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5 Attorneys for the Joining Limited Partners of  
COPELAND PROPERTIES FIVE, a Limited  
Partnership; COPELAND PROPERTIES SEVEN,  
6 a Limited Partnership; COPELAND PROPERTIES  
16, L.P.; COPELAND PROPERTIES 2/17, L.P.  
7

8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10

11 SECURITIES AND EXCHANGE  
COMMISSION,

12 Plaintiff,

13 vs.

14 CHARLES P. COPELAND,  
15 COPELAND WEALTH  
MANAGEMENT, A FINANCIAL  
16 ADVISORY CORPORATION, and  
COPELAND WEALTH  
17 MANAGEMENT, A REAL ESTATE  
CORPORATION,

18 Defendant.  
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CASE NO.: 11-08607-R-DTB

**PARTIAL JOINDER BY  
CERTAIN LIMITED PARTNERS  
OF COPELAND PROPERTIES 5,  
7, 16 AND 2/17 IN THE  
COPELAND PROPERTIES TEN  
OBJECTION TO THE  
RECEIVER'S REPORT DATED  
NOVEMBER 18, 2011**

Hearing Date: January 23, 2011  
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

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1     **1. INTRODUCTION**

2           The purpose of this Joinder is to advise the Court and the Receiver of the  
3 character of the interests of these certain limited partners and their concerns, their  
4 willingness to cooperate in the Receiver's accounting of all interests and their  
5 request for expedited accounting of these certain limited partners' interests on the  
6 basic ground that the interests are in separate legal entities that will be improperly  
7 disregarded if forced into a Receivership "cram down."

8           This Joinder in the Objection of the Certain Limited Partners of Copeland  
9 Properties Ten is by certain Limited Partners of Copeland Properties 5, Copeland  
10 Properties 7, Copeland Properties 16, and Copeland Properties 2/17. Copeland  
11 Properties ("CP") 2/17 represents a past merger of interests of CP 2 and CP 17.  
12 This Joinder is made on behalf of limited partners comprising the following  
13 percentage ownership of Copeland Properties 5, 7, 16 and 2/17:

	TOTAL CAPITAL	LPs INTEREST
15           CP 5	\$4,666,177.41	47.92%
16           CP 7	\$1,254,888.98	39.43%
17           CP 16	\$1,375,053.44	89.39%
18           CP 2/17	\$6,103,133.88	100%

19  
20           The certain limited partners joining in the objection adopt the argument of  
21 those certain limited partners of CP-10 on the ground that their partnership interests  
22 are very similarly situated to those of the limited partners of CP-10 as solvent,  
23 independent entities and not material creditors or debtors of the Receivership  
24 Estate.

25     **2. POSTURE OF CP 5, 7, 16 AND 2/17**

26           Attached as Exhibit 1 is a summary of each limited partnership and the  
27 names of the limited partners joining, to the extent facts are known to the Limited  
28 Partners and also as reported by the Receiver in his Report #2. Each partnership

1 holds as assets a single piece of real estate plus notes receivable and, in some cases,  
2 investment interests in other Copeland entities. Only one partnership, CP 2/17,  
3 may owe a material obligation to another Copeland entity, and the sum is not  
4 sufficient to justify inclusion in the Receivership. It is a long term debt. In  
5 essence, it is a discrete issue that may be resolved by stipulation confirming the  
6 validity of the obligation, if appropriate.

7 **3. RECOMMENDATION TO THE COURT**

8 The Receiver has requested 90 days to conduct an accounting to validate the  
9 cross entity loans and investments shown in the Copeland Properties Quickbooks  
10 accounts. These joining limited partners respectfully request the accounting effort  
11 be split and limited in time, as follows:

12 **A. Prioritize the accounting review of limited partnerships that are**  
13 **simple creditors of the Receivership and limit the effort to 30 days.**

14 At 30 days, require the Receiver to report findings on the validity of any  
15 notes receivable held by all limited partnerships as a simple creditor and provide  
16 justification for continued inclusion of such limited partnerships in the  
17 Receivership. Should the Receiver not report and offer justification for continued  
18 inclusion, the subject limited partnerships will be entitled to an order of court  
19 relieving the Receiver from further duty as general partner in favor of a newly  
20 elected general partner. New general partners should be required to file notice of  
21 such election naming each new general partner. The Court is requested to retain  
22 jurisdiction of undiscovered claims by the Receiver against the released limited  
23 partnerships.

24 **B. Limit the balance of accounting for more complex partnership**  
25 **liabilities to 90 days.**

26 At 90 days, require the Receiver to report his findings as to the validity of  
27 complex notes receivable and payable between and among other limited partnership  
28 entities and the fixed income funds and justification for continued inclusion of such

1 limited partnerships in the Receivership on the grounds that the cross transactions  
2 amount to actual commingling such that the equities require a Receiver to unwind.  
3 Should the Receiver not report and offer such justification for continued inclusion,  
4 the subject limited partnerships shall be entitled to an order of court relieving the  
5 Receiver from further duty as general partner in favor of new general partners  
6 elected by the limited partners. New general partners should be required to file  
7 notice of such election naming the new general partner. The Court should retain  
8 jurisdiction of undiscovered claims by the Receiver against released limited  
9 partnerships.

10 **4. SUMMARY OF KEY REASON TO EXPEDITE RELEASE OF CP 5, 7,**  
11 **16 AND 2/17 LIMITED PARTNERSHIPS.**

12 **A. There was no commingling of the CP 5, 7, 16 and 2/17 limited**  
13 **partnership interests.**

14 Although in the short run, the Receiver is in the best position to investigate  
15 the validity of all notes receivable and payable, as well as cross investments, his  
16 argument that all of the partnerships are hopelessly commingled is not true. These  
17 objecting parties may have been victims of unauthorized loans and cross  
18 investments by the Copeland Wealth Management General Partner. Unauthorized,  
19 unilateral loans and investments do not amount to commingling as that term is  
20 understood in the law. Had Copeland run pooled fund accountings, that might be a  
21 concern but the Receiver has reported that each limited partnership has always kept  
22 separate bank accounts. The limited partnerships were separately managed. The  
23 Receiver continues to keep all partnership accounts segregated. Absent true and  
24 "hopeless" commingling, there is no justification to force these certain limited  
25 partnerships into the Receivership pool to pay for what is sure to be an expensive  
26 and minimally useful proceeding as to them.

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1           **B. The limited partnerships each face different risks as a result of**  
2           **Receivership.**

3           **(1) Untimely termination of IRS § 1031 tax deferred exchanges.**

4           The sale of real estate assets should be the decision of each partnership and  
5           not that of the Receiver. The unwelcome termination of tax deferred exchanges  
6           will be an unjust result of a forced Receiver's liquidation of all assets.

7           **(2) Resignation of IRA custodians placing IRA and other such**  
8           **accounts in jeopardy of termination by the IRS.**

9           Under ERISA, should an IRA custodian resign without replacement by  
10          another, IRAs and other such accounts are at risk of taxable distribution treatment.  
11          This would be a wholly unjust result. These are alternative assets and replacement  
12          custodians may be difficult to find.

13          **(3) Substantial loss of income for living expenses.**

14          Many limited partners are retired and will suffer hardship if their  
15          distributions are not restarted. Forcing real estate interests that produce positive  
16          cash flow for limited partners into a Receiver's pool is unjust, without more.

17          **(4) Risk of technical default of partnerships under loans.**

18          One lender has already objected to the Receivership as forcing its loan into  
19          classified asset accounting with a negative impact to the lender's capital. This type  
20          of action can be expected by other lenders who could accelerate performing loans  
21          and trigger the sale of properties that produce positive cash flow.

22          **C. The Receiver's argument that releasing the limited partnerships**  
23          **will cause him to file over 50 lawsuits to recover loans between**  
24          **partnerships is not supported by fact or logic.**

25          The Receiver desires to keep all the assets in the various limited partnerships  
26          under his control so as to capture substantial cash flow to support his Receivership.  
27          His argument ignores the ability of each limited partnership to sort out its own  
28          claims and obligations. Given that most of the limited partners are retired, it is

1 unlikely that such a sorting out would result in substantial litigation, and if any  
2 occurred, it would be between the partnerships themselves, in state court.

3 **D. Protracted Receiverships will likely result in the institutional**  
4 **lenders seeking relief from stay to foreclose or to assert personal**  
5 **guarantees against some limited partners.**

6 The limited partners are in the best position to evaluate their investments in  
7 discrete pieces of real estate and negotiate with their institutional lenders. To the  
8 extent that further assurances must be given to lenders, the limited partners are best  
9 positioned to offer them, not the Receiver whose interests are not aligned with the  
10 limited partners.

11 **E. There is substantial precedent in SEC fraud actions for Receivers**  
12 **to release stand-alone partnerships that hold discrete interests that**  
13 **bear no liability for the scheme.**

14 The undersigned is counsel to two limited partnerships created during the  
15 Stanford Companies Ponzi Scheme in Texas. In that case, the Receiver quickly  
16 assessed the legal positions of the limited partnerships and determined they should  
17 be left to control their own destiny. The Receiver resigned in favor of a newly  
18 elected general partner and each limited partnership has since engaged in orderly  
19 management and liquidation of its assets, all without need of a court order. In this  
20 case, a court order may be advisable given the existence of institutional lenders.

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1 For all of the foregoing reasons, these certain limited partners request the  
2 court order the time limits of the Receiver's accounting as described in paragraphs  
3 3A and B and otherwise join in the relief requested by Copeland Properties Ten.

4 Respectfully submitted.

5 Dated: January 20, 2012 NEWMEYER & DILLION LLP

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7  
8 By: 

Francis E. Quinlan  
Attorneys for Joining Limited Partners of  
COPELAND PROPERTIES FIVE, a Limited  
Partnership; COPELAND PROPERTIES  
SEVEN, a Limited Partnership; COPELAND  
PROPERTIES 16, L.P.; COPELAND  
PROPERTIES 2/17, L.P.

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# **EXHIBIT 1**

**EXHIBIT 1      SUMMARY OF THE CERTAIN LIMITED PARTNERSHIPS**

<b><u>COPELAND PROPERTIES 5 - (Receiver's Report #2)</u></b>	
Total Capital	\$4,666,177.41
Total Liabilities and Equity	\$16,087,770.28
Note Payable to Lender	\$10,412,350.29
Notes Receivable from other CP entities	\$201,800.00
Partner's Equity	\$5,673,901.31
<u>Joining Limited Partners:</u>	
Higdon Revocable Trust	
Gordon and Myra Peterson	
Melvyn B. Ross	
William and Janice Steel	
Weed Family Trust	
Wright Family Trust	
David Ziilch Trust	

<b><u>COPELAND PROPERTIES 7 - (Receiver's Report #2)</u></b>	
Total Capital	\$1,254,888.98
Total Liabilities and Equity	\$3,429,490.40
Note Payable to Lender	\$1,521,651.69
Notes Payable to other CP entities	\$486,323.00
Partner's Equity	\$1,421,515.71
<u>Joining Limited Partners:</u>	
Higdon Revocable Trust	
David Ziilch Trust	

<b><u>COPELAND PROPERTIES 16 - (Receiver's Report #2)</u></b>	
Total Capital	\$1,375,053.44
Total Liabilities and Equity	\$5,290,561.10
Note Payable to Lender	\$3,849,121.59
Notes Receivable/Payable from/to other CP entities	\$0.00
Partner's Equity	\$1,387,167.91
<u>Joining Limited Partners:</u>	
Higdon Revocable Trust Christine Higdon Wright Family Trust David Ziilch Trust	

<b><u>COPELAND PROPERTIES 2/17 - (Receiver's Report #2)</u></b>	
Total Capital	\$6,103,133.88
Total Liabilities and Equity	\$11,401,618.92
Notes Payable to Lender	\$5,822,665.00 \$1,063,723.76
Notes Payable to other CP entities	\$105,135.04
Partner's Equity	\$4,409,780.08
<u>Joining Limited Partners:</u>	
Jesse Revocable Trust Dusty Bricker Higdon Revocable Trust Hu Tongs, Inc. Carol P. Lowe Gordon and Myra Peterson Melvyn B. Ross William and Janice Steel Trust	

