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6 Attorneys for Non-Parties
7 Vellore Muraligopal, M.D., and
Muraligopal Investments, LLC

8
9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA
11 WESTERN DIVISION – LOS ANGELES

12
13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

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

20 Defendants.
21

Case No. 11-cv-08607-R-DTB

OPPOSITION OF VELLORE
MURALIGOPAL, M.D. AND
MURALIGOPAL INVESTMENTS, LLC
TO ORDER APPROVING RECEIVER'S
DISTRIBUTION OF CERTAIN ASSETS
TO THE INVESTORS OF COPELAND
PROPERTIES TEN, L.P.

Date: June 3, 2013
Time: 10:00 a.m.
Ctroom: 8, 2nd Floor
Judge: Hon. Manuel L. Real

22 TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

23 PLEASE TAKE NOTICE THAT VELLORE MURALIGOPAL, M.D., and
24 MURALIGOPAL INVESTMENTS, LLC (referred to jointly hereinafter as "Muraligopal")
25 HEREBY OPPOSE the motion filed by Thomas C. Hebrank ("Receiver"), the court-appointed
26 Permanent Receiver for Copeland Wealth Management, a Financial Advisory Corporation, Copeland
27 Wealth Management, a Real Estate Corporation, and their subsidiaries and affiliates including, but
28 not limited to, Copeland Properties Ten, LP (the "Receivership Entities") seeking this Court's

1 approval of the distribution of certain assets to the investors of Copeland Properties Ten, L.P.
 2 Muraligopal is not opposed to the distribution the Receiver seeks approval to make, but rather
 3 opposes the Receiver's intent to withhold the proportional distribution earmarked for Muraligopal
 4 based on the Receiver's unilateral determination that the Receiver has the right to self-help and to
 5 offset amounts Muraligopal is owed as a Copeland Properties Ten, L.P. investor with amounts the
 6 Receiver claims Muraligopal allegedly owes as a promissory note debtor to Copeland Fixed Income
 7 Fund Three, L.P., an entirely separate legal entity.

8 Muraligopal is an investor in Copeland Properties Ten, L.P. ("CP10"), and purportedly a
 9 debtor under the terms of a promissory note benefitting Copeland Fixed Income Fund Three, L.P.
 10 By way of the current motion, the Receiver seeks to distribute funds as described in Section 3(e) of
 11 the Settlement Agreement and Mutual Release executed by and between the Receiver and Flagstar
 12 Bank, F.S.B., and approved by this court December 28, 2012. Section 3(e) authorizes distribution of
 13 "\$100,000.00 to the CP 10 Partners as payment on their claims in the SEC Action." By way of his
 14 [Proposed] Order, the Receiver unilaterally seeks to modify that court-approved language by
 15 withholding certain payments Muraligopal is owed as a CP 10 Partner.

16 Muraligopal consequently contends that it is well within this Court's discretion to modify the
 17 [Proposed] Order Approving the Receiver's Distribution of Certain Assets To the Investors of
 18 Copeland Properties Ten, L.P., submitted by the Receiver (the "[Proposed] Order") such that the
 19 monies owed to Muraligopal as a CP10 Partner are paid out to Muraligopal - and not unilaterally
 20 withheld by the Receiver - and that Muraligopal is allowed to receive a minimal return on his
 21 investment in CP10 represented by the proposed distribution, allowing him to separately negotiate
 22 the resolution of his purported debt to Copeland Fixed Income Fund Three, L.P.

23 Respectfully submitted,

24 Dated: May 13, 2013

GAW, VAN MALE, SMITH & REYNOLDS

26 By: 

27 JAMES R. FORBES
 28 ALFONSO L. POIRÉ
 Attorneys for Vellore Muraligopal, M.D., and
 Muraligopal Investments, LLC

MEMORANDUM OF POINTS AND AUTHORITIES

INTRODUCTION

By way of the [Proposed] Order submitted in connection with this motion, the Receiver seeks this court's authorization to make a distribution of certain assets under the terms of a Settlement Agreement and Mutual Release, the terms of which this court approved December 28, 2012. Muraligopal does not oppose this aspect of the motion. The Receiver also seeks to avail himself of self-help by unilaterally determining that he has the authority to effect a general offset of amounts owed Muraligopal as an investor in CP10 against amounts the Receiver claims – but has not established – that Muraligopal owes on a purported promissory note benefitting Copeland Fixed Income Fund Three, L.P. Muraligopal does oppose this aspect of the Receiver's motion.

The Receiver bases his motion on the authorization to distribute that is set forth in the Settlement Agreement and Mutual Release. That section of the document reads as follows:

e. Conditioned upon the approval by the District court of this Agreement, the Receiver intends to request the District Court's approval to distribute not less than the amount of \$100,000.00 to the CP 10 Partners as payment on their claims in the SEC Action.

As currently drafted, the [Proposed] Order would instead authorize the distribution of the certain assets "pursuant to the Distribution Schedule attached as Exhibit 'B' to the Hebrank Declaration." (See [Proposed] Order, at p. 2, Paragraph 3). Exhibit "B" to the Hebrank Declaration, in turn, earmarks \$24,765.06 as the cumulative distribution allocated to Muraligopal, but then denotes the status of that distribution as "Do not pay – A/R offset." (See Exhibit B to the Declaration of Thomas C. Hebrank in Support of Motion for Order Approving the Receiver's Distribution of Certain Assets to the Investors of Copeland Properties Ten, L.P. ("Hebrank Declaration")).

This Court must not sanction the Receiver's unilateral attempt to utilize self-help to achieve a general power of offset when such authority is neither warranted, nor authorized in this instance. Muraligopal should instead be allowed the *de minimus* return on its principal investment in CP10, and be permitted to negotiate a resolution to any claimed indebtedness to Copeland Fixed Income Fund Three, L.P., separately.

I. STATEMENT OF FACTS

Physician Vellore Muraligopal, M.D., a pediatrician and a neonatal/perinatal specialist, and his investment-related, single-purpose limited liability company Muraligopal Investments, LLC, are best treated as a single entity in the context of this opposition. They are consequently referred to jointly as “Muraligopal.” Muraligopal is an investor who was defrauded by Defendant Charles Copeland (“Copeland”), Muraligopal’s accountant of over 20 years, and who now bears the very real risk of being further injured should this Court approve the present [Proposed] Order submitted by the Receiver.

In 2005 and 2006, Copeland invested Muraligopal’s funds into CP10, a limited partnership that purchased a group of commercial buildings located at 2350-2500 Meijer Drive, Troy, Michigan (the “Michigan Property”). Flagstar Bank, F.S.B., was the primary lender CP10 utilized in connection with this purchase.

On October 25, 2011, the Securities and Exchange Commission (“SEC”) obtained a permanent injunction to enjoin the fraudulent activities of Charles Copeland, Copeland Wealth Management, a Financial Advisory Corporation (“CWM”), and Copeland Wealth Management, a Real Estate Corporation (“Copeland Realty”) (referred to jointly hereinafter as “Defendants”) with the intention of marshaling and preserving the Defendants’ assets for the benefit of the victims of the Defendants’ fraudulent practices. Muraligopal is one such victim. The Receiver was appointed in connection with this effort with the intention of obligating the Defendants to disgorge ill-gotten gains, taking possession of the Defendants’ property, and prohibiting third parties from commencing actions against “Defendants CWM and Copeland Realty or their subsidiaries or affiliates.” (Permanent Injunction, at p. 7.)

The Michigan Property which is the focus CP10’s investment effort has been foreclosed on by the primary lender, and has already been sold to an unrelated party. CP10’s current assets consist of the \$100,000.00 the Receiver seeks to distribute by way of this motion, and a second amount of monies resulting from CP10’s direct settlement with the primary lender associated with CP10’s purchase of the Michigan Property. Distribution of that second amount is pending the finalization of a settlement agreement by and between CP10 and the primary lender, and is not a part of this current

1 motion.

2 For the following reasons, Muraligopal's position is that the current form of the Receiver's
3 [Proposed] Order fails to comport with the language authorizing the distribution the Receiver seeks
4 to make by way of this motion, and instead reflects a unilateral attempt by the Receiver to obtain a
5 general power of offset in connection with amounts the Receiver claims Muraligopal owes Copeland
6 Fixed Income Fund Three, L.P. Further, Muraligopal is of the opinion that this Court has the
7 authority to better tailor the existing [Proposed] Order such that it more accurately reflects the
8 language and the intent that this Court approved when it approved the Settlement Agreement and
9 Mutual Release December 28, 2012.

10 **II. ARGUMENT**

11 **A. The Basis For This Motion Is Not Accurately Reflected In The Language Of The** 12 **[Proposed] Order, as Currently Drafted.**

13 By this motion, the Receiver seeks to distribute \$100,000.00 in funds based on the language
14 present in a Settlement Agreement and Mutual Release by and between the Receiver and Flagstar
15 Bank, F.S.B., which this Court approved by Order dated December 28, 2012. The language of the
16 Settlement Agreement and Mutual Release that this Court approved includes the following passage:

17 3e. Conditioned upon the approval by the District court of this Agreement, the Receiver
18 intends to request the District Court's approval to distribute not less than the amount of
\$100,000.00 to the CP 10 Partners as payment on their claims in the SEC Action.

19 Muraligopal does not oppose the Receiver's requested distribution, so long as the requested
20 distribution is made according to the quoted language that this Court earlier approved. The language
21 the Receiver has included in the [Proposed] Order fails to do this, however, instead reflecting a
22 unilateral, unsanctioned effort by the Receiver to obtain a general power of offset by taking amounts
23 owed Muraligopal as a "CP 10 Partner" and offsetting it against amounts the Receiver claims are due
24 in connection with a purported promissory note Vellore Muraligopal individually executed for the
25 benefit of Copeland Fixed Income Fund Three, L.P.

26 This Court must not sanction the Receiver's effort to avail himself of an unauthorized offset
27 right, and must instead utilize its inherent authority to modify the language of the [Proposed] Order
28 such that it accurately reflects the language and the intent of the Settlement Agreement and Mutual
Release this Court approved December 28, 2012.

B. This Court Has The Authority to Modify the [Proposed] Order

Muraligopal does not oppose the partial distribution the Receiver seeks to make. Rather, Muraligopal opposes the language in the [Proposed] Order to the extent the Receiver seeks to avail himself of unauthorized self-help by withholding the distribution properly earmarked for Muraligopal as an offset against an amount the Receiver claims is owed on an entirely unrelated debt. Muraligopal should be permitted to negotiate and effect his own resolution of that alleged debt, and not be forced to surrender funds he is properly owed as a CP 10 Partner.

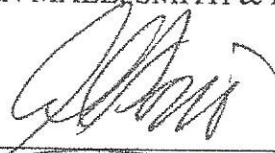
Muraligopal's position is that this Court has the authority under the Federal Rules of Civil Procedure to modify the Receiver's [Proposed] Order to excise the "Do not pay – A/R offset" language present in the Distribution Schedule attached as Exhibit B to the Hebrank Declaration. (*See, e.g.*, Fed. Rules Civ. Proc. R 60, subd. (a), and Fed. Rules Civ. Proc. R 72, subd. (b)(3)). Muraligopal respectfully requests this Court use its inherent authority to modify the current [Proposed] Order accordingly.

III. CONCLUSION

For the foregoing reasons, Muraligopal opposes the Receiver's pending Motion for Order Approving the Receiver's Distribution of Certain Assets to the Investors of Copeland Properties Ten, L.P., and requests modification of the [Proposed] Order as discussed above.

Dated: May 13, 2013

GAW, VAN MALE, SMITH & REYNOLDS



Alfonso L. Poiré,
Counsel for Vellore Muraligopal, M.D., and
Muraligopal Investments, LLC