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6 Permanent Receiver

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SECURITIES AND EXCHANGE
11 COMMISSION,

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

WESTERN DIVISION - LOS ANGELES

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

REPLY TO SUPPLEMENTS TO
OBJECTIONS TO RECEIVER'S FEE
APPLICATION DATED FEBRUARY 21,
2012

DATE: April 2, 2012
TIME: 10:00 a.m.
DEPT. 8, 2nd Floor

Judge: Honorable Manuel L. Real

Plaintiff,

v.

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

Defendant.

On March 22, 2012, FLAGSTAR BANK, NSB (hereafter, "FLAGSTAR") filed a
"SUPPLEMENT TO OBJECTION OF FLAGSTAR BANK, FSB TO THE RECEIVER'S
FIRST INTERIM APPLICATION FOR APPROVAL AND PAYMENT OF FEES AND
COSTS" (Dkt. No. 59). In essence, FLAGSTAR withdrew its previous objection,
stating, "Flagstar Bank FSB has no objection to payment of the fees and costs
requested by the Receiver." (Dkt. No. 59, Page ID #:1018).

On March 27, 2012, certain limited partners of CP-10 (hereafter, "CP-10
PARTNERS") filed a "SUPPLEMENT TO OBJECTION OF CERTAIN LIMITED

1 PARTNERS OF COPELAND PROPERTIES TEN TO THE FIRST INTERIM
2 APPLICATION FOR APPROVAL AND PAYMENT OF FEES AND COSTS OF
3 RECEIVER.” (Dkt. No. 60). CP-10 PARTNERS request, “...if the Court grant (*sic*) the
4 Fee Application, any such order limit the Receiver’s ability to pay itself or professionals
5 to funds from Copeland Wealth Management, and not funds from CP-10, and further
6 that the Receiver may not commingle funds of CP-10 with funds of Copeland Wealth
7 Management.” (Dkt. No. 60, Page ID #:1022-1023). Unlike FLAGSTAR, rather than
8 withdrawing its previous objection CP-10 PARTNERS seek to expand their objection to
9 all future Fee Applications. As is further explained below, this is improper. The
10 objection of CP-10 PARTNERS (as supplemented) should be denied and the First
11 Interim Application approved.

12 First, apparently CP-10 PARTNERS has not reviewed the Court’s ORDER
13 APPROVING RECEIVER’S RESPONSE TO ORDER ON RECEIVER’S APPLICATION
14 AND REPORT, filed March 12, 2012. (Dkt. No. 53). Had it done so, CP10
15 PARTNERS would know that Copeland Properties Ten, L.P. is included in the
16 receivership. Like it or not, Copeland Properties Ten, L.P. is part of the receivership
17 estate, subject to liability for payment of the Receiver’s approved fees and costs.
18 While the apparent failure to recognize that fact at the time its objection was filed on
19 March 12, 2012 (Dkt. No. 49) might be excused (the Court’s Order determining that the
20 receivership estate included Copeland Properties Ten, L.P. was filed that same day),
21 its failure to currently acknowledge the Court’s Order should not be countenanced. The
22 objection of CP-10 PARTNERS should be denied.

23 Furthermore, in its “Supplement To Objection”, CP-10 PARTNERS requests that
24 the Court expand its order on the pending First Interim Application to apply to all future
25 applications (Dkt. No. 60, Page ID #:1022-1023). Future applications are simply not
26 before the Court at this time. The request to expand the decision in the pending First
27 Interim Application to all future applications must also be denied.

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1 Based upon the foregoing Reply To Supplements To Objections filed by
2 FLAGSTAR and CP-10 PARTNERS, as well as the record and all pleadings and
3 documents previously filed herein and any argument or evidence the Court may
4 consider at the hearing on this matter, it is respectfully requested that the objections
5 filed by FLAGSTAR and CP-10 PARTNERS be denied and the First Interim Application
6 approved.

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8 DATED: March 27, 2012

MULVANEY BARRY BEATTY LINN &
MAYERS LLP

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By: /s/ Patrick L. Prindle
Patrick L. Prindle
Attorneys for Thomas C. Hebrank

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

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

13 SECURITIES AND EXCHANGE
14 COMMISSION,

Plaintiff,

v.

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

Defendants.

CASE NO. 11-08607-R-DTB

SUPPLEMENT TO OBJECTION
OF CERTAIN LIMITED
PARTNERS OF COPELAND
PROPERTIES TEN TO THE FIRST
INTERIM APPLICATION FOR
APPROVAL AND PAYMENT OF
FEES AND COSTS OF RECEIVER

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

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22 This brief is made on behalf of certain limited partners (the "CP-10
23 Partners") comprising 88.38 percent of the ownership of Copeland Properties Ten
24 ("CP-10") and is intended to supplement the CP-10 Partners' previously filed
25 objection (Docket No. 49) to the First Interim Application For Approval and
26 Payment of Fees and Costs of Receiver Thomas C. Hebrank filed on or about
27

1 February 23, 2012 and set for hearing on April 2, 2012 (Docket No. 40) (the "Fee
2 Application").

3 The CP-10 Partners' objection stated, in pertinent part:

4 "It appears, therefore that the Receiver intends to pay his
5 fees from monies available from the few solvent
6 partnerships, which includes CP-10. That action would
7 do exactly the harm the Receiver is purporting to act to
8 remedy: The use of monies from one or more of the
9 Copeland Properties for the benefit of others."

9 Objection, page 2, lines 18-22.

10
11 A reply by the Receiver was filed with the Court on March 19, 2012
12 (although not served on CP-10 or its counsel), which responded to the CP-10
13 Partners' objection as follows:

14 "the fees and costs described in the First Interim
15 Application will not be paid with funds from either CP-
16 10, but entirely by funds from Copeland Wealth
17 Management, A Real Estate Corporation."

18 Receiver's Reply, (Docket No. 58), page 4, lines 4-6.

19 In light of the Receiver's statement as quoted above, the CP-10 Partners
20 request that, if the Court grant the Fee Application, any such order limit the
21 Receiver's ability to pay itself or professionals to funds from Copeland Wealth
22 Management, and not funds from CP-10, and further that the Receiver may not

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1 commingle funds of CP-10 with funds of Copeland Wealth Management.

2 DATED: March 27, 2012

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

3
4
5 By: 
William P. Tooke

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

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Richard Paul Blanford; Glenn Goodwin, Trustee of the Glenn Goodwin Trust; and
8 James Powell

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

13 SECURITIES AND EXCHANGE)
14 COMMISSION,)
15 Plaintiff,)
16 v.)
17 CHARLES P. COPELAND, COPELAND)
WEALTH MANAGEMENT, A)
18 FINANCIAL ADVISORY)
CORPORATION, and COPELAND)
19 WEALTH MANAGEMENT, A REAL)
ESTATE CORPORATION,)
20 Defendants.)
21

CASE NO. 11-08607-R-DTB
[PROPOSED] ORDER
PROHIBITING RECEIVER FROM
USING CP-10 FUNDS TO PAY
COSTS AND FEES
Date: April 2, 2012
Time: 10:00 a.m.
Ctrm: 8, 2nd Floor
Judge: Hon. Manuel L. Real

22
23 The Court having considered the First Interim Application for Approval and
24 Payment of Fees and Costs of Receiver Thomas C. Hebrank filed on or about February
25 21, 2012, and having read and considered opposition and supplemental briefing by
26 certain limited partners of Copeland Properties Ten and by Flagstar Bank, FSB, the Cour
27 finds good cause to order as follows:
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1 To the extent that the Receiver is permitted by this Court to pay itself or
2 professionals that it hires, the source of said payment shall not be funds from Copeland
3 Properties Ten ("CP-10") or from any income that CP-10 generates and further the
4 Receiver may not commingle funds of CP-10 with funds of Copeland Wealth
5 Management or any other entity under the instant Receivership.

6 DATED: April ____, 2012
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8 HON. MANUEL L. REAL
9 JUDGE OF THE UNITED STATES
10 DISTRICT COURT
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