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6 Attorneys for Third-Party Objectors, Robert Allen; Elayne Allen; Vellore  
Muraligopal; Vellore Muraligopal, Trustee of the Muraligopal Living Trust;  
7 Myron and Ruby Cinque, Trustees of the Cinque Family Trust; Rick and Blanche  
Higdon, Trustees of the Higdon Revocable Trust; Klaus Kuehn; Lynda Kuehn;  
8 Richard Paul Blanford; Glenn Goodwin, Trustee of the Glenn Goodwin Trust; and  
James Powell  
9

10 **UNITED STATES DISTRICT COURT**  
11 **CENTRAL DISTRICT OF CALIFORNIA**  
12 **WESTERN DIVISION - LOS ANGELES**  
13

14 SECURITIES AND EXCHANGE ) CASE NO. 11-08607-R-DTB  
COMMISSION, )  
15 )  
Plaintiff, )  
16 )  
v. )  
17 )  
CHARLES P. COPELAND, COPELAND )  
18 WEALTH MANAGEMENT, A FINANCIAL )  
ADVISORY CORPORATION, and )  
19 COPELAND WEALTH MANAGEMENT, A )  
REAL ESTATE CORPORATION, )  
20 )  
Defendants. )  
21 )  
22 )  
23 )  
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26 )  
27 )  
28 )  
Date: April 2, 2012  
Time: 10:00 a.m.  
Ctm: 8, 2nd Floor  
Judge: Hon. Manuel L. Real

I.

**INTRODUCTION**

This objection to the First Interim Application For Approval and Payment of Fees and Costs of Receiver Thomas C. Hebrank filed on or about February 21, 2012 and set for hearing on April 2, 2012 (the "Fee Application"), is made on behalf of certain limited partners (the "CP-10 Partners") comprising 88.38 percent of the ownership of Copeland Properties Ten ("CP-10").

The CP-10 Partners object to the payment of fees sought by Receiver Thomas C. Hebrank ("Receiver") on the following grounds: (i) This Court has not confirmed that the Copeland Partnerships, including CP-10, are a part of the Receivership Estate. Nevertheless, the Receiver apparently intends to pay the sought-after fees from monies belonging to the Copeland Partnerships, including CP-10; (ii) The Receiver has failed to justify, as ordered by this Court, inclusion of CP-10 (and other of the Copeland Partnerships) in the Receivership Estate. The CP-10 Partners are making separate application for confirmation of a change of General Partner and confirmation that CP-10 is excluded from the Receivership Estate; and (iii) The Receiver fails to allocate his time and fees among the various entities he purports to benefit. Many of the Copeland Partnerships are insolvent or have no liquid assets. It appears, therefore that the Receiver intends to pay his fees from monies available from the few solvent partnerships, which includes CP-10. That action would do exactly the harm the Receiver is purporting to act to remedy: The use of monies from one or more of the Copeland Properties for the benefit of others.

II.

**BACKGROUND**

The CP-10 partnership is a limited partnership that owns a large parcel of commercial property in Troy, Michigan. The property has five buildings all of which are currently leased to one tenant, Faurecia, which, according to its website, is the world's sixth largest supplier of automobile interiors and exteriors and emission control

1 technologies. Faurecia has consistently paid its rent and there is every indication it will  
2 continue to do so.

3 CP-10 generates a regular profit. Based on CP-10's 2010 tax return, it received  
4 \$1,327,497 in rent for the year and after expenses realized net income of \$358,763. Prior  
5 to the Receiver seizing the records and accounts of CP-10, the limited partners received  
6 regular distributions of the Partnership's profits.

7 Since the Receiver took control of CP-10's monies and records, the Receiver has  
8 stopped all distributions of the Partnership's profits to the CP-10 Partners. The CP-10  
9 Partners estimate, therefore, that operations of CP-10, since the Receiver's seizure of its  
10 monies have produced cash reserves of \$200,000. to \$250,000., which reserves the  
11 Receiver continues to hold.

### 12 13 **III.**

#### 14 **ARGUMENT**

##### 15 **A. CP-10, and its Assets are not Part of the Receivership Estate**

16 The Receiver has, on two occasions, asked this Court to confirm that CP-10, and  
17 the other Copeland Partnerships are part of the Receivership Estate. On both occasion,  
18 this Court has declined to do so. Further, while it is clear the Receivership estate does  
19 include Copeland Wealth Fund Management, the former general partner of CP-10, as  
20 previously demonstrated to this Court, the general partner owns no capital interest in CP-  
21 10. Further, and as also previously demonstrated to this Court, pursuant to the  
22 Partnership Agreement of CP-10, immediately upon having consented to the  
23 receivership, Copeland Wealth Fund Management ceased to be general partner of CP-10.  
24 Notwithstanding those facts, the Receiver attempts to bootstrap his authority over  
25 Copeland Wealth Fund Management to retain monies belonging to CP-10 and to  
26 presumably apply those to part or all of his sought-after fees. To the extent any of the  
27 Receiver's fees would be paid from monies belonging to CP-10, or from accounts in  
28 which CP-10 monies are being held, the Receiver's application should be denied.

1 **B. The Receiver has failed to justify inclusion of CP-10 In the Receivership**  
2 **Estate.**

3 In its Order dated February 6<sup>th</sup>, 2010, this Court ordered the Receiver to justify  
4 inclusion of the Copeland Partnerships in the Receivership. On or about March 7, 2012,  
5 the Receiver filed his Response, which response purported to be both the 30 day and 60  
6 day response to the Court's order. As the CP-10 Partners will set forth more fully in a  
7 separate application to confirm appointment of a new general partner and to confirm  
8 exclusion from the Receivership, the Receiver, in his Response, absolutely failed to meet  
9 the terms of the Court's order and to justify inclusion of CP-10 in the Receivership.  
10 Despite grandiose generalizations and assertion about the Copeland fixed income funds  
11 serving as "piggybanks" for the Copeland real property funds, the fact is that the  
12 Receiver, in his response, lists only *one single indebtedness* of CP-10 to another  
13 Copeland entity: a loan of slightly more than \$31,000. to Copeland Fixed Income Three  
14 (CFI-3). Moreover, despite the clear terms of the Court's Order, the Receiver's Response  
15 sets forth no findings as to the validity of that purported debt. Notwithstanding such  
16 failure on the part of the Receiver, at a meeting of the Partners of CP-10 on March 9,  
17 2012 (a meeting of which the Receiver was given notice and which he declined to attend)  
18 the CP-10 Partners voted to approve payment of that debt, as well as all accrued and  
19 unpaid interest thereon, from the CP-10 monies being held by the Receiver. Therefore,  
20 the single indebtedness cited by the Receiver as justification for inclusion of CP-10 in the  
21 Receivership Estate has been approved for payment by the partners of CP-10, and the  
22 monies to pay that debt are in the hands of the Receiver and immediately available. That  
23 being the case, *nothing* justifies inclusion of CP-10 in the Receivership Estate and this  
24 Court should not approve use of CP-10's monies to pay the Receiver's sought-after fees.

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1 **C. The Receiver Fails to Allocate his Sought After Fees Among the Copeland**  
2 **Partnerships or Otherwise Justify Payment by the Individual Partnerships.**

3 In his Application, the Receiver provides broad categories of types of fees, but  
4 fails to provide any detail as to how those fees arose from, or provided benefit to, any  
5 particular Copeland Partnership. In fact, one could easily argue that none of these fees  
6 were in any manner incurred to provide any benefit to or protection of CP-10, its assets or  
7 its Partners. To date, the only action which is known to have been taken by the Receiver  
8 with respect to CP-10 is to seize its cash flow. In his various filings with this Court,  
9 including his most recent March 7, 2012 Response to this Court's Order, the Receiver  
10 provides financial statements prepared by Copeland before the Receivership was put into  
11 place. The Receiver has yet to produce updated financial statements for CP-10, and has  
12 yet to provide to the CP-10 Partners their Forms K-1 or other information necessary to  
13 prepare their 2011 tax returns.

14 In fact, the Receiver has not demonstrated a single act which shows any benefit to  
15 protect the INVESTORS who are the CP-10 Partners. It becomes increasingly difficult  
16 to avoid the conclusion, therefore, especially in light of the Receiver's failure to provide  
17 any justification for inclusion of CP-10 in the Receivership in response to this Court's  
18 Order, that the primary motive for the Receiver's efforts to bring CP-10 into the  
19 Receivership is that it is one for the few Copeland partnerships which has cash flow to  
20 use to pay the Receiver's fees as well as the fees of the attorneys and the accountants the  
21 Receiver has sought to retain.

22 The Receiver, in his Fee Application, appears to seek this Court's approval to use  
23 the monies of CP-10, and the few other Copeland partnerships with positive cash flow, to  
24 pay bills benefiting other of the Copeland partnerships. Isn't that exactly the act he  
25 asserts was fraud by Copeland and which is the justification for his Receivership?

26 Without proof of a benefit to CP-10, and a proportionate allocation of the  
27 Receiver's Fees to the benefited entities, the Receiver's access to the monies of CP-10 to  
28 pay his sought-after fees should be denied.

1 **D. Joinder in Objection filed by Flagstar Bank, FSB.**

2 The CP-10 Partners additionally join in the objections of Flagstar Bank, FSB in its  
3 Objection to the Receiver's First Interim Application for Approval and Payment of Fees  
4 and Costs filed with this Court on or about March 12, 2012, for the reasons set forth  
5 therein.


6  
7 **IV.**

8 **CONCLUSION**

9 The Receiver having failed to justify inclusion of CP-10 in the Receivership  
10 Estate, having failed to meet the terms of the Court's February 6, 2012 Order, and having  
11 failed to allocate its fees proportionally to any benefit provided to the Copeland Entities,  
12 the CP-10 Partners respectfully pray that this Court deny the Receiver consent to use any  
13 monies belonging to CP-10, or in any account in which CP-10's monies have been  
14 deposited, to pay the sought-after fees.

15  
16 DATED: March 12 2012

MIRAU, EDWARDS, CANNON, LEWIN  
& TOOKE, a Professional Corporation

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18  
19 By:   
20 Mark C. Edwards  
21 Attorneys for Third Party, Copeland  
22 Properties Ten  
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