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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

27 **REPLY IN SUPPORT OF**
28 **SECOND INTERIM APPLICATION**
FOR APPROVAL AND PAYMENT
OF FEES AND COSTS TO
THOMAS C. HEBRANK,
RECEIVER

Date: July 2, 2012

Time: 10:00 a.m.

Ctrm: 8, 2nd Floor

Judge: Hon. Manuel L. Real

29 Thomas C. Hebrank (hereafter "Receiver"), the Court-Appointed
30 Permanent Receiver for Copeland Wealth Management, a Financial
31 Advisory Corporation (hereafter "CWA"), Copeland Wealth Management, a
32 Real Estate Corporation (hereafter "Copeland Realty"), and their
33 subsidiaries and affiliates (collectively, "Receivership Entities"), hereby
34 replies to the following objections:

35 /////

36 /////

1. Objection of Certain Limited Partners of Copeland Properties Ten to Receiver's Second Fee Application dated May 31, 2012 [Dkt. No. 78]; and

2. Opposition by Certain Limited Partners of Copeland Properties 5, 7, 16 and 2/17 to Second Fee Application of Thomas C. Hebrank, Receiver [Dkt. No. 84].

I.

INTRODUCTION

On March 12, 2012, the Court issued its Order Approving Receiver's Response To Order On Receiver's Application And Report [Dkt. No. 53]. In that Order, the Court listed each of the entities included in the Receivership Estate, among them each of the limited partnerships of which the objectors are limited partners. [Dkt. No. 53, Page ID#:990]. For whatever reason, the objectors refuse to acknowledge the Court's Order, and continually object to actions by the Court appointed Permanent Receiver and the professionals retained to assist him, claiming that their respective limited partnerships are not part of the Receivership, hence the expenses of the receivership should not be paid from those limited partnership assets. This is wrong on multiple levels. First, the Court already decided that the limited partnerships are included in the Receivership. Second, besides being contrary to the Court's Order, the objector's argument is a red-herring; i.e.; a non-issue in that the Receiver has not requested that approved fees and expenses be paid from the objectors' limited partnership assets. Indeed, the fee application expressly requests payment from the available assets of CWA, Copeland Realty, and/or the Copeland Fixed Income Funds. [Dkt. No. 74, Page ID#:1218].

Finally, as required the SECOND INTERIM APPLICATION FOR APPROVAL AND PAYMENT OF FEES AND COSTS TO THOMAS C.

1 HEBRANK, RECEIVER was previously submitted to the SEC for its review
 2 and comments. The SEC did not object to the Application, and filed a
 3 Notice of Non-Opposition on June 11, 2012. [Dkt. No. 77].

4 The objections should be denied, and the First Interim Application
 5 should be approved and payment authorized, as requested.

6 II.

7 THE CP-10 OBJECTION LACKS MERIT

8 The CP-10 Partners object to the payment of fees sought by
 9 Receiver for the following reasons:

- 10 (1) The Receiver fails to allocate his time and fees among the
 11 various entities he purports to benefit;
- 12 (2) Due to the lack of any allocation or proof that Receiver tasks
 13 were related to CP-10, no funds of CP-10 should be used to pay any
 14 of the Receiver's fees or expenses;
- 15 (3) The amount of fees sought is excessive and unreasonable; and
- 16 (4) The Receiver improperly seeks reconsideration of the Court's
 17 April 2, 2012, ruling on the First Interim Application.

18 As discussed below, these objections should be disregarded.

19 (1) The Receiver allocated his time and fees among the various entities.

20 While CP-10 claims that the Receiver failed to allocate his time and
 21 fees, this is simply not true. At the outset, it should be noted that the
 22 Receiver's Second Interim Application follows the same format as his First
 23 Interim Application. That format was accepted by the Court and by the
 24 SEC, and is appropriate with respect to this Second Interim Application.

25 Exhibit A to the Second Interim Application is a detailed accounting,
 26 providing the date, time expended, personnel, hourly rate, billing category,
 27 and a narrative description of the tasks performed, including the identity of
 28 the entity involved.

Exhibit B to the Second Interim Application is a table summarizing the time expended by each professional, itemized by each Billing Category as required by the SEC Guidelines.

Exhibit C to the Second Interim Report is a table summarizing the expenses incurred by the Receiver between January and March, 2012.

(2) Fees and costs will not be paid from CP-10 assets.

The Second Interim Application requests an Order authorizing payment "from available receivership estate assets in Copeland Wealth Management (Copeland Realty), Copeland Wealth Management (Copeland Financial), and/or the Copeland Fixed Income Funds. [Dkt. No. 74, Page ID #:1218] The CP-10 Partners are jousting at windmills. They seek to prohibit the Receiver from doing something he didn't ask authorization to do.

(3) The amount of fees sought is neither excessive nor unreasonable.

CP-10 Partners claim that the fees and costs requested by the Receiver are excessive and unreasonable, basing that unsubstantiated claim entirely upon the misguided assertion that the application lacked timesheets and provided only a "broad and conclusory" explanation of the services provided. A brief perusal of the Second Interim Application, particularly Exhibit A [Dkt. No. 74-1, Page ID #: 1-15], discloses the fallacy of that claim. Indeed, each 1/10th of an hour of the time expended by the Receiver (and his partners and associates) is described in detail. Either CP-10 Partners did not review the Second Interim Application or they are attempting to mislead the Court.

(4) The Receiver does not seek reconsideration of the Court's previous ruling on the First Interim Application.

The Receiver has not requested that the Court "reconsider" its April 2, 2012, Order [Dkt. No. 66]. The Receiver's previous application only sought fees on an interim basis. The Court's April 2, 2012, Order authorized that

1 \$36,000 be paid at that time. The Order simply "approved and authorized"
 2 fees of \$36,000 on an interim basis. Contrary to what CP-10 Partners
 3 claim in their opposition, the Court did not "deny" recovery of the unpaid
 4 fees, and certainly did not preclude the Receiver from requesting that the
 5 remainder of those interim fees be paid at some future date. The
 6 objection of CP-10 Partners lacks merit and must be summarily denied.

7
 8 **III.**
THE OBJECTION BY CERTAIN LIMITED PARTNERS OF CP-5, CP-7,
CP-16, AND CP-2/17 SHOULD ALSO BE DENIED.

9 Certain Limited Partners Of CP-5, CP-7, CP-16, AND CP-2/17 have
 10 objected to the Receiver's Second Interim Application based upon the
 11 following:

12 (1) Mr. Hebrank remains in violation of the Court's February 6,
 13 2012 order in that he has failed to perform a forensic accounting and "to
 14 report his findings as to the validity of complex notes receivable and
 15 payable between and among other limited partnership entities and fixed
 16 income funds and justification for continued inclusion of such limited
 17 partnerships in the Receivership on the grounds that the cross
 18 transactions amount to actual comingling such that the equities require the
 19 Receiver to unwind [them]"; and

20 (2) To the extent the Receiver's proposed source of compensation
 21 is the assets or bank funds of Copeland Properties 5, 7, 16, 2/17, these
 22 certain limited partners oppose such payment as unjustified and
 23 permanently detrimental to their rightful interests.

24 The objection must be denied.

25 (1)The Receiver has not violated the February 6, 2012, Order.

26 The Court's February 6, 2012, Order directs that within thirty (30)
 27 days the Receiver is required to "...report findings on the validity of any
 28 notes receivable held by all limited partnerships as a simple creditor and

1 provide justification for continued inclusion of such limited partnerships in
 2 the Receivership.” [Dkt. No. 37;Page ID #: 690-691]. The Receiver filed a
 3 report in response to the Court’s Order on March 5, 2012 [Dkt. No. 47],
 4 which report was accepted by the Court in its March 12, 2012, Order [Dkt.
 5 No. 53]. It should not be overlooked that the March 12, 2012, Order also
 6 clarifies that Copeland Properties 2, 5, 7, 16, and 17 “are included in the
 7 receivership, pursuant to the Judgment entered on October 25, 2011, as
 8 affiliates of CWM and Copeland Realty.” [Dkt. No. 53, Page ID #:990].
 9 The Receiver did not violate the Court’s February 6, 2012, Order and the
 10 limited partnerships are clearly part of the Receivership Estate. The
 11 objection is disingenuous, and must be denied.

12 Further, it is apparent that the objection, insofar as it is based upon
 13 the lack of a forensic accounting, was filed before the objector’s counsel
 14 had an opportunity to review Receiver’s Report #3 [Dkt. No. 76], filed on
 15 June 7, 2012. Receiver’s Report #3 states that he “is working to complete
 16 his forensic accounting review in a timely, yet cost effective manner”
 17 [Dkt.No. 76, Page ID #:1281]. Additionally, Receiver’s Report #3 states
 18 that the forensic accounting report should be completed prior to June 29,
 19 2012, in advance of the hearing on this Second Interim Application.

20 Therefore, though counsel might not have been aware of it at the time
 21 the objection was drafted, the first prong of the objection is not viable. The
 22 forensic report should be filed by the time of the hearing on Receiver’s
 23 Second Interim Application.

24
 25 (2)The Second Interim Application does not seek payment from the
assets or bank funds of Copeland Properties 5, 7, 16, 2/17.

26 As was discussed above, the Second Interim Application requests
 27 an Order authorizing payment “from available receivership estate assets in
 28 Copeland Wealth Management (Copeland Realty), Copeland Wealth

1 Management (Copeland Financial), and/or the Copeland Fixed Income
 2 Funds. [Dkt. No. 74, Page ID #:1218]. There is simply no basis for the
 3 objection of Copeland Properties 5, 7, 16, 2/17 insofar as payment of fees
 4 be made from their assets. That is not something sought by the Receiver
 5 in the Second Interim Application, and therefore there is no reason to
 6 specify certain sources from which the fees may be paid. That issue is not
 7 presently before the Court.

8 IV.

9 CONCLUSION

10 Based upon the foregoing, it is respectfully requested that the
 11 objections filed by CP-10 Partners and Certain Partners of CP-5, 7, 16,
 12 2/17 be denied, and that Receiver's Second Interim Application For
 13 Approval and Payment of Fees and Costs be granted at the 75% interim
 14 level requested.

15
 16 Dated: June 18, 2012

MULVANEY BARRY BEATTY LINN &
 MAYERS, LLP

19 By: /s/ Patrick L. Prindle
 20 Patrick L. Prindle
 21 Attorneys For Receiver
 22 THOMAS C. HEBRANK

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