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9 Attorneys for the Joining Limited Partners of
10 COPELAND PROPERTIES TWO, a Limited
11 Partnership; COPELAND PROPERTIES FIVE, a
12 Limited Partnership; COPELAND PROPERTIES
13 SEVEN, a Limited Partnership; COPELAND
14 PROPERTIES 16, L.P.; COPELAND
15 PROPERTIES 17, L.P.

16 UNITED STATES DISTRICT COURT
17 CENTRAL DISTRICT OF CALIFORNIA

18 SECURITIES AND EXCHANGE
19 COMMISSION,

20 Plaintiff,

21 vs.

22 CHARLES P. COPELAND,
23 COPELAND WEALTH
24 MANAGEMENT, A FINANCIAL
25 ADVISORY CORPORATION, and
26 COPELAND WEALTH
27 MANAGEMENT, A REAL ESTATE
28 CORPORATION,

Defendant.

CASE NO.: 11-08607-R-DTB
Ctrm: 8, 2nd Floor
Judge: Hon. Manuel Real

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

Hearing Date: November 5, 2012
Hearing Time: 10:00 a.m.
Courtroom: 8, 2nd Floor
Judge: Hon. Manuel Real

FILE DATE: October 18, 2011
TRIAL DATE SET: No Date Set

26 Newmeyer & Dillion LLP, counsel for the Joining Limited Partners of
27 Copeland Properties 2/17, 5, 7 and 16, reply to the Response of the Receiver's
28 counsel, Mulvaney Barry Beatty Linn & Mayers LLP.

1 **1. AD HOMINEM ATTACKS ARE UNHELPFUL AND MISPLACED**

2 At this point, it has become clear that counsel for the Receiver has protested
3 too much. He claims falsely that the undersigned filed objections to every one of
4 the Receiver's reports. What we filed prior to the current filings, from a review of
5 the docket, were:

6 Docket # 33 – Joinder in Objection of CP 10 to Receiver's report 11/18/21

7 Docket #63 – Joinder in proposed order prohibiting Receiver from using
8 funds from accounts of CP 2/17, 5, 7 and 16.

9 Docket # 84 – Opposition to Receiver's second fee application limited to use
10 of the funds from the bank accounts of CP 2/17, 5, 7 and 16.

11 The receiver has filed four regular reports and one "Forensic" report. Our
12 objections have been specific and designed to protect the assets of CP 2/17, 5, 7 and
13 16. We did not object to counsel's fee applications or the other fee applications of
14 the Receiver. We objected to reports #1 and #4, properly.

15 These Joining Limited Partners are defending their retirement assets. They
16 are disappointed and dismayed with the conduct of this Receiver and his counsel. It
17 is clear that both have crossed over the line to an adversary position designed to
18 destroy the interests of these Joining Limited Partners permanently. This is an
19 equitable receivership, as Receiver's counsel likes to repeat often. In an equitable
20 receivership where the Receiver has been appointed by the court and is supposed to
21 act as a neutral agent of the court, if it becomes clear that the neutral agent is an
22 adversary and is unwilling to cooperate in simple task of examining partnership
23 accounting, mistakes and misrepresentations made by the Receiver as adversary are
24 fair game for reporting to the court.

25 Counsel for these Joining Limited Partners has attempted to meet with
26 counsel for the Receiver to go over all of the accounting data and to the financial
27 statements. While counsel represented they would be willing, their conduct with
28 the companion motion to consolidate all of the remaining partnership and other

1 Copeland entities came without notice, was designed to preempt a rational review
2 of the accounting facts. It is clear that this receivership has been undisciplined and
3 operated without a plan, and that there has been no attempt by the Receiver to
4 answer the basic questions as to each individual partnership so this court would
5 know whether the partnerships were net obligors of the receivership or creditors of
6 the receivership.

7 The Objection to Receiver's Report #4 contained a detailed, expert review of
8 the existing accounting data adopted by the Receiver and provides the court with
9 the true facts that these Joining Limited Partners' partnerships are not obligors of
10 the receivership in any material way. Worse, the receivership is a substantial
11 obligor of these Joining Limited Partners. The argument made by the Receiver that
12 Mr. Copeland made transfers at random and to pay distributions when they were
13 not property distributable to keep investors happy may be true in part with respect
14 to certain partnerships and the Copeland fixed income funds, but not as to these
15 four subject partnerships. The Receiver's obligation is to give this court a full
16 report as to the status of each partnership but he refuses to do that. Dealing with the
17 Receiver and his counsel is like dealing with an old-line politician who refuses to
18 answer a direct question but instead diverts the topic. Such conduct has no place in
19 an equitable receivership.

20 **2. CRITICISM OF THE DECLARATION AND TESTIMONY OF**
21 **JAMES R. CONNER, CPA.**

22 This criticism continues the old-line politician's tactic to divert from Mr.
23 Conner's expertise, which was stated in his Declaration, as well as the analysis he
24 did of the accounting records that resulted in his conclusion that these Joining
25 Limited Partners' partnerships owed no material obligation to any of the other
26 receivership entities. Further, that these Joining Limited Partners' partnerships are
27 solvent, producing positive cash flow and capable of surviving on their own. That
28 is what Mr. Conner was hired to do. He was not hired to produce a hit piece on the

1 Receiver, although in retrospect, that probably would have been a good idea.

2 **3. CRITICISM OF MR. STEELE'S DECLARATION.**

3 Again, the old-line politician backhands Mr. Steele's hard work on the chart
4 to show these Joining Limited Partners are net creditors of the receivership estate
5 and not obligors. It is a very useful and effective chart. Counsel's only recognition
6 of it is that it "graphically portrays a tangled web. . . ." Mr. Steele is a legal and
7 accounting professional who works for one of the big four accounting firms, he is
8 not an investment advisor as counsel claims. He has put in long hours helping
9 analyze what happened within the Copeland entities to answer the simple question
10 of whether these Joining Limited Partners were obligors at all of the receivership
11 estate. His effort is useful information for this court.

12 **4. CONCLUSION.**

13 These Joining Limited Partners have no choice but to object when they
14 believe the court is being misled and their retirement is being put in jeopardy. Both
15 are true, unfortunately. These Joining Limited Partners ask only that the court
16 disregard hyperbole and the misrepresentations and come to an objective
17 conclusion as to whether there is any evidence to justify including these Joining
18 Limited Partners' partnerships any longer in the receivership.

19 Dated: October 24, 2012

NEWMEYER & DILLION LLP

20
21 By: 

22 Francis E. Quinlan
23 John E. Bowerbank
24 Attorneys for
25 the Joining Limited Partners of
26 COPELAND PROPERTIES TWO, a
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28 PROPERTIES FIVE, a Limited
Partnership; COPELAND
PROPERTIES SEVEN, a Limited
Partnership; COPELAND
PROPERTIES 16, L.P.; COPELAND
PROPERTIES 17, L.P.

CERTIFICATE OF SERVICE

I, Joanne Kenney, hereby certify that on October 24, 2012, the attached document was electronically transmitted to the Clerk of the Court using the CM/ECF System which will send a Notice of Electronic Filing to the following CM/ECF registrants:

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1 I further certify that copies of the foregoing were sent on October 24, 2012,
2 via U.S. Mail to the following parties:

3 Charles P. Copeland
4 Copeland Group
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5 John M. McCoy, III
6 Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
7 Los Angeles, CA 90036

8 I am readily familiar with the firm's practice of collection and processing
9 correspondence for mailing. Under that practice it would be deposited with the
10 U.S. Postal Service on that same day with postage thereon fully prepaid in the
ordinary course of business. I am aware that on motion of the party served, service
is presumed invalid if postal cancellation date or postage meter date is more than
one day after date of deposit for mailing in affidavit.

11 I declare that I am employed in the office of a member of the bar of this court
12 at whose direction the service was made.

13 Executed on October 24, 2012, at Newport Beach, California.

14 /s/ Joanne Kenney
15 Joanne Kenney
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NEWMAYER & DILLION LLP