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10 **UNITED STATES DISTRICT COURT**

11 **CENTRAL DISTRICT OF CALIFORNIA - WESTERN DIVISION (LOS ANGELES)**

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14 SECURITIES AND EXCHANGE  
COMMISSION,

15 Plaintiff,

16 v.

17 CHARLES P. COPELAND, COPELAND  
WEALTH MANAGEMENT, A FINANCIAL  
ADVISORY CORPORATION, and  
18 COPELAND WEALTH MANAGEMENT, A  
REAL ESTATE CORPORATION,

19 Defendants.  
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CASE NO.: 2:11-cv-08607-R -DTB

**OBJECTION OF FLAGSTAR BANK,  
FSB TO THE FIRST AND FINAL FEE  
APPLICATION OF ALLEN MATKINS  
GAMBLE MALLORY & NATSIS, LLP**

Date: July 2, 2012  
Time: 10:00 a.m.  
Ctrm: 8  
Judge: Hon. Manuel L. Real

1 Flagstar Bank, FSB ("Flagstar") has a mortgage on Copeland Property Ten LP's real  
2 property in Troy, Michigan and has a security interest in the rents generated from that property, as  
3 a result of a duly recorded "Assignment of Leases and Rents" agreement. Rents generated from  
4 the property, therefore, are Flagstar's cash collateral securing the obligations owed to it under the  
5 mortgage and related note. As the Receiver has indicated repeatedly, and in his most recent  
6 Receiver's Report No. 3 (Doc. 76), the Receiver has maintained separate bank accounts for each  
7 of the limited partnerships, effectively segregating the assets of the limited partnerships and not  
8 comingling them among themselves or the assets of the other entities placed in receivership. The  
9 Receiver has now filed his second interim fee application and his general counsel, Mulvaney  
10 Barry Beatty, Linn & Mayers LLP has filed its first interim fee application. Both the Receiver and  
11 his general counsel confirm in their fee applications that the fees they seek will only be paid "from  
12 available receivership assets in Copeland Wealth Management (Copeland Realty), Copeland  
13 Wealth Management (Copeland Financial) and/or the Copeland fixed income funds". [Receiver's  
14 Interim Second Fee Application, Doc. 74, page 10.]

15 Allen Matkins Leck Gamble Mallory & Natsis, LLP ("Allen Matkins") has filed a First  
16 and Final Fee Application in which it seeks \$118,551.15 in fees and \$10,654.19 in costs (Doc. 71).  
17 Unlike the Receiver and his current counsel, Allen Matkins does not limit the payment of any fees  
18 this Court may award solely from available receivership assets in Copeland Wealth Realty,  
19 Copeland Financial and/or the Copeland Fixed Income Funds. Instead, it seeks to be paid "from  
20 available receivership estate assets" (Doc. 71, page 17, lines 26-27).

21 Flagstar objects to the Allen Matkins fee application to the extent it seeks to be paid from  
22 funds or assets belonging to Copeland Property Ten LP and or its property or assets. The assets in  
23 Copeland Property Ten LP, including the rents generated from the property and the cash being  
24 held by the Receiver in the Copeland Property Ten account, are Flagstar's cash collateral and  
25 should not be used to pay for the Receiver's former counsel's fees, whose employment this Court  
26 disapproved. The funds and assets of the real estate limited partnerships, which are separate and  
27 distinct from the other Copeland entities and from each other, should not be comingled or used to  
28 pay general receivership expenses. This Court has not ordered the various entities to be

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1 substantively consolidated and no basis, either factually or legally, has been presented to allow the  
2 Receiver to comingle the assets of the various entities, something the SEC claims Copeland  
3 inappropriately did, at least in part. Because the Receiver has not sought, and this Court has not  
4 issued an order, substantively consolidating the partnerships with the Copeland entities, Flagstar's  
5 cash collateral should not be used to subsidize the Receiver's counsel for activities that have  
6 nothing to do Copeland Property Ten or its property. Similarly, the Copeland Property Ten  
7 partners should not have to pay for work related to other partnerships or the Copeland entities.  
8 This is the exact reason the Copeland Property Ten partners and Flagstar sought to exclude  
9 Copeland Property Ten from the receivership. Copeland Property Ten is a net creditor of the other  
10 receivership entities, its cash flows, and any management of its assets are minimal, given that its  
11 property is a fully leased facility on a triple net lease.

12 For these reasons, should the Court award any fees to Allen Matkins, those fees should be  
13 paid solely from Copeland Realty, Copeland Financial and/or the Copeland Fixed Income Funds  
14 assets.

15 DATED: June 8, 2012

ERVIN COHEN & JESSUP LLP

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18 By: /s/ Peter A. Davidson  
19 PETER A. DAVIDSON,  
20 Attorneys for Flagstar Bank, FSB  
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**PROOF OF SERVICE****STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Los Angeles, State of California. My business address is 9401 Wilshire Boulevard, Ninth Floor, Beverly Hills, CA 90212-2974.

On June 11, 2012, I served true copies of the following document(s) described as **OBJECTION OF FLAGSTAR BANK, FSB TO THE FIRST AND FINAL FEE APPLICATION OF ALLEN MATKINS GAMBLE MALLORY & NATSIS, LLP** on the interested parties in this action as follows:

**SEE ATTACHED SERVICE LIST**

**X BY MAIL:** I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with Ervin Cohen & Jessup LLP's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

**X BY CM/ECF NOTICE OF ELECTRONIC FILING:** I electronically filed the document(s) with the Clerk of the Court by using the CM/ECF system. Participants in the case who are registered CM/ECF users will be served by the CM/ECF system. Participants in the case who are not registered CM/ECF users will be served by mail or by other means permitted by the court rules.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on June 11, 2012, at Beverly Hills, California.

/s/ Lore Pekrul  
Lore Pekrul

ERVIN COHEN & JESSUP LLP

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