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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, and
19 COPELAND WEALTH
20 MANAGEMENT, A REAL ESTATE
21 CORPORATION,

22 Defendants.

Case No. 11-08607-R-DTB

**RECEIVER'S FURTHER BRIEFING
ON EMPLOYMENT OF TAX
ACCOUNTANTS**

Ctrm: 8, 2nd Floor
Judge: Hon. Manuel L. Real

1 Thomas C. Hebrank ("Receiver"), the Court-appointed permanent receiver for
2 Copeland Wealth Management, a Financial Advisory Corporation ("CWM"),
3 Copeland Wealth Management, a Real Estate Corporation ("Copeland Realty"), and
4 their subsidiaries and affiliates (collectively, the "Receivership Entities"), hereby
5 submits his Receiver's Further Briefing on Employment of Tax Accountants.

6 On February 6, 2012, this Court held a hearing on, among other matters, the
7 Receiver's Application to employ Lavine, Lofgren, Morris & Engelberg, LLP
8 ("Lavine Lofgren") as his Tax Accountants. In its Minute Order following the
9 hearing, the Court denied this application and ordered the Receiver to submit bids
10 for three (3) tax accountants to the Court by March 5, 2012 to possibly be appointed
11 as the Receiver's Tax Accountants.

12 The Receiver hereby submits the following three (3) bids for the Court's
13 consideration as his tax accountants.

14
15 **I. THE RECEIVER'S TAX ACCOUNTANTS**

16 On February 6, 2012, this Court held a hearing on, among other matters, the
17 Receiver's Application to employ Lavine Lofgren as his Tax Accountants. In its
18 Minute Order following the hearing, the Court denied this application and ordered
19 the Receiver to submit bids for three (3) tax accountants to the Court by March 5,
20 2012 to possibly be appointed as the Receiver's Tax Accountants.

21 Pursuant to the Court's order, the Receiver has obtained proposals for three
22 (3) tax accounting firms for the Court's consideration. The responses are
23 summarized below and attached as Exhibit A, and should be reviewed for a more
24 detailed analysis of the levels of relevant experience of each firm.

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Firm Name	Firm Size	Relevant Experience	Hourly Billing Rates	Fee Estimate
Lavine Lofgren	60	Experience with receiverships and real estate limited partnerships.	\$122 - \$248	\$39,900
McGladrey	68	Fifth largest U.S. provider of assurance, tax and consulting services.	\$150 - \$450	\$55,561*
NGS, LLP	6	Specialize in tax, forensic accounting and business consulting.	\$110 - \$195	\$32,900

*Total estimated fees by the Receiver, after including an additional Copeland Realty delinquent return filing not included in the proposal.

The Receiver selected Lavine Lofgren due to his prior experience with the firm, his knowledge of their expertise with receiverships and real estate limited partnerships, and because the firm has the available resources to complete the project by the necessary deadlines. The firm utilizes the same tax software as that used by Copeland Accountancy (who prepared all prior year returns for all of the Receivership Entities), they had obtained the prior tax year tax software files from Copeland Accountancy, and had begun the preparation of the current year and delinquent returns.

While the Receiver has not directly worked with the other two firms who provided bids, it is believed they have sufficient experience to prepare the Receivership Entities' tax returns.

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It is crucial that the issue of the Receiver's tax accountants be resolved promptly. Certain returns and tax filings are already delinquent. Corporate tax returns are due on March 15, 2012 and Partnership tax returns, along with the Schedule K-1's due to all of the investors, are due on April 15, 2012.

Dated: February 21, 2012

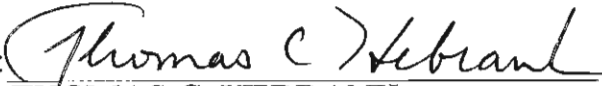
By: 
THOMAS C. HEBRANK,
Permanent Receiver

Exhibit A

Lavine Lofgren Tax Accountant Proposal

1 DENNIS M. LAVINE (CPA NO. 34326E)
LAVINE, LOFGREN, MORRIS
2 & ENGELBERG, LLP
4180 La Jolla Village Drive, Suite 300
3 La Jolla, CA 92037
Phone: (858) 455-1200
4 Fax: (858) 455-0898
5 E-Mail: lavine@llme.com

6 Proposed Tax Accountants for Receiver
THOMAS C. HEBRANK

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

11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

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

19 Defendants.
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Case No. 11-08607-R-DTB

**RECEIVER'S APPLICATION TO
EMPLOY LAVINE, LOFGREN,
MORRIS & ENGELBERG, LLP AS
HIS TAX ACCOUNTANT**

Date: January 23, 2012

Time: 10:00 a.m.

Ctrm: 8

Judge: Hon. Manuel L. Real

1 Thomas C. Hebrank ("Receiver"), the Court-appointed permanent receiver for
2 Copeland Wealth Management, A Financial Advisory Corporation ("CWM"),
3 Copeland Wealth Management, A Real Estate Corporation ("Copeland Realty"), and
4 their subsidiaries and affiliates (collectively, the "Receivership Entities"), hereby
5 applies for an order approving his employment of Lavine, Lofgren, Morris &
6 Engelberg, LLP ("Lavine Lofgren") as his tax accountant.

7 I. INTRODUCTION

8 The Judgment appointing the Receiver, among other things, authorizes,
9 empowers and directs him to:

10 (c) "to conduct such investigation and discovery as may be necessary
11 to locate, account for and recover all of the assets of or managed by"
12 the Receivership Entities, "and to engage and employ attorneys,
13 accountants and other persons to assist in such investigation and
14 discovery";

15 . . .

16 (g) "to employ attorneys, accountants and others to investigate and,
17 where appropriate, to institute, pursue, and prosecute all claims and
18 causes of action"

19 Docket No. 3, Judgment, Part V. Although the Judgment authorizes the Receiver to
20 employ accountants, the Receiver believes it is prudent to seek this Court's approval
21 for his employment of Lavine Lofgren as his tax accountant and the initial budget
22 for tax accounting services. The Receiver has selected Lavine Lofgren due to its
23 extensive experience in preparing real estate investment partnership tax returns and
24 competitive rates, including a 10% discount on fees the firm has agreed to provide in
25 this case. If the Court has concerns regarding the Receiver's choice of tax
26 accountant, the hourly rates of Lavine Lofgren's accountants, or other aspects of
27 Lavine Lofgren's engagement, the Receiver believes it is best to address those
28 concerns as soon as possible.

1 **II. PROCEDURAL BACKGROUND**

2 On October 18, 2011, the Securities and Exchange Commission
3 ("Commission") filed its Complaint for Violations of The Federal Securities Laws
4 ("Complaint"), together with the Consent of Defendants Copeland, CWM and
5 Copeland Realty ("Consent"), and the Proposed Judgment of Permanent Injunction
6 and Other Relief as to Defendants Copeland, CWM and Copeland Realty. Docket
7 Nos. 1 and 2. On October 25, 2011, the Court entered the Judgment of Permanent
8 Injunction and Other Relief as to Defendants Copeland, CWM and Copeland Realty,
9 appointing the Receiver as permanent receiver for CWM, Copeland Realty, and
10 their subsidiaries and affiliates ("Judgment"). Docket No. 3.

11 Among other things, the Complaint alleges that Copeland, CWM and
12 Copeland Realty committed fraud (a) in the offer and sale of limited partnership
13 interests (investment contracts) in 23 limited partnerships managed by CWM and
14 Copeland Realty (the Private Equity Funds, Fixed Income Funds and Real Estate
15 Funds), and (b) while acting as an investment advisor. Specifically, the Complaint
16 alleges that, in violation of the Fixed Income Fund limited partnership agreements,
17 more than \$18.6 million was loaned from the Fixed Income Funds to (1) Copeland
18 Realty, (2) Real Estate Funds managed by Copeland Realty, (3) accounting clients
19 of related non-party The Copeland Group, a Consulting and Accountancy
20 Corporation ("Copeland Accountancy"), (4) companies in which the Private Equity
21 Funds held interests, (5) other Fixed Income Funds, and (6) Copeland family
22 members. Complaint, ¶¶ 17-19. The Complaint also alleges that the "loans from
23 the Fixed Income Funds to the Real Estate Funds allowed the Real Estate Funds to
24 pay their operational expenses as well as continue their distribution payments,
25 essentially a Ponzi-like scheme in which new investor funds were paid to existing
26 clients." Complaint, ¶ 20.

27 The Commission further alleges that Copeland misrepresented to clients that
28 the Fixed Income Funds were "guaranteed" and that, in violation of the Real Estate

1 Fund limited partnership agreements, Copeland Realty (a) caused the Real Estate
2 Funds to loan approximately \$1.8 million to other Real Estate Funds, and
3 approximately \$500,000 to clients of Copeland Accountancy and CWM,
4 (b) transferred approximately \$5.7 million from the Real Estate Funds to CWM,
5 which was used to trade put options, and (c) paid itself approximately \$2.4 million
6 in commissions and other compensation in connection with the purchase and sale of
7 real estate. Complaint, ¶¶ 21-25.

8 The Consent of Defendants Copeland, CWM and Copeland Realty neither
9 admits or denies the allegations in the Complaint, but consents to entry of the
10 Judgment, leaving the issue of the amount of disgorgement and civil penalties to be
11 determined at a later date upon motion by the Commission. The Judgment, among
12 other things, authorizes, empowers and directs the Receiver to:

- 13 (a) "take custody, control, possession and charge... of all funds,
14 assets" of the Receivership Entities;
15 (b) "to have control of, and to be add as the sole authorized signatory
16 for, all accounts" of the Receivership Entities;
17 (c) "to conduct such investigation and discovery as may be necessary
18 to locate, account for and recover all of the assets of or managed by"
19 the Receivership Entities, "and to engage and employ attorneys,
20 accountants and other persons to assist in such investigation and
21 discovery";
22 (d) "to take such action as is necessary and appropriate to preserve
23 and... prevent the dissipation, concealment or disposition of any
24 assets of or managed by" the Receivership Entities;
25 (e) "to make an accounting, as soon as practicable, to this Court and
26 the Commission";
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1 (f) "to make such payments and disbursements from the funds and
2 assets... as may be necessary and advisable in discharging his or her
3 duties as permanent receiver";

4 (g) "to employ attorneys, accountants and others to investigate and,
5 where appropriate, to institute, pursue, and prosecute all claims and
6 causes of action";

7 (h) "to have access to, monitor, and redirect all mail";

8 (i) "to operate and control the content of information posted on any
9 Internet web site maintained" by the Receivership Entities; and

10 (j) "to exercise all lawful powers" of the Receivership Entities "and
11 their officers, directors, employees".

12 Judgment, Part V.

13 The Judgment also restrains and enjoins all persons seeking relief of any kind
14 against the Receivership Entities from (a) "commencing, prosecuting, continuing or
15 enforcing any suit or proceeding", (b) "using self-help or executing or issuing or
16 causing the execution or issuance of any court attachment, subpoena, replevin,
17 execution or other process for the purpose of impounding or taking possession of or
18 enforcing a lien upon any property or property interests" of the CWM or Copeland
19 Realty; and (c) "doing any act or thing whatsoever to interfere with taking control,
20 possession or management by the permanent receiver appointed hereunder of the
21 property and assets" of CWM and Copeland Realty, "or in any way to interfere with
22 or harass the permanent receiver or his or her attorneys, accountants, employees or
23 agents or to interfere in any manner with the discharge of the permanent receiver's
24 duties and responsibilities hereunder." Judgment, Part VIII.

1 **III. THE RECEIVER'S ENGAGEMENT OF LAVINE LOFGREN**

2 Receivers in equity receiverships are charged with the following general
3 duties and tasks:

4 (a) To secure, take possession of, preserve and protect the assets of the
5 Receivership Entities, including to prevent the dissipating of such assets;

6 (b) To investigate the financial activities of the Receivership Entities, perform
7 a forensic accounting, and present such accounting to the Court, the Commission,
8 and interested parties;

9 (c) To investigate, and where appropriate, pursue claims and causes of action
10 against third parties;

11 (d) To receive, review and evaluate claims asserted against the receivership
12 estate;

13 (e) To formulate and propose to the Court a plan of distributing receivership
14 estate assets to those with allowed claims on an equitable basis; and

15 (f) To report to the Court, the Commission and interested parties regarding the
16 status of the Receiver's activities and the receivership estate.

17 The receivership estate includes (a) CWM, a financial advisory business with
18 approximately \$124 million in client funds under its management, (b) two Private
19 Equity Funds that CWM manages, (c) Copeland Realty, a real estate investment and
20 management business that, among other things, manages the three Fixed Income
21 Funds and eighteen Real Estate Funds, (d) three Fixed Income Funds, and
22 (e) eighteen Real Estate Funds. The Real Estate Funds own eight commercial
23 properties which all together were purchased for approximately \$70 million.

24 The Complaint alleges that the Receivership Entities raised over \$60 million
25 from the limited partners of the Private Equity, Fixed Income and Real Estate
26 Funds, and that the Fixed Income Funds made more than \$4.7 million in loans to
27 individuals and entities not part of the receivership. The financial statements for the
28 Receivership Entities reflect that CWM, Copeland Realty, the Fixed Income Funds,

1 the Private Equity Funds and the Real Estate Funds (collectively, the "Limited
2 Partnerships"), in the aggregate, owe one another approximately \$16.4 million on
3 account of intercompany loans, have invested approximately \$3.1 million in one
4 another, and are owed approximately \$6.5 million on account of loans to limited
5 partners, CWM clients, Charles Copeland and other related parties.

6 The Receiver needs a well-qualified tax accountant to assist him in, among
7 other things, (a) preparing federal and state partnership and corporate tax returns,
8 (b) advising the Receiver regarding tax issues affecting the receivership entities and
9 the receivership estate, and (c) conferring with the Internal Revenue Service and the
10 state taxing authorities. Lavine Lofgren will not be tasked with providing forensic
11 accountant services. The forensic accounting the Receiver is charged with
12 conducting under the Judgment will be handled by the Receiver himself and his
13 staff.

14 As addressed below, Lavine Lofgren is particularly well suited to this case
15 given its strengths in real estate partnership and corporate taxation.

16 **A. Lavine Lofgren's Experience and Expertise in Real Estate**
17 **Partnership Taxation**

18 The Receiver selected Lavine Lofgren due to its substantial experience and
19 expertise in real estate partnership taxation. A copy of Lavine Lofgren's firm
20 resume is attached as Exhibit "A".

21 **B. Conflict Checks**

22 Lavine Lofgren has confirmed that it has no prior relationships with any of
23 (a) the Receivership Entities, (b) Defendant Charles P. Copeland, or his sons C.
24 Lawrence Copeland and Donald Copeland, (c) The Copeland Group, A Consulting
25 and Accountancy Corporation, (d) Jeanne Minnerly, former director of CWM,
26 (e) the limited partners of the Private Equity, Fixed Income and Real Estate Funds.
27 The firm will run supplemental conflict checks as additional creditors and interested
28 parties are identified.

1 **C. Compensation and Reimbursement of Expenses**

2 The hourly rates for the accountants that the Receiver anticipates will be
3 involved on a regular basis are as follows:

Name	Position/Department	Hourly Rate	Discounted Hourly Rate
Dennis Lavine	Partner/Tax	\$275	\$248
Scott Jablow	Manager/Tax	\$210	\$189
Jeff Alvarez	Manager/Tax	\$190	\$171
Helen Li	Staff/Tax	\$135	\$122

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12 The firm periodically reviews and adjusts its hourly rates for accountants in
13 light of their additional experience and expertise. The rates listed above, however,
14 will not be adjusted until at least September 2012. The firm will strive to achieve a
15 blended hourly rate for the receivership under \$185 per hour. The fees will be based
16 on the time spent and the nature, extent, and value of the services performed on
17 behalf of the Receiver. The hourly rates above are those normally charged by
18 Lavine Lofgren, discounted by 10%. Lavine Lofgren will make every effort to
19 avoid unnecessary administrative expenses and ensure that all services performed
20 are essential to the efficient administration of the receivership.

1 **D. Estimated Fee for Preparation of Federal and State Tax Returns**

2 The Receiver and Lavine Lofgren estimate that tax preparation fees for the
3 receivership for the preparation of partnership and corporate tax returns will be as
4 follows:

5	<u>Entity</u>	<u>For Year Ending</u>	<u>Type of Return</u>	<u>Fee Estimate</u>
6	Copeland Realty, Inc.	June 30, 2010	Corporate	\$ 1,500
7	Copeland Realty, Inc.	June 30, 2011	Corporate	\$ 1,500
8	Copeland Realty, Inc.	June 30, 2012	Corporate	\$ 1,500
9	Charles P. Copeland, Inc. dba Copeland Group Financial Advisors	May 31, 2011	Corporate	\$ 1,500
10	Charles P. Copeland, Inc. dba Copeland Group Financial Advisors	May 31, 2012	Corporate	\$ 1,500
11	Copeland Fixed Income One LP	December 31, 2011	Partnership	\$ 1,800
12	Copeland Fixed Income Two LP	December 31, 2011	Partnership	\$ 1,800
13	Copeland Fixed Income Three LP	December 31, 2011	Partnership	\$ 1,800
14	Copeland Properties 2, LP	December 31, 2011	Partnership	\$ 2,400
15	Copeland Properties 4, LP	December 31, 2011	Partnership	\$ 2,300
16	Copeland Properties 5, LP	December 31, 2011	Partnership	\$ 3,000
17	Copeland Properties 7, LP	December 31, 2011	Partnership	\$ 2,100
18	Copeland Properties 8, LP	December 31, 2011	Partnership	\$ 2,300
19	Copeland Properties 9, LP	December 31, 2011	Partnership	\$ 2,400
20	Copeland Properties 10, LP	December 31, 2011	Partnership	\$ 2,400
21	Copeland Properties 12, LP	December 31, 2011	Partnership	\$ 1,800
22	Copeland Properties 15, LP	December 31, 2011	Partnership	\$ 1,800
23	Copeland Properties 16, LP	December 31, 2011	Partnership	\$ 2,400
24	Copeland Properties 17, LP	December 31, 2011	Partnership	\$ 1,800
25	Copeland Properties 18, LP	December 31, 2011	Partnership	\$ 2,300

26 Of course, these figures are only estimates – actual fees will no doubt vary to
27 some degree. It is not possible to anticipate all issues that will arise or the amount
28 of time each will require. Depending upon the availability of prior year workpapers
and schedules, additional fees related to depreciation allocations and earmarking of
the deferred gain could be incurred. Other issues that could result in additional fees
include completeness of accounting information, the sale of partnership property,
transfers of a partner's interest in a partnership by either sale or death of a partner,
Unrelated Business Taxable Income disclosure (IRA partners), withholding related

1 to foreign partners or state nonresident partners and changes in method of
2 accounting if partnerships found to be tax shelters. Nevertheless, the estimates
3 above provide a very general budget for tax preparation fees for the period January 1
4 through October 31, 2012.

5 **E. Fee Applications**

6 The Receiver and Lavine Lofgren will file quarterly interim fee applications
7 to advise the Court of the status of their activities, discuss any concerns the Court
8 may have, and obtain interim approval of fees and costs. Final approval of fees and
9 costs will be sought at the conclusion of the receivership.

10 **IV. ARGUMENT**

11 "The power of a district court to impose a receivership or grant other forms of
12 ancillary relief does not in the first instance depend on a statutory grant of power
13 from the securities laws. Rather, the authority derives from the inherent power of a
14 court of equity to fashion effective relief." *SEC v. Wencke*, 622 F.2d 1363, 1369
15 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly
16 and efficient administration of the estate by the district court for the benefit of
17 creditors." *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir 1986). As the appointment
18 of a receiver is authorized by the broad equitable powers of the court, any
19 distribution of assets must also be done equitably and fairly. *See S.E.C. v. Elliot*,
20 953 F.2d 1560, 1569 (11th Cir. 1992).

21
22 District courts have the broad power of a court of equity to determine the
23 appropriate action in the administration and supervision of an equity receivership.
24 *See SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). The Ninth
25 Circuit explained:

26 A district court's power to supervise an equity receivership
27 and to determine the appropriate action to be taken in the
28 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.

1 The basis for this broad deference to the district court's
2 supervisory role in equity receiverships arises out of the
3 fact that most receiverships involve multiple parties and
4 complex transactions. A district court's decision
concerning the supervision of an equitable receivership is
reviewed for abuse of discretion.

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

12 Here, the magnitude and complexity of the assets of the receivership estate,
13 the commingling of funds and volume of intercompany transfers, and the extensive
14 loans and other transfers to third parties warrant the engagement of well-qualified
15 tax accountant by the Receiver. The Receiver has selected Lavine Lofgren as his
16 tax accountant due to its extensive experience in real estate partnership and
17 corporate taxation, and its competitive billing rates. The firm has agreed to discount
18 its fees for this engagement by 10%. Moreover, the Receiver believes that Lavine
19 Lofgren's experience and skill will substantially reduce the number of tax
20 accountant hours required.

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V. CONCLUSION

Based on the foregoing, the Receiver requests an order approving his employment of Lavine, Lofgren, Morris and Engelberg, LLP as his tax accountant.

Dated: December 22, 2011

LAVINE, LOFGREN, MORRIS &
ENGELBERG, LLP

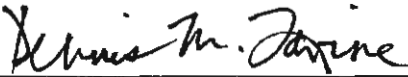
By: 
DENNIS M. LAVINE
Proposed Tax Accountant for Receiver
THOMAS C. HEBRANK

EXHIBIT "A"

Exhibit A

STATEMENT OF QUALIFICATIONS

December 8, 2011



**LAVINE, LOFGREN,
MORRIS & ENGELBERG**

— CPAs —

Our Firm

Lavine, Lofgren, Morris & Engelberg, LLP is one of the largest and fastest growing tax and accounting firms in San Diego, with approximately 60 employees. Headed by six partners, the firm has significant technical resources not generally found in a local CPA firm.

The strength, experience and depth we have built into our firm make us an attractive alternative to the large, international firms. Because our partners work directly with clients, we have created the service-oriented environment that one finds missing in a big firm. Personal service, continuity of engagement members and high quality, proactive services are the foundation of our firm. As a member of BKR International, an association of independent CPA firms across the nation and throughout the world, we have access to expertise not otherwise available at the local firm level in San Diego.

We allocate considerable resources to ensure our talented professionals provide cutting edge service to our clients. We constantly review current industry trends, discuss industry problems and monitor tax legislation for opportunities.

Our clients principally include closely held businesses and owners/investors. Many public companies also take advantage of our tax expertise and accounting services. Our clients range in size from start-up companies to companies with hundreds of millions in sales. We also have a large practice in multi-state filings and tax services. The industries we serve include manufacturing, products, technology, professional services, real estate, construction, distribution, retail, and sports/entertainment.

We take pride in the depth of experience and talent of our people and are committed to providing the highest quality audit, accounting and tax services that San Diego has to offer. As the situations arise, we can draw upon national resources, including those in Washington D.C., to assist in client matters. Because **Lavine, Lofgren, Morris & Engelberg, LLP** is an independent accounting firm without the costs associated with a national firm, we are able to structure our fees to reflect the needs of local businesses. Clients receive the same expertise found at international firms at significantly less cost.

Peer Review

As a member of the American Institute of Certified Public Accountants, our Firm must undergo a review of its quality controls every three years by an independent CPA firm. As we have an extensive accounting and audit practice, the most comprehensive form of review is required. An unqualified opinion was received on our system of quality control during our most recent review. This is the highest rating granted to a CPA firm.

Timely Service

All of our professionals recognize the importance of timely service. When we commit to due dates, we follow through. Telephone calls are respectfully returned promptly to ensure the needs of our clients are met.

Our proactive approach also means that we contact our clients periodically throughout the year to get together, understand what issues are affecting them, and provide plans of action.

These are principles of the firm. Because our partners and managers are heavily involved, our clients can be assured that we will provide quick turnaround for their needs.



Dennis Lavine – Tax Partner

Dennis Lavine possesses over 27 years of public accounting experience which includes 7 years with the national accounting firm of Touche Ross. Dennis received his undergraduate degree at the University of North Carolina, he moved to San Diego and received his Master of Business Administration from the University of San Diego.

Dennis specializes in tax consulting for individuals and closely held corporations and has worked with businesses which include manufacturing, professional service, construction and real estate development companies. He has been named by **Money Magazine** as one of San Diego's four outstanding tax practitioners, and recognized as Accountant Advocate of the year by the Small Business Administration for his contribution to the small business segment of the San Diego economy.

Dennis is very active in community business and civic activities. He has served as Chairman of the San Diego Chamber of Commerce Small Business Recognition Committee, Board Member and Chairman of the Finance Committee of the California Southern Small Business Development Corporation and as Chairman of the California Society of CPAs Committee on Taxation.

H. Scott Jablow – Tax Manager

Scott has over 15 years of experience assisting a wide range of clients with their tax compliance and planning needs, including partnerships, closely held corporations, real estate transactions, like-kind exchanges, tenancy-in-commons and adjustments under IRC 754. Scott is a graduate from the University of Delaware with a Bachelor of Science degree in accounting. He is a member the California State Board of Accountancy and California Society of CPA's.

Jeff Alvarez – Tax Manager

Jeff Alvarez has 7 years of experience assisting a wide range of our clients with their tax compliance and planning needs, including real estate, venture capital, and professional service firms. Jeff holds a Bachelor of Science degree from San Diego State in Business Administration with a concentration in Finance and a Master of Science degree from San Diego State University in Accountancy with an emphasis in Taxation.



Helen Li – Tax Staff

Helen Li possesses over 7 years of experience in the tax field serving mid-size clients, including consolidated and multi-state corporations, partnerships, individuals, and nonprofit organizations. She has experience in many industries, including manufacturing, distribution, and construction. Helen received a BS in Electrical Engineering from Shanghai Jiao Tong University, Shanghai, China, and a MS in Accounting from University of Southern California. She also has four years of experience in private industry working on financial reporting and payroll administration.

In addition, with a staff of 60, we offer variety and depth in order to address specific issues that may arise at any time of year.

All considered, our team at Lavine, Lofgren, Morris & Engelberg, LLP brings you:

- A personal approach to service
- A flexible yet professional service delivery system
- A desire to work with your in-house staff to keep compliance fees to a minimum and to maximize value
- Substantial, experienced support in the form of other partners, managers and staff in the office
- Creative and proactive advice
- Resources of an international association of independent CPA firms

FEES

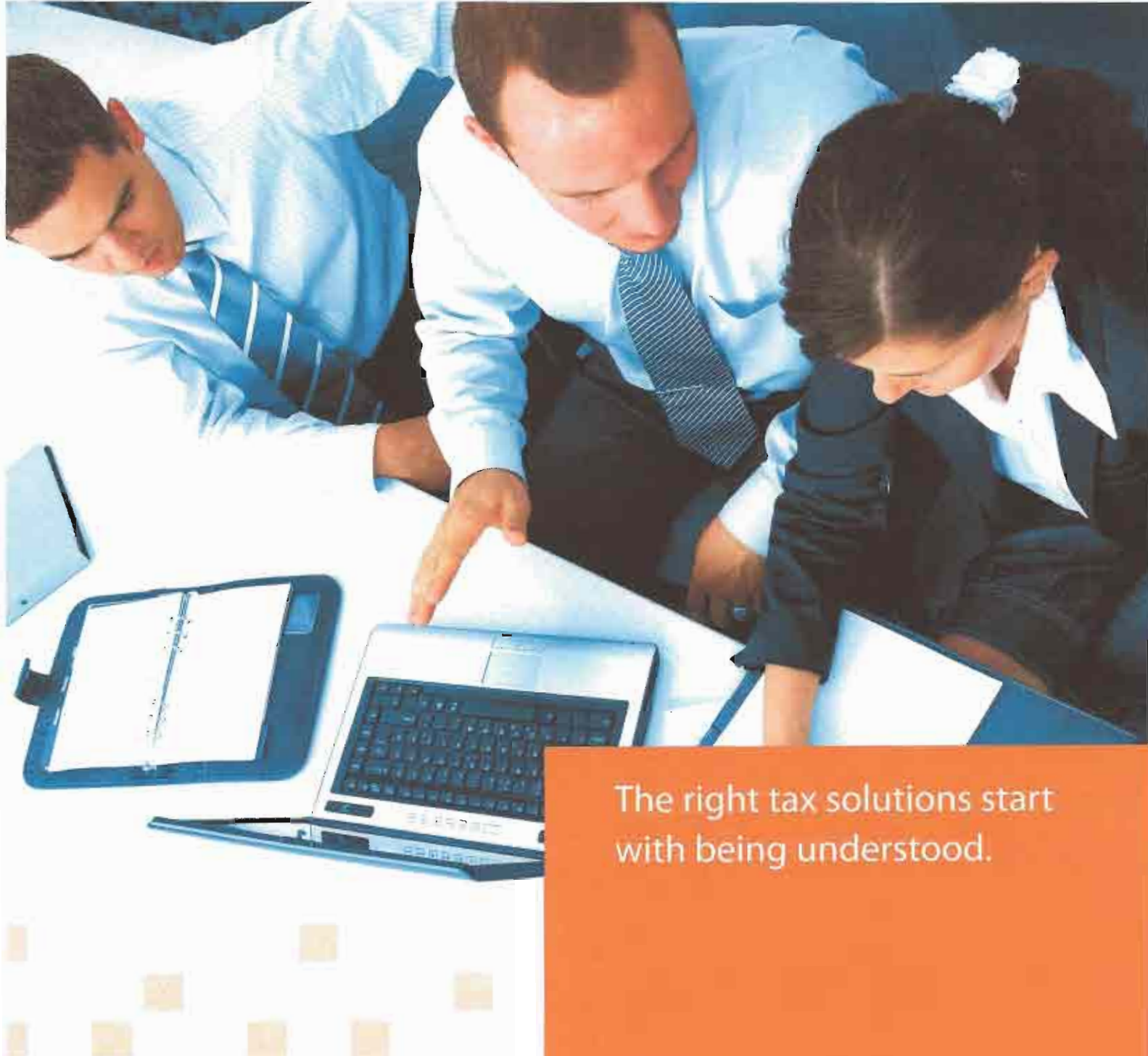
LLM&E takes pride in providing top quality service and creative ideas for our clients—at a reasonable price. With our rates approximately 40% below those of national firms, you may find that you utilize our services more. You would also benefit from more experienced personnel working on your engagement. Better service, less cost creates long-term value in our client relationships.

Our objective is to keep our professional fees to a minimum for compliance issues, while providing personal, professional service of great value in all that we do. Standard hourly rates (subject to change) are as follows:

Partner	\$225 - 350
Manager	\$125 - 210
Staff Accountant	\$ 90 - 190



McGladrey Tax Accountant Proposal



The right tax solutions start
with being understood.

Tax Services

Experience the power of being understood.SM



Assurance • Tax • Consulting

Real tax savings aren't achieved at just the federal, international, state or local levels – they are realized through a disciplined, integrated approach that anticipates how each tax challenge informs all others to deliver real savings for your company.

Tax services

A disciplined, integrated approach takes skilled and experienced people – and we offer a deep bench of tax professionals ready to help you address your tax concerns whenever and wherever they arise. But it takes far more. It takes understanding – not just of the intricacies of the myriad tax laws affecting your company, but of your company itself.

Our approach begins with understanding your company, your goals, your culture. Only when we understand your strategy as a whole and in each of the taxing jurisdictions in which you operate can we help you define and execute tax solutions that drive your costs down while helping to drive your company forward.

That's the true power of our tax solutions. The power of being understood.SM

Lead tax services

None of your tax challenges exists in a vacuum – and our Lead Tax Services professionals help to ensure they aren't addressed in one. We combine a deep understanding of the most technical tax concerns with a proven approach to coordinating solutions through our federal, international, and state and local tax specialists. We will work to develop a comprehensive understanding of your tax issues, and your strategy, markets and locations – driving value and reducing risk through a wide range of tax specialties, including accounting for income taxes, accounting methods and periods, corporate tax and transactions, federal credits and incentives and flow-through entity planning. Working together, we can build tax strategies and compliance solutions that control your exposure, risk and overall global tax expense, while seizing available planning opportunities. Your Lead Tax Services team gives you a single point of contact, with dedicated professionals ready to help you respond quickly and effectively.

International tax services

An increasingly integrated global economy presents a world of opportunities for U.S. companies – and a complex web of tax planning and compliance challenges. Our International Tax Services team can help your organization structure international acquisitions, start-ups or joint ventures. We can solve transfer price and tax planning challenges and assist clients with innovative expatriate tax services. Our International Tax Services team works to understand your tax issues, business strategies and goals in order to develop, refine and implement tax strategies that exceed your expectations. Our affiliation with RSM International means our clients have access to more than 30,000 professionals and over 700 offices in the world's leading markets.

State and local tax services

Companies already understand the compliance headaches and administrative burdens of state and local taxes. With states looking to ramp up revenue collection, those burdens will only increase. Without a disciplined, integrated approach to planning for the full range of state and local taxes, companies face bottom-line draining and resource-straining audits, assessments, nexus inquiries and other costs. Our State and Local Tax Services team will help you gain a complete understanding of your tax position across all jurisdictions and will work with you to develop an integrated approach that helps to minimize your effective state rate, maximize leverage of available credits and incentives, uncover planning opportunities and streamline demands on your people and processes.



Washington national tax

Providing effective tax advice to our clients means staying abreast of constantly-evolving federal, international and state tax concerns. Our Washington National Tax specialists work every day to help ensure our tax advisors across the firm have the most up-to-date information possible. And they also make sure our clients' concerns are heard on Capitol Hill. Our Washington National Tax professionals work hard to inform legislators and government agencies about the potential ramifications of proposed legislation and the current effects of existing laws, giving the companies and individuals we represent a strong and credible voice in Washington. Our Washington National Tax office also gives our clients and professionals an on-the-spot resource for specific technical questions or to raise issues with taxing authorities.

Private client services

For business owners, wealthy families, executives and other individuals with significant wealth planning needs and tax concerns, there are no easy answers. Business owners with liquidity concerns and transition planning needs. Families seeking to build on what they have achieved while managing the transition to succeeding generations. Executives weighing the tax effects of numerous, often complex, compensation streams. Individuals seeking to meet their charitable goals while maximizing their tax benefits. Our Private Client Services professionals distill the lessons learned from serving thousands of clients into solutions tailored to your particular goals and circumstances. From wealth planning to tax compliance and planning services to family office design and management to transition planning to valuation services, we combine the help you need with the personal focus and attention you deserve.

Tax process and technology services

The true cost of taxation isn't measured just in what you pay the government – it's also measured in the time, effort and expense your organization's tax efforts require. Our Tax Process and Technology professionals can analyze your processes, benchmarking them against leading practices to improve performance while controlling risk. We can help you explore tax technology solutions, implement the right tools and convert time-intensive, ad hoc processes into streamlined, efficient procedures that will give you the high-quality, timely results that your management team needs. To help you maintain appropriate staffing levels, we also can deploy our own process and technology solutions.

Power comes from being understood.™

When you trust the advice you're getting, you know your next move is the right move. That's what you can expect from McGladrey. That's the power of being understood.

800.274.3978
www.mcgladrey.com

McGladrey is the brand under which McGladrey & Pullen, LLP serves clients' business needs.

McGladrey & Pullen, LLP is the U.S. member of the RSM International ("RSM") network of independent accounting, tax and consulting firms. The member firms of RSM collaborate to provide services to global clients, but are separate and distinct legal entities which cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party.

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Copeland Group Returns
2011 Budget Proposal

Entity	Hours		Dollars		Review	Hours	Total		States	Notes
	Prep	Review	Prep	Review			Dollars	Hours		
Copeland Properties Two LP	12.00	5.00	\$1,980	\$1,315	\$1,315	17.00	\$3,295	CA	Install Sale, K1 Invest, 7 partners, A/C adj, CA NRP	
Copeland Properties Four LP	12.00	5.00	\$1,980	\$1,315	\$1,315	17.00	\$3,295	CA, MI	M3, 8825, 754 spec alloc, 10 partners, A/C adj	
Copeland Properties Five LP	14.00	5.00	\$2,310	\$1,315	\$1,315	19.00	\$3,625	CA, MI	M3, 8825, K1 Invest, 754 spec alloc, 18 partners, A/C adj, CA NRP, foreign partner	
Copeland Properties 12 LP	10.00	3.00	\$1,650	\$789	\$789	13.00	\$2,439	CA	M3, 8825, 13 partners, A/C adj	
Copeland Properties Eight LP	10.00	3.00	\$1,650	\$789	\$789	13.00	\$2,439	CA, NY	8825, 754 spec alloc, 5 partners, A/C adj, CA NRP	
Copeland Fixed Income One LP	10.00	3.00	\$1,650	\$789	\$789	13.00	\$2,439	CA	25 partners, CA NRP	
Copeland Private Equity One LP	-	-	\$0	\$0	\$0	-	\$0		Final in 2010	
Copeland Properties Seven LP	12.00	5.00	\$1,980	\$1,315	\$1,315	17.00	\$3,295		8825, 754 spec alloc, 8 partners, CA NRP	
Copeland Properties Nine LP	14.00	5.00	\$2,310	\$1,315	\$1,315	19.00	\$3,625	CA, KY, Lex	8825, 754 spec alloc, 14 partners, A/C adj, CA NRP, foreign partner, KY NRP	
Copeland Properties Ten LP	12.00	5.00	\$1,980	\$1,315	\$1,315	17.00	\$3,295	CA, MI	8825, 754 spec alloc, M3, 14 partners, CA NRP	
Copeland Properties 16 LP	10.00	3.00	\$1,650	\$789	\$789	13.00	\$2,439	CA, OH	8825, 754 spec alloc, 4 partners, A/C adj, CA NRP, OH NRP	
Copeland Properties 17 LP	10.00	3.00	\$1,650	\$789	\$789	13.00	\$2,439	CA	8825, 754 spec alloc, M3, 4 partners, CA NRP	
Copeland Properties 18 LP	12.00	5.00	\$1,980	\$1,315	\$1,315	17.00	\$3,295	CA, NC	8825, 754 spec alloc, 18 partners, A/C adj, CA NRP, NC NRP	
Copeland Properties 15 LP	10.00	3.00	\$1,650	\$789	\$789	13.00	\$2,439	CA	8825, 754 spec alloc, 4 partners, A/C adj	
Copeland Fixed Income Two LP	10.00	3.00	\$1,650	\$789	\$789	13.00	\$2,439	CA	21 partners, CA NRP	
Copeland Fixed Income Three LP	10.00	3.00	\$1,650	\$789	\$789	13.00	\$2,439	CA	16 partners, CA NRP	
Copeland Realty, Inc - 2010	10.00	4.00	\$1,650	\$1,052	\$1,052	14.00	\$2,702	CA	Fiscal year end, late, do not have a copy of state return	
Copeland Realty, Inc - 2011	8.00	3.00	\$1,320	\$789	\$789	11.00	\$2,109	CA	Fiscal year end, do not have a copy of state return	
Charles Copeland, Inc - 2010	10.00	4.00	\$1,650	\$1,052	\$1,052	14.00	\$2,702	CA	Fiscal year end, late	
Charles Copeland, Inc - 2011	8.00	3.00	\$1,320	\$789	\$789	11.00	\$2,109	CA	Fiscal year end	
Total	204.00	73.00	33,660.00	19,199.00	19,199.00	277.00	52,859.00			

Caveats:

- Does not factor in any additional 754 adjustments for 2011
- Does not factor in any special work or rework for agreement allocations
- Assumes Prosystems tax software locators are not provided

Staff Rates: \$150-200 an hour
 Manager Rates: \$200-300 an hour
 Director/Partners Rates: \$300-450 an hour

NGS, LLP Tax Accountant Proposal

Firm Profile

NGS, LLP is a full service accounting firm based in San Diego county. We specialize in tax, forensic accounting, and business consulting. Our partners all have "Big 4" firm backgrounds and bring a wealth of experience at a significantly lower cost than the international firms.

We offer a wide range of services to a variety of industries including real estate, business services, manufacturing, high tech, legal, wholesale, construction, retailers, professional services and insurance to name a few.

We provide turnaround, bankruptcy and insolvency services to financially distressed businesses and assist attorneys, trustees and receivers with cases, receiverships and investigations. Our firm has certified fraud examiners on staff and has experience as accountants for debtors, receivers, and trustees. We have assisted in recovering tens of millions of dollars in assets on behalf of our clients.

We work closely with our clients to provide excellent service and innovative solutions to add value to their business.

For additional information please visit our website at www.ngsllp.com.

Jean Goddard, CPA, CFE, CIRA - Partner

Jean Goddard has a Master's degree in Accountancy with an emphasis in Taxation from San Diego State University. She over 18 years of public accounting experience and began her public accounting career in the tax department of the international firm, Coopers & Lybrand, LLP (now known as Pricewaterhousecoopers, LLP).

Jean's tax experience includes complex partnerships, corporations, and individual taxes. She has experience in foreign entities and reporting as well as consolidated and multi-tier structures.

In addition to Jean's extensive background in taxation, she also specializes in forensic and reconstructive accounting. Jean is a Certified Fraud Examiner and a Certified Insolvency and Restructuring Advisor.

Ryan Schomberg, CPA, CFE

Ryan is a Certified Public Accountant and Certified Fraud Examiner with over 12 years of experience in providing tax, accounting, forensic and consulting solutions for a variety of business entities, and individuals. His public accounting career began with Coopers & Lybrand LLP.

Ryan's background encompasses diverse experience in the areas of corporate, partnership and individual income tax. One of Ryan's specializations is in multi-tier real estate partnerships.

Sandra Tyson, CPA – Tax and Accounting Manager

Sandra has been practicing with NGS, LLP since 2006. She has experience in corporate, partnership and individual taxation. She has over 15 years of experience in a wide range of practice areas including taxation, receivership, bankruptcy, and litigation services. She began her career at Coopers & Lybrand, LLP where she was a Manager specializing in audits and litigation services.

Sandra is a graduate of San Jose State University with a Bachelor of Science degree in Business Administration with a concentration in Accounting. She is a member of the California State Board of Accountancy.

February 16, 2012

Thomas C. Hebrank, CPA, CIRA
E3 Advisors
501 W. Broadway, Suite 800
San Diego, CA 92101

Proposed Tax Services for Thomas Hebrank, Receiver

Dear Mr. Hebrank:

We will provide the following services:

- Tax return preparation services for the Copeland receivership (see below)
- Tax planning and consulting and any other tax or accounting services (if requested, on an as needed basis)

The estimated tax preparation fees for the tax returns requested by you are as follows:

Entity	Type	Year	Est. Cost
Copeland Realty, Inc.	Corporation Federal/CA	6/2010	\$ 1,000
Copeland Realty, Inc.	Corporation Federal/CA	6/2011	\$ 1,000
Copeland Realty, Inc.	Corporation Federal/CA	6/2012	\$ 1,000
Charles Copeland, Inc.	Corporation Federal/CA	5/2011	\$ 1,200
Charles Copeland, Inc.	Corporation Federal/CA	5/2012	\$ 1,200
Copeland Fixed Income One, LP	Partnership Federal/CA	12/2011	\$ 1,700
Copeland Fixed Income Two, LP	Partnership Federal/CA	12/2011	\$ 1,700
Copeland Fixed Income Three, LP	Partnership Federal/CA	12/2011	\$ 1,600
Copeland Properties 2, LP	Partnership Federal/CA	12/2011	\$ 1,800
Copeland Properties 4, LP	Partnership Federal/CA/MI	12/2011	\$ 1,900

Copeland Properties 5, LP	Partnership Federal/CA/MI	12/2011	\$ 2,500
Copeland Properties 7, LP	Partnership Federal/CA	12/2011	\$ 1,800
Copeland Properties 8, LP	Partnership Federal/CA/NY	12/2011	\$ 1,900
Copeland Properties 9, LP	Partnership Federal/CA/KY	12/2011	\$ 1,900
Copeland Properties 10, LP	Partnership Federal/CA/MI	12/2011	\$ 2,100
Copeland Properties 12, LP	Partnership Federal/CA	12/2011	\$ 1,500
Copeland Properties 15, LP	Partnership Federal/CA	12/2011	\$ 1,500
Copeland Properties 16, LP	Partnership Federal/CA/OH	12/2011	\$ 1,900
Copeland Properties 17, LP	Partnership Federal/CA	12/2011	\$ 1,500
Copeland Properties 18, LP	Partnership Federal/CA/NC	12/2011	\$ 2,200

Summary of Fees

Our firm's discounted billing rates for the services as described above are as follows:

Senior CPA, Partner	\$175.00 – 195.00 per hour
CPA, Manager/Staff	\$110.00 - \$135.00 per hour
Paraprofessional Staff	\$ 55.00 per hour

Factors that may have a bearing on the amount of time required to complete the engagement include the condition of your records and timely receipt of information requested.

We appreciate this opportunity to be of service and look forward to working with your organization. We are available to discuss the contents of this letter or other professional services you may desire.

Sincerely,

Jean M. Goddard, CPA, CIRA, CFE
 NGS, LLP | Certified Public Accountants