gas Lease. Therefore Mr. Hatchett is stating that the Oil and Gas Lease has terminated.

Please be advised that this lease has been placed 100% in suspense until this matter is resolved.

If you have any questions please feel free to contact me.

Sincerely,

Betina Gilmore  
TRANSOIL MARKETING, LLC  
[bgilmore@transoiltx.com](mailto:bgilmore@transoiltx.com)