

1 Everett G. Barry, Jr. (SBN 053119)
John H. Stephens (SBN 82971)
2 Patrick L. Prindle (SBN 87516)
MULVANEY BARRY BEATTY LINN
3 & MAYERS LLP
401 West A Street, 17th Floor
4 San Diego, CA 92101-7994
Telephone: 619-238-1010
5 Facsimile: 619-238-1981

6 Attorneys for Thomas C. Hebrank,
Permanent Receiver
7

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

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

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

19 Defendants.

CASE NO. 11-cv-08607-R-DTB

**NOTICE OF MOTION AND
MOTION FOR ORDER
APPROVING SETTLEMENT**

Date: July 2, 2012

Time: 10:00 a.m.

Ctrm: 8, 2nd Floor

Judge: Hon. Manuel L. Real

20 **TO ALL INTERESTED PARTIES:**

21 **Please Take Notice** that on July 2, 2012, at 10:00 a.m., in
22 Courtroom 8 of the above-entitled Court located at 312 N. Spring Street,
23 Los Angeles, California 90012, a hearing will be held on the Motion of
24 Thomas C. Hebrank ("Receiver"), Court-appointed permanent receiver
25 for Copeland Wealth Management, a Financial Advisory Corporation,
26 Copeland Wealth Management, a Real Estate Corporation, and their
27 subsidiaries and affiliates, for an Order Approving Settlement With
28 Reynolds Mason Industries, Inc.

1 The Motion is based on the Memorandum of Points and Authorities
 2 below and the Declaration of Thomas C. Hebrank In Support Of Motion
 3 For Order Approving Settlement filed concurrently herewith. The Motion
 4 and supporting papers are available at the Receiver's website:
 5 www.ethreeadvisors.com, or may be reviewed at the Clerk's Office
 6 located at 312 North Spring Street, Los Angeles, California 90012 during
 7 normal business hours.

8 **Procedural Requirements:** If you oppose this Motion, you are
 9 required to file your written opposition with the Office of the Clerk, United
 10 States District Court, 312 North Spring Street, Los Angeles, California
 11 90012, and serve the same on the undersigned not later than twenty-one
 12 (21) days prior to the hearing.

13 IF YOU FAIL TO FILE AND SERVE A WRITTEN OPPOSITION by
 14 the above date, the Court may grant the requested relief without further
 15 notice.

16 **Requested Relief:** The relief requested is discussed in detail in
 17 the following Memorandum of Points and Authorities. To summarize, the
 18 Receiver requests an Order approving the settlement of Copeland's
 19 unsecured claim against RMI. The RMI Trustee has filed an adversary
 20 proceeding challenging certain payments by RMI to Copeland as
 21 preferential, and if the Trustee is successful Copeland will receive only
 22 \$12,000. The Trustee and the Receiver have reached a compromise,
 23 whereby the Trustee will pay the Receiver \$35,000.

24 This Motion is made following an attempt to confer with counsel
 25 pursuant to L.R. 7-3, which took place on June 4, 2012.

26 **NOTICE IS HEREBY GIVEN** that a proposed Order Approving
 27 Settlement, a true and correct copy of which is attached hereto as
 28 **////**

1 **Exhibit "A"** and by this reference made a part hereof, has been lodged
2 with the above-entitled Court.

3 WHEREFORE, the Receiver requests that the Court grant the
4 relief requested herein and such other relief as may be appropriate
5 under the circumstances.

6
7 Dated: June 4, 2012

MULVANEY BARRY BEATTY LINN &
MAYERS, LLP

8
9 By: /s/ Patrick L. Prindle
10 Attorneys for Thomas C. Hebrank, Receiver
11

MULVANEY BARRY BEATTY LINN & MAYERS
A LIMITED LIABILITY PARTNERSHIP
SEVENTEENTH FLOOR
401 WEST A STREET
SAN DIEGO, CALIFORNIA 92101-7944
TELEPHONE 619 238-1010
FACSIMILE 619 238-1881

EXHIBIT A

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3
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7
8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 WESTERN DIVISION -- LOS ANGELES

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

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

22 Defendants.

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

[PROPOSED]

**ORDER APPROVING
SETTLEMENT**

Date: July 2, 2012

Time: 10:00 a.m.

Ctrm: 8, 2nd Floor

Judge: Hon. Manuel L. Real

23 The Court, having considered the Motion for Order Approving
24 Settlement and supporting documentation by Mulvaney Barry Beatty Linn
25 & Mayers, LLP ("Mulvaney Barry"), counsel for Receiver, and any
26 opposition thereto, and good cause appearing therefor,

27 /////

28 /////

/////

/////

1 IT IS HEREBY ORDERED as follows:

2 1. The settlement by and between Reynolds Mason Industries,
3 Inc. and Copeland Wealth Management Inc, a California corporation and
4 Copeland Fixed Income Three, L.P. is approved.

5
6 IT IS SO ORDERED.

7
8
9 Dated: _____ Judge, United States District Court

10
11 Submitted by:

12 MULVANEY BARRY BEATTY LINN & MAYERS LLP

13
14 By: /s/ Patrick L. Prindle
15 Attorneys for Thomas C. Hebrank, Permanent Receiver

16
17
18 HEBCO.125.317760.1

1 Everett G. Barry, Jr. (SBN 053119)
2 John H. Stephens (SBN 82971)
3 Patrick L. Prindle (SBN 87516)
4 MULVANEY BARRY BEATTY LINN
5 & MAYERS LLP
6 401 West A Street, 17th Floor
7 San Diego, CA 92101-7994
8 Telephone: 619-238-1010
9 Facsimile: 619-238-1981

10 Attorneys for Thomas C. Hebrank,
11 Permanent Receiver

12 UNITED STATES DISTRICT COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14 WESTERN DIVISION – LOS ANGELES

15 SECURITIES AND EXCHANGE
16 COMMISSION,

17 Plaintiff,

18 v.

19 CHARLES P. COPELAND,
20 COPELAND WEALTH
21 MANAGEMENT, A FINANCIAL
22 ADVISORY CORPORATION,
23 AND COPELAND WEALTH
24 MANAGEMENT, A REAL
25 ESTATE CORPORATION,

26 Defendants.

CASE NO. 11-cv-08607-R-DTB

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
MOTION FOR ORDER
APPROVING SETTLEMENT**

Date: July 2, 2012

Time: 10:00 a.m.

Ctrm: 8, 2nd Floor

Judge: Hon. Manuel L. Real

MEMORANDUM OF POINTS AND AUTHORITIES

**I.
INTRODUCTION**

23 Copeland Wealth Management Inc., a California corporation, and
24 Copeland Fixed Income Three, L.P., a California limited partnership
25 (hereafter jointly, "Copeland") are creditors of Reynolds Mason
26 Industries, Inc. (hereafter, "RMI"). RMI commenced a case under
27 Chapter 7, title 11, of the United States Code in the United States
28 Bankruptcy Court For The Southern District of California on December 7,

2009. An adversary proceeding resulted in a judgment adjudicating the claim unsecured, and Copeland obtained an unsecured claim in the Bankruptcy Estate for \$350,000. The total unsecured claims total approximately \$1,986,000 and cash on hand is approximately \$518,000. Therefore, unsecured creditors such as Copeland can expect to receive approximately 25% of their claims; Copeland's share would be approximately \$87,500.

The Bankruptcy Trustee claims, however, that RMI had transferred at least \$70,072.44 to Copeland within the year prior to the bankruptcy. A preference action, Case No. 11-90546-M7, was filed to avoid that transfer. Copeland disputes that the \$70,072.44 was a preference. A true and correct copy of the Declaration Of Richard M. Kipperman In Support Of Notice Of Intended Action To Settle With Copeland Wealth Management Inc. And Copeland Fixed Income Three, L.P. is attached as Exhibit 2 to the Declaration of Thomas C. Hebrank In Support Of Motion For Order Approving Settlement filed concurrently herewith, and is incorporated herein by this reference as though set forth at length.

The Trustee, Richard M. Kipperman and the Permanent Receiver, Thomas C. Hebrank, have discussed resolution of the disputed transfer, and agreed (pending approval by this Court) that the Trustee will pay \$35,000 to the Receiver and dismiss the pending Adversary Proceeding with prejudice. The complete terms of the agreement are set forth in the Settlement Agreement, a true and correct copy of which is attached as Exhibit 3 to the Declaration of Thomas C. Hebrank In Support Of Motion For Order Approving Settlement filed concurrently herewith, and is incorporated herein by this reference as though set forth at length.

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II.

PROCEDURAL BACKGROUND

On October 18, 2011, the Securities and Exchange Commission ("SEC") filed its Complaint for Violations of The Federal Securities Laws ("Complaint"), together with the Consent of Defendants Copeland ("Consent"), and the Proposed Judgment of Permanent Injunction and Other Relief as to Defendants Copeland. Docket Nos. 1 and 2. On October 25, 2011, the Court entered the Judgment of Permanent Injunction and Other Relief, appointing Thomas C. Hebrank as Permanent Receiver for Copeland, and their subsidiaries and affiliates ("Judgment"). Docket No. 3.

III.

ARGUMENT

"The power of a district court to impose a receivership or grant other forms of ancillary relief does not in the first instance depend on a statutory grant of power from the securities laws. Rather, the authority derives from the inherent power of a court of equity to fashion effective relief." *SEC v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court for the benefit of creditors." *S.E.C. v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986). As the appointment of a receiver is authorized by the broad equitable powers of the court, any distribution of assets must also be done equitably and fairly. See *S.E.C. v. Elliot*, 953 F.2d 1560, 1569 (11th Cir. 1992).

District courts have the broad power of a court of equity to determine the appropriate action in the administration and supervision of an equity receivership. See *S.E.C. v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). The *Capital Consultants* Court directed:

A district court's power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad. The district court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The basis for this broad deference to the district court's supervisory role in equity receiverships arises out of the fact that most receiverships involve multiple parties and complex transactions. A district court's decision concerning the supervision of an equitable receivership is reviewed for abuse of discretion.

Id. (citations omitted); see also *Commodities Futures Trading Comm'n. v. Topworth Int'l, Ltd.*, 205 F.3d 1107, 1115 (9th Cir. 1999) ("This court affords 'broad deference' to the court's supervisory role, and 'we generally uphold reasonable procedures instituted by the district court that serve th[e] purpose' of orderly and efficient administration of the receivership for the benefit of creditors.").

Accordingly, the Court has broad equitable powers and discretion in formulating procedures, schedules, and guidelines for administration of the receivership estate and disposition of receivership assets.

IV.

CONCLUSION

Based upon the foregoing, all pleadings on file herein, as well as such argument and evidence as may be admitted during the hearing the Receiver requests entry of an order approving the settlement with the Trustee for RMI.

Dated: June 4, 2012

MULVANEY BARRY BEATTY LINN &
MAYERS, LLP

By: /s/ Patrick L. Prindle
Patrick L. Prindle
Attorneys For Receiver
THOMAS C. HEBRANK

1 Everett G. Barry, Jr. (SBN 053119)
2 John H. Stephens (SBN 82971)
3 Patrick L. Prindle (SBN 87516)
4 MULVANEY BARRY BEATTY LINN
5 & MAYERS LLP
6 401 West A Street, 17th Floor
7 San Diego, CA 92101-7994
8 Telephone: 619-238-1010
9 Facsimile: 619-238-1981

10 Thomas C. Hebrank, Permanent
11 Receiver

12 UNITED STATES DISTRICT COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14 WESTERN DIVISION – LOS ANGELES

15 SECURITIES AND EXCHANGE
16 COMMISSION,

17 Plaintiff,

18 v.

19 CHARLES P. COPELAND,
20 COPELAND WEALTH
21 MANAGEMENT, A FINANCIAL
22 ADVISORY CORPORATION,
23 AND COPELAND WEALTH
24 MANAGEMENT, A REAL
25 ESTATE CORPORATION,

26 Defendants.

CASE NO. 11-cv-08607-R-DTB

**DECLARATION OF THOMAS C.
HEBRANK IN SUPPORT OF
MOTION**

Date: July 2, 2012

Time: 10:00 a.m.

Ctrm: 8, 2nd Floor

Judge: Hon. Manuel L. Real

27 I, Thomas C. Hebrank, declare as follows:

28 1. I am the Court appointed permanent receiver for Copeland
Wealth Management, a Financial Advisory Corporation ("CWM"), Copeland
Wealth Management, a Real Estate Corporation "Copeland Realty", and
their subsidiaries and affiliates (collectively, the "Receivership Entities").
The following are facts within my knowledge and if called as a witness I
would testify to them under oath.

////

2. Copeland Wealth Management Inc., a California corporation, and Copeland Fixed Income Three, L.P., a California limited partnership (hereafter jointly, "Copeland") are creditors of Reynolds Mason Industries, Inc. (hereafter, "RMI").

3. RMI commenced a case under Chapter 7, Title 11, of the United States Code in the United States Bankruptcy Court for the Southern District of California on December 7, 2009. Richard M. Kipperman was appointed Bankruptcy Trustee.

4. Copeland has an unsecured claim for \$350,000.

5. The amount of total unsecured claims in the RMI Bankruptcy total approximately \$1,986,000 and cash on hand is approximately \$518,000. Therefore, unsecured creditors such as Copeland can expect to receive approximately 25% of their claims; Copeland's share would be approximately \$87,500.

6. The Bankruptcy Trustee claims, however, that RMI transferred at least \$70,072.44 to Copeland within the year prior to the bankruptcy. Thereafter, he instituted an Adversary Proceeding (the "Preference Action"), Case No. 11-90546-M7, to avoid that transfer. Copeland disputes that the \$70,072.44 constituted a preferential payment.

7. My counsel and I have engaged in substantial discussions with the Bankruptcy Trustee, Richard M. Kipperman and his counsel, to resolve the Preference Action"). We have reached agreement, subject to approval by this Court and the Bankruptcy Court, that the Trustee will immediately pay Copeland \$35,000 and dismiss the pending Adversary Proceeding with prejudice.

8. Should the Bankruptcy Trustee prevail in the Preference Action, only approximately \$17,000 will be available for the Receivership Estate.

MULVANEY BARRY BEATTY LINN & MAYERS
A LIMITED LIABILITY PARTNERSHIP
SEVENTEENTH FLOOR
401 WEST A STREET
SAN DIEGO, CALIFORNIA 92101-7944
TELEPHONE 619 238-1010
FACSIMILE 619 238-1981

9. A true and correct copy of the Trustee's Notice Of Intended Action And Opportunity For Hearing relative to the proposed settlement with Copeland Wealth Management Inc. And Copeland Fixed Income Three, L.P. is attached as Exhibit 1.

10. A true and correct copy of the Declaration Of Richard M. Kipperman In Support Of Notice Of Intended Action To Settle With Copeland Wealth Management Inc. And Copeland Fixed Income Three, L.P. is attached hereto as Exhibit 2

11. The complete terms of the agreement are set forth in the Settlement Agreement, a true and correct copy of which is attached hereto as Exhibit 3.

12. I believe that the settlement of the dispute with the Bankruptcy Trustee, and payment of \$35,000 in accordance with the terms of the Settlement Agreement (Exhibit 2) is reasonable, fair, and should be accepted and approved by this Court.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this Declaration was executed in San Diego, California.

DATED: June 4, 2012

By: /s/ Thomas C. Hebrank
Thomas C. Hebrank, Permanent Receiver

HEBCO.125.317744.1

EXHIBIT 1

Court Telephone: (619) 557-5620
 Court Hours: 9:00am-4:00pm, Monday-Friday
 www.casb.uscourts.gov
 Yosina M. Lissebeck, Esq. [SBN 201654]
 Solomon Ward Seidenwurm & Smith, LLP
 401 B Street, Suite 1200
 San Diego, CA 92101
 Telephone (619) 231-0303 Facsimile (619) 231-4755
 Attorneys for Richard M Kipperman, Chapter 7 Trustee

RECEIVED
 JUN -4 2012
 MULVANEY BARRY

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA
 325 West F Street, San Diego, California 92101-6991

In Re
 REYNOLDS MASON INDUSTRIES, INC.,

BANKRUPTCY NO. 09-18774-M7

Debtor.

TRUSTEE'S NOTICE OF INTENDED ACTION AND OPPORTUNITY FOR HEARING

TO THE DEBTOR, ALL CREDITORS AND OTHER PARTIES IN INTEREST:

YOU ARE HEREBY NOTIFIED that the undersigned Trustee proposes to:

- ☒ Compromise or settle the following controversy [description of controversy to be settled and financial impact on estate as required by Local Bankruptcy Rule 9019];

SEE ADDENDUM ATTACHED HERETO

- ☐ Allowance of compensation or reimbursement of expenses by trustee in the amounts indicated below [information required by Federal Rule of Bankruptcy Procedure 2002(c)(2)]; or
 Fees:
 Costs:

IF YOU OBJECT TO THE PROPOSED ACTION:

1. **YOU ARE REQUIRED** to obtain a hearing date and time from the appropriate Courtroom Deputy for the judge assigned to this bankruptcy case. Determine which deputy to call by looking at the Bankruptcy Case No. in the caption on Page 1 of this notice. If the case number is followed by the letter:

-	JM	-	call (619) 557-6019	-	DEPARTMENT ONE (Room 218)
-	LA	-	call (619) 557-6594	-	DEPARTMENT TWO (Room 118)
-	LT	-	call (619) 557-6018	-	DEPARTMENT THREE (Room 129)
-	PB	-	call (619) 557-5157	-	DEPARTMENT FOUR (Room 328)

2. **WITHIN TWENTY-EIGHT (28)¹ DAYS FROM THE DATE OF THIS NOTICE**, you are further required to serve a copy of your DECLARATION IN OPPOSITION and separate REQUEST AND NOTICE OF HEARING [Local Form CSD 1184²] upon the undersigned Trustee, together with any opposing papers. A copy of these documents must also be served upon the United States Trustee at 402 W. Broadway, Suite 600, San Diego, CA 92101. The opposing declaration shall be signed and verified in the manner prescribed by Federal Rule of Bankruptcy Procedure 9011, and the declaration shall:
- a. identify the interest of the opposing party; and
 - b. state, with particularity, the factual and legal grounds for the opposition.
3. **YOU MUST** file the original and one copy of the Declaration and Request and Notice of Hearing with proof of service with the Clerk of the U.S. Bankruptcy Court at 325 West "F" Street, San Diego, California 92101 -6991, no later than the next business day following the date of service.

7-2-12
Case
gnc

IF YOU FAIL TO SERVE YOUR "DECLARATION IN OPPOSITION TO INTENDED ACTION" AND "REQUEST AND NOTICE OF HEARING" within the 28-day¹ period provided by this notice, NO HEARING SHALL TAKE PLACE, you shall lose your opportunity for hearing, and the Trustee may proceed to take the intended action.

Dated: June 1, 2012

/s/ Yosina M. Lissebeck

Attorneys for Richard M Kipperman, Chapter 7 Trustee
Solomon Ward Seidenwurm & Smith LLP
Address: 401 B Street, Suite 1200
San Diego, CA 92101
Phone No.: (619) 231-0303
E-mail: ylissebeck@swsslaw.com

¹ If you were served electronically or by mail, you have three (3) additional days to take the above-stated actions.

² You may obtain Local Form CSD 1184 from the office of the Clerk of the U.S. Bankruptcy Court.

ADDENDUM TO NOTICE OF INTENT TO SETTLE WITH
COPELAND WEALTH MANAGEMENT INC. & COPELAND FIXED INCOME THREE

In re Reynolds Mason Industries, Inc.
USBC Case No. 09-18774-M7

This Settlement is by and between Richard M Kipperman, Chapter 7 Trustee (the "Trustee") of the bankruptcy estate of Reynolds Mason Industries, Inc. (the "Debtor"), United States Bankruptcy Court, Southern District of California, Case No. 09-18774-M7, and Defendants Copeland Wealth Management Inc., a California corporation ("Copeland Wealth") and Copeland Fixed Income Three, L.P., a California limited partnership ("Copeland Fixed"), by and through its Receiver, Thomas C. Hebrank, appointed by the United States District Court, for the Central District of California, at the request of the SEC (collectively referred to as "Copeland"). A summary of the settlement is as follows:

1. On December 7, 2009, the Debtor commenced a case under Chapter 7 of title 11 of the United States Code, in the Bankruptcy Court for the Southern District of California and the Trustee was appointed.
2. The Debtor listed Copeland as a creditor in the Bankruptcy. After a prior adversary proceeding resulted in a judgment adjudicating Copeland's claim unsecured, Copeland obtained an unsecured claim in the Bankruptcy Estate for \$350,000 ("Copeland Claim"). This makes Copeland one of the largest unsecured creditors in the Bankruptcy Estate. Total unsecured creditor claims total approximately \$1,986,000 and cash on hand is approximately \$518,000. Thus, unsecured creditors will receive approximately 25% of their claims, and Copeland would receive approximately \$87,500.
3. The Trustee reviewed the Debtor's records and discovered that the Debtor transferred at least \$70,072.44 to Copeland within the year prior to bankruptcy. The Trustee filed a preference action against Copeland, as Case No. 11-90546-M7, to avoid that transfer (the "Adversary Proceeding"). Copeland disputed that the \$70,072.44 was a preference.
4. The Trustee discussed a resolution of this matter with Copeland. The Parties agree that the Trustee will pay to the Receiver for Copeland \$35,000 in full resolution of the Copeland Claim, and the Trustee will file a notice dismissing the Adversary Proceeding with prejudice after entry of an Order approving this Settlement.
5. This settlement agreement is in the best interest of the Estate because it eliminates a claim in the Estate, and it resolves the preference adversary proceeding, without the time and expense of litigation.
6. The settlement was negotiated in good faith and is an arms length transaction.

A copy of the full settlement agreement is attached to the Declaration of Richard M Kipperman filed concurrently herewith.

EXHIBIT 2

JUN 14 2012

MULVANEY BARRY

1 MICHAEL D. BRESLAUER [SBN 110259]
mbreslauer@swsslaw.com
2 YOSINA M. LISSEBECK [SBN 201654]
ylissebeck@swsslaw.com
3 SOLOMON WARD SEIDENWURM & SMITH, LLP
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4 San Diego, California 92101
Telephone: (619) 231-0303
5 Facsimile: (619) 231-4755

6 Attorneys for Richard M Kipperman, Chapter 7
Trustee

7
8 **UNITED STATES BANKRUPTCY COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

10 In re
11 REYNOLDS MASON INDUSTRIES, INC.,
12
13 Debtor.

CASE NO. 09-18774-M7

**DECLARATION OF RICHARD M
KIPPERMAN IN SUPPORT OF NOTICE OF
INTENDED ACTION TO SETTLE WITH
COPELAND WEALTH MANAGEMENT
INC. AND COPELAND FIXED INCOME
THREE, L.P.**

14
15 Dept Five (5)
Honorable James W. Meyers
16

17 I, RICHARD M KIPPERMAN declare,

18 1. This Debtor filed for bankruptcy protection on or about December 7, 2009,
19 and I was appointed the Chapter 7 Trustee. All of the information contained herein is within
20 my personal knowledge, except those matters which are alleged on information and belief
21 and as to those matters I believe them to be true.

22 2. The Defendants Copeland Wealth Management Inc., a California corporation
23 ("Copeland Wealth") and Copeland Fixed Income Three, L.P., a California limited
24 partnership ("Copeland Fixed"), are now being controlled by a Receiver, Thomas C.
25 Hebrank, appointed by the United States District Court, for the Central District of California,
26 at the request of the SEC (collectively referred to as "Copeland").

27 3. The Debtor listed Copeland as a creditor in the Bankruptcy. After a prior
28 adversary proceeding resulted in a judgment adjudicating Copeland's claim unsecured,

1 Copeland obtained an unsecured claim in the Bankruptcy Estate for \$350,000 ("Copeland
2 Claim"). This makes Copeland one of the largest unsecured creditors in the Bankruptcy
3 Estate. Total unsecured creditor claims total approximately \$1,986,000 and cash on hand is
4 approximately \$518,000. Thus, unsecured creditors will receive approximately 25% of their
5 claims, and Copeland would receive approximately \$87,500.

6 4. I reviewed the Debtor's records and discovered that the Debtor transferred at
7 least \$70,072.44 to Copeland within the year prior to bankruptcy. I filed a preference action
8 against Copeland, as Case No. 11-90546-M7, to avoid that transfer (the "Adversary
9 Proceeding"). Copeland disputed that the \$70,072.44 was a preference.

10 5. I discussed a resolution of this matter with Copeland. The Parties agree that I
11 will pay to the Receiver for Copeland \$35,000 in resolution of the Copeland Claim, and I
12 will file a notice dismissing the Adversary Proceeding with prejudice after entry of an Order
13 approving this Settlement.

14 6. Copeland and I desire to resolve this issue on the terms and conditions set
15 forth in the Settlement Agreement which is attached hereto as Exhibit A.

16 7. This settlement agreement is in the best interest of the Estate because it
17 eliminates a claim in the Estate, and it resolves the preference adversary proceeding, without
18 the time and expense of litigation.

19 8. The settlement was negotiated in good faith and is an arms length transaction.

20 I declare under penalty of perjury under the laws of the State of California and the
21 United States of America that the foregoing is true and correct and this declaration is
22 executed on the 21st day of May 2012, at San Diego, California.

23
24 /s/ Richard M Kipperman
25 RICHARD M KIPPERMAN, CHAPTER 7 TRUSTEE
26
27
28

EXHIBIT 3

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (the "Agreement") is executed by and between Richard M Kipperman, Chapter 7 Trustee (the "Trustee") of the bankruptcy estate ("Bankruptcy Estate") of Reynolds Mason Industries, Inc. (the "Debtor"), United States Bankruptcy Court, Southern District of California, Case No. 09-18774-M7, and Defendants Copeland Wealth Management Inc., a California corporation ("Copeland Wealth") and Copeland Fixed Income Three, L.P., a California limited partnership ("Copeland Fixed"), (collectively referred to as "Copeland") by and through its duly appointed and acting Permanent Receiver, Thomas C. Hebrank, appointed by the United States District Court for the Central District of California, in the action entitled *Securities and Exchange Commission v. Charles P. Copeland, Copeland Wealth Management, a Financial Advisory Corporation, and Copeland Wealth Management, a Real Estate Corporation* ("SEC Action"). This Agreement is executed in connection with the following recitation of facts:

RECITALS

A. On December 7, 2009 (the "Petition Date"), Reynolds Mason Industries, Inc. (the "Debtor") commenced a case under Chapter 7 of title 11 of the United States Code, in the Bankruptcy Court for the Southern District of California.

B. The Trustee was appointed on or about December 7, 2009, and is the duly authorized representative of the Bankruptcy Estate pursuant to section 323(a) of the Bankruptcy Code.

C. The Debtor listed Copeland as a creditor in the Bankruptcy. After a prior adversary proceeding resulted in a judgment adjudicating Copeland's claim unsecured, Copeland obtained an unsecured claim in the Bankruptcy Estate for \$350,000 ("Copeland Claim"). This makes Copeland one of the largest unsecured creditors in the Bankruptcy Estate. Total

unsecured creditor claims total approximately \$1,986,000 and cash on hand is approximately \$518,000. Thus, unsecured creditors will receive approximately 25% of their claims, and Copeland *would* receive approximately \$87,500.

D. The Trustee's review of the Debtor's records indicated that the Debtor transferred at least \$70,072.44 to Copeland within the year prior to bankruptcy. The Trustee filed a preference action against Copeland, as Case No. 11-90546-M7, to avoid that transfer (the "Adversary Proceeding"). Copeland disputed that the \$70,072.44 transfer was a preference.

E. The Trustee has discussed a resolution of this matter with Copeland. The Trustee and Copeland (collectively the "Parties") desire to resolve the preference issue and the Copeland Claim, on the terms and conditions set forth below, to avoid the expense and uncertainty of litigation.

AGREEMENT

1. Agreement. The Parties agree that the Trustee will pay to the Receiver for Copeland \$35,000 in full resolution of the Copeland Claim immediately upon Court approval of this settlement. The Trustee will also dismiss the Adversary Proceeding with prejudice once a Court Order approving this settlement has been entered. Nothing herein is deemed binding on any party until entry of a Court Order approving this settlement, after notice to all creditors.

2. Operation of the Agreement. After the Parties execute this Agreement, the Trustee and the Receiver will seek court approval thereof. The Trustee will seek approval of the Agreement by the Bankruptcy Court, and the Receiver for Copeland will concurrently seek court approval in the SEC Action. It is specifically understood and agreed that this Agreement is conditioned upon and subject to the approval of the Court in this bankruptcy case and the Court in the SEC Action.

3. Representations and Warranties of Each Party. Each Party hereto represents and warrants to the other party that he, she or it has the full power and authority to execute, deliver and perform under this Agreement, subject to court approval.

4. Release. Except as specifically set forth in this Agreement, upon the effectiveness of this Agreement, the Parties hereby fully, absolutely and forever release and discharge each other from any and all manner of claims related to the Bankruptcy Estate, whether now known or unknown and whether suspected or unsuspected, anticipated and unanticipated, and whether or not concealed or hidden, which now exist or heretofore have existed between the Parties.

The Parties hereby expressly waive any and all rights and benefits conferred upon them by the provisions of Section 1542 of the California Civil Code that provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The Parties have read the foregoing release and recognize and understand that the same applies to and covers all claims heretofore and hereinafter arising, whether or not known or suspected to exist at the present time.

5. Enforcement. This Agreement may be enforced by motion in this Court after approval by the Court and after notice under Bankruptcy Rule 9019(a). The settlement set forth herein shall be effective if, and only if, it is approved by the Bankruptcy Court and the Court in the SEC Action.

6. Additional Representations and Warranties of the Parties. The Parties represent and warrant to each other that:

a. Final Integrated Agreement. This Agreement and all other agreements executed herewith constitute the entire, final and binding understanding between the parties

hereto; no other statement or representation, written or oral, express or implied, has been received or relied upon in entering into the settlement; and all prior discussions, statements, and negotiations made or which have occurred prior to the dates on which this Agreement is executed shall be deemed merged into this Agreement. Each of the recitals in this Agreement shall be interpreted and construed as part of this Agreement and not as a mere recital;

b. Understanding of Settlement Agreement. Each Party understands and agrees to this Agreement and the terms and conditions contained herein and has relied upon his, her or its own judgment, belief, knowledge, understanding and expertise after careful consultation with his, her or its own legal counsel concerning the legal effect of the settlement and all of the terms of this Agreement.

c. Voluntary Settlement. Each party enters into this Agreement knowingly and voluntarily.

d. Investigation of Facts. Each party has investigated the facts pertaining to this Agreement and all matters pertaining thereto as deemed necessary by each party.

e. Assignment/Transfer. Each party has not heretofore assigned, transferred or granted, or purported to assign, transfer or grant, any of the claims, demands and claims for relief disposed of by this Agreement.

7. Ambiguities or Uncertainties. This Agreement, and any ambiguities or uncertainties herein or therein, shall be equally and fairly interpreted and construed without reference to the identity of the Party or Parties preparing this Agreement, on the express understanding and agreement that the Parties participated equally in the negotiation and preparation of the Agreement or have had equal opportunity to do so. Accordingly the Parties hereby waive the benefit of California Civil Code, Section 1654 and any successor or amended

statute, providing that in cases of uncertainty, language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.

8. Survival of Executory Provisions. Any and all executory provisions under this Agreement shall survive the consummation of this Agreement and shall continue in full force and effect until fully performed and satisfied.

9. Attorneys' Fees/Prevailing Party. In any action or proceeding between or among the Parties hereto at law or in equity with respect to, pertaining to, or arising from this Agreement, whether for enforcement, or for damages by reason of any alleged breach, or for a declaration of rights or obligations, or otherwise, and including any appeal, contempt proceeding, bankruptcy proceeding, and any action or proceeding to enforce and/or collect any judgment or other relief granted, whether or not such action or proceeding is compromised or is prosecuted to final judicial determination (collectively "litigation"), the unsuccessful party to the litigation shall pay to the prevailing party, in addition to any other relief that may be granted, all costs and expenses of the litigation, including without limitation, the prevailing party's actual attorneys' fees and expenses. "Attorneys' fees and expenses" includes, without limitation, paralegals' fees and expenses, attorneys' and consultants' fees and expenses, expert witness' fees and expenses, and all other expenses incurred by the prevailing party's attorneys in the course of their representation of the prevailing party in anticipation of and/or during the course of the litigation, whether or not otherwise recoverable as "attorneys' fees" or as "costs" under California law; and the same may be sought and awarded in accordance with California procedure as pertaining to an award of contractual attorneys' fees.

10. California Law. The settlement, this Agreement, and the documents referred to herein, shall be governed by and construed and interpreted in accordance with, the United States

Bankruptcy Code and the laws of the State of California. In the language of this document and the documents referred to herein, the singular and plural numbers, and the masculine, feminine and neuter genders, shall each be deemed to include all others, and the word "person" shall be deemed to include corporations and every other entity, as the context may require.

11. Severability. In the event that any provision of this Agreement should be held to be void, voidable or unenforceable, the remaining portions hereof shall remain in full force and effect unless the unenforceability of that provision is material to the intent of the Parties in entering into this Agreement.

12. Multiple Counterparts. This Agreement may be executed in any number of counterparts, each of which may be deemed an original and all of which together shall constitute a single instrument.

13. Waiver, Modification and Amendment. No breach of this Agreement or of any provision herein can be waived except by an express written waiver executed by the party waiving such breach. Waiver of any one breach shall not be deemed a waiver of any other breach of the same or other provisions of this Agreement. This Agreement may be amended, altered, modified or otherwise changed in any respect or particular only by a writing duly executed by the parties hereto or their authorized representatives which is then approved by the Court.

14. Additional Documents. The Parties shall execute any additional documents reasonably necessary to effectuate the intent and purposes of this Agreement.

15. Notices. All notices under this Agreement shall be in writing and shall be deemed effective on the date of delivery if delivered personally (and a receipt obtained therefore), or on the third calendar day after mailing if mailed by first class mail, registered or certified, postage

prepaid, and shall be addressed as follows or as may be amended by a written communication delivered pursuant to this paragraph:

Richard M Kipperman, Trustee
c/o Yosina M. Lissebeck, Esq.
SOLOMON WARD SEIDENWURM & SMITH
401 B Street, Suite 1200
San Diego, CA 92101
email: ylissebeck@swsslaw.com

Thomas C. Hebrank, Receiver for
Copeland Wealth Management Inc. and
Copeland Fixed Income Three, L.P.
c/o Everett G. Barry, Jr., Esq.
MULVANEY BARRY BEATTY LINN
& MAYERS LLP
401 West A Street, 17th Floor
San Diego, CA 92101
email: ebarry@mulvaneybarry.com

16. Facsimile or Email Validity. The Parties hereto agree that in the event that this Agreement is executed via facsimile or email, that the facsimile or email copy shall have the same validity as an original copy for all purposes including but not limited to utilization of the procedures for settling a dispute. The fax or email copy shall be used in place and stead of the original until such time that an original is received by the party receiving an executed copy hereof via facsimile or email.

17. Binding Settlement Agreement. This Agreement shall be binding on and inure to the benefit of the heirs, descendants, legatees, devisees, executors, administrators, legal representatives, successors, successors-in-interest, assigns, assignors, insurers, attorneys, owners, guarantors, sureties, partners, members, servants, employees, employers, agents, officers, directors, shareholders, beneficiaries, predecessors, affiliates, subsidiaries, related or associated entities or individuals, and any other person or entity claiming under or through the Parties.

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18. Effective Date. The effective date of this Agreement shall be the date of the entered order approving this agreement.

Dated: May 21, 2012



Richard M Kipperman, Chapter 7 Trustee for the
bankruptcy estate of Reynolds Mason Industries,
Inc.

Dated: May __, 2012

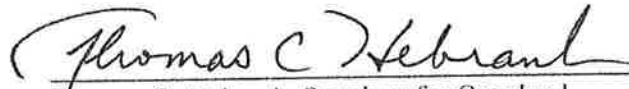
Thomas C. Hebrank, Receiver for Copeland
Wealth Management Inc. and Copeland Fixed
Income Three, L.P.

18. Effective Date. The effective date of this Agreement shall be the date of the entered order approving this agreement.

Dated: May ___, 2012

Richard M Kipperman, Chapter 7 Trustee for the
bankruptcy estate of Reynolds Mason Industries,
Inc.

Dated: May 30, 2012



Thomas C. Hebrank, Receiver for Copeland
Wealth Management Inc. and Copeland Fixed
Income Three, L.P.