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11 Permanent Receiver

12 UNITED STATES DISTRICT COURT

13 CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

14 SECURITIES AND EXCHANGE  
15 COMMISSION,

16 Plaintiff,

17 v.

18 CHARLES P. COPELAND,  
19 COPELAND WEALTH  
20 MANAGEMENT, A FINANCIAL  
21 ADVISORY CORPORATION,  
22 AND COPELAND WEALTH  
23 MANAGEMENT, A REAL  
24 ESTATE CORPORATION,

25 Defendants.

CASE NO. 11-cv-08607-R-DTB

**RESPONSE TO OBJECTION OF  
JOINING LIMITED PARTNERS OF  
COPELAND PROPERTIES 2/17,  
5, 7 AND 16 TO RECEIVER'S  
REPORT #4**

Date: November 5, 2012  
Time: 10:00 a.m.  
Ctmm: 8, 2<sup>nd</sup> Floor  
Judge: Hon. Manuel L. Real

26 Mulvaney Barry Beatty Linn & Mayers LLP, counsel for Receiver  
27 Thomas C. Hebrank (hereafter "Receiver"), submits the following  
28 Response to the Objection Of Joining Limited Partners Of Copeland  
Properties 2/17, 5, 7 and 16 To Receiver's Report #4 [Dkt. Number 142]  
(hereafter, "Objection"), as follows:

**I.**

**THE OBJECTION IS IMPROPER.**

First, there are no issues relative to the Receiver's Report #4 before

1 the Court, therefore the Objection should be disregarded. The Receiver  
2 filed his Report #4 with the Court on October 5, 2012. [Dkt. Number 129].  
3 There is no motion pending seeking approval of Receiver's Report #4 by  
4 the Court, as none is required.

5 Second, the [proposed] Order lodged by the Joining Limited Partners  
6 Of Copeland Properties 2/17, 5, 7 and 16 is also improper. Since there is  
7 no hearing scheduled with respect to the Objection, it is improper to submit  
8 a [proposed] Order. It is becoming obvious that the purpose of these  
9 parties' conduct is two-fold: They are doing whatever they can to increase  
10 the costs of administering the Receivership Estate and they are trying to  
11 confuse the Court and the Receiver by lodging [proposed] Orders for  
12 motions that have not been noticed and served. This conduct should not  
13 be countenanced.

14 This is not the first time these same objecting parties have engaged  
15 in similar conduct. As the Court may recall, on February 2, 2012, at the  
16 last minute, Attorney Quinlan lodged a [proposed] Order on Receivers  
17 Application For Order [Dkt. Number 35]. On February 6, 2012, the Court  
18 signed the [proposed] Order prepared by Attorney Quinlan; the Court  
19 entered the Order on February 8, 2012. [Dkt. Number 37]. On March 5,  
20 the Receiver filed a Response To Order On Receiver's Application And  
21 Report [Dkt. Number 47] to clarify the Order prepared by Attorney Quinlan  
22 and more accurately reflect the Court's February 6, 2012, ruling.  
23 Thereafter, on March 12, 2012, the Court entered an Order Approving  
24 Receiver's Response To Order On Receiver's Application And Report.  
25 [Dkt. Number 53]. This time, not only is the Objection improper, but the  
26 motives underlying the filing of such an objection and [proposed] Order are  
27 also questionable. The Objection and [proposed] Order should be  
28 disregarded.



## II.

**THE OBJECTION LACKS MERIT.**

Not only are the Objection and the [proposed] Order procedurally deficient, the Objection also lacks merit. Every time the Receiver files a Report, Attorney Quinlan objects. That said, he has yet to file a **Motion** objecting to any of the Reports, and none of the Reports have been found by the Court to be unsatisfactory or otherwise improper.

The Objection argues that William Steele, a limited partner in two of the objectors' partnerships has reached conclusions contrary to those stated by the Receiver in Report #4. The Objection also claims that Mr. Steele is "an accounting and legal professional" [Dkt. Number 142, Page ID #: 2497], yet there is no evidence of that in his declaration. Indeed, Mr. Steele's declaration merely states that in his "professional capacity as a financial advisor" he regularly reads and analyses complex financial statements and records. [Dkt. Number 144-3, Page ID #:2536]. There is no evidence of Mr. Steele's background, education, and experience, and there is no admissible evidence to support Mr. Steele's claimed expertise.

The Objection clings to Exhibit A to the Declaration of William Steele [Dkt. Number 142, Page ID. #: 2501] like a drowning man hugs a life preserver. While Exhibit A graphically displays the tangled transfer of funds between only three of the 23 Copeland limited partnerships and the others, the graphic closely resembles a spider's web. Assuming it accurately portrays the movement of funds, if anything Exhibit A to Mr. Steele's declaration supports the Receiver.

James R. Connor, like the Receiver, is apparently a CPA. The Declaration of James R. Connor [Dkt. Number 144-7] is notable for what it doesn't say. The declaration does not criticize the work performed by the Receiver in any manner. Rather, it confirms the Receiver's Report #4. Mr.

1 Connor concludes that Copeland Properties 2/17, 5, 7 and 16 are solvent  
 2 and have positive cash flow. He offers no opinion with respect to the other  
 3 limited partnerships, nor does he criticize Substantive Consolidation.

4 Although in the Objection Attorney Quinlan "recommends" that  
 5 Report #4 is disingenuous and should be rejected, neither of the so-called  
 6 experts from whom he sought declarations reaches that conclusion. Mr.  
 7 Connor offers no criticism, whatsoever. The most Mr. Steele can muster is  
 8 that he disagrees with Receiver's Report #4. The Receiver's Report #4 is  
 9 the Receiver's report; no approval is required.

### 10 III.

### 11 CONCLUSION

12 Every time the Receiver files a Report, these same Joining Limited  
 13 Partners Of Copeland Properties 2/17, 5, 7 and 16 file the same  
 14 objections. Since the reports are not subject to any motion seeking the  
 15 Court's approval, no hearing is ever held. If, in fact, the objections were  
 16 genuine, the proper course would be for the objecting parties to file a  
 17 Motion so that the issues could be briefed and argued. It is becoming  
 18 quite obvious, the only reason these same parties object to every report is  
 19 to increase the costs of this Receivership.

20 This time, though the objection is purportedly based upon two  
 21 declarations, neither declaration supports the arguments made by counsel  
 22 as to why Receiver's Report #4 should be rejected. One declarant, Mr.  
 23 Steele, refers to a chart that graphically portrays a tangled web involving  
 24 only three of the 23 Copeland limited partnerships. Mr. Steele's  
 25 declaration supports the Receiver's Report. The other declaration, William  
 26 Connor, essentially reaches the same conclusions as does Receiver's  
 27 Report #4. The declarations do not discredit Receiver's Report #4 in any  
 28 manner.



1 Receiver's Report #4 is proper and has been timely filed in accord  
2 with the Court's previous Order. This Objection should be disregarded.

3 DATED: October 22, 2012

MULVANEY BARRY BEATTY LINN &  
MAYERS, LLP

5  
6 By: /s/ Patrick L. Prindle  
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