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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 OF RECEIVER TO
28 OPPOSITION OF CERTAIN
LIMITED PARTNERS OF CP-10
AND MURALIGOPAL TO
RECEIVER'S MOTION FOR
APPROVAL OF SETTLEMENT**

Date: December 17, 2012

Time: 10:00 a.m.

Ctrm: 8, 2nd Floor

Judge: Hon. Manuel L. Real

29 Thomas C. Hebrank ("Receiver"), the Court appointed Permanent
30 Receiver for Copeland Wealth Management, a Financial Advisory
31 Corporation, Copeland Wealth Management, a Real Estate Corporation,
32 and their subsidiaries and affiliates including, but not limited to, Copeland
33 Properties Ten, LP ("CP-10") (the foregoing collectively "Receivership
34 Entities"), hereby submits the following Reply to the Opposition of
35 Certain Limited Partners of Copeland Properties Ten ("CP-10 Partners")

1 and the Opposition of Vellore Muraligopal, M.D. and Vellore Muraligopal
2 Investments, LLC (collectively "Muraligopal").

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4 I.

5 **THE RECEIVER UNSUCCESSFULLY ATTEMPTED TO NEGOTIATE A**
6 **SETTLEMENT WITH THE CP-10 PARTNERS OVER**
7 **A PERIOD OF SEVERAL MONTHS BEFORE PROCEEDING**
8 **WITH THE SETTLEMENT.**

9 In the period following the Receiver's appointment in October of
10 2011, the Receiver proceeded to investigate and analyze the
11 Receivership properties, including the CP-10 commercial property in
12 Troy, Michigan ("Michigan Property"). Since his appointment as
13 Receiver, the Receiver has managed the Michigan Property, collected
14 the rents from the Michigan Property, and made the loan payments due
15 to Flagstar Bank, as well as other expenses of the Michigan Property.
16 Based on the information available to the Receiver, the Receiver
17 concluded that the market value of the Michigan Property was not
18 sufficient to enable the Receiver to sell the Michigan Property for an
19 amount that would result in meaningful net proceeds to the Receivership
20 estate.

21 After reaching that conclusion, and in response to repeated
22 requests by the CP-10 Partners to release CP-10 and the Michigan
23 Property from the Receivership estate, the Receiver instructed his
24 counsel to enter into discussions with the attorney for the CP-10
25 Partners seeking a negotiated settlement pursuant to which the Michigan
26 Property would be released and abandoned by the Receivership estate.
27 Despite several months of negotiations commencing in July of 2012, the
28 settlement negotiations were unsuccessful and the Receiver was

ultimately advised that the CP-10 Partners were unwilling to enter into a settlement due to their inability to negotiate a separate settlement satisfactory to them with Flagstar Bank, the secured lender on the Michigan Property. At that point the Receiver, in order to comply with his duties to administer the Receivership estate, continued the settlement discussions with Flagstar Bank and, subsequently reached the settlement that has now been presented to the Court. The Receiver fulfilled his duties by attempting to reach agreement with the CP-10 Partners first and, failing that, has proceeded with a settlement which is in the best interests of the Receivership estate.

II.

THE FILING OF THE DRAFT SETTLEMENT NEGOTIATION DOCUMENT WITH THE OPPOSITION IS IMPROPER AND SHOULD BE DISREGARDED BY THE COURT.

It is clear that the undated and unsigned draft settlement document attached to the Declaration of Mark C. Edwards as part of the Opposition is a protected settlement communication and should not have been filed with the Court. Said document is not admissible pursuant to Federal Rule of Evidence 408 and should be disregarded by the Court.

III.

THE RECEIVER IS NOT PREPARED TO PROCEED WITH A SETTLEMENT WITH THE CP-10 PARTNERS AS ALLEGED IN THE OPPOSITION.

The Opposition alleges that the Receiver would settle with the CP-10 Partners in accordance with an alleged settlement if the court denies this motion. This claim is untrue.

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1 IV.

2 THE RECEIVER IS THE REPRESENTATIVE OF THE CP-10
3 PARTNERSHIP BY ORDER OF THE THIS COURT AND THE CLAIMS
4 IN THE OPPOSITION THAT THE CP-10 PARTNERS ARE THE CP-10
5 PARTNERSHIP ARE ERRONEOUS.

6 The Opposition to the Receiver's Motion alleges that the Motion
7 should be denied because CP-10s "consent" to the settlement is
8 required and "CP-10" has not consented. The Opposition misconstrues
9 the nature of this Receivership. This Court has specifically ruled that the
10 CP-10 Partnership is one the Receivership Entities and the Receiver, as
11 the Receiver for Copeland Wealth Management, the general partner,
12 currently represents and speaks for CP-10, not certain of the CP-10
13 Limited Partners who oppose the settlement. Therefore, any claims that
14 the objecting CP-10 Partners speak for CP-10 should be disregarded.

15 V.

16 APPROVAL OF THE SETTLEMENT WILL RESULT IN THE RELEASE
17 AND ABANDONMENT OF THE CP-10 PARTNERSHIP AND THE
18 MICHIGAN PROPERTY FROM THE RECEIVERSHIP ESTATE AND
19 WILL MAINTAIN THE STATUS QUO AND ANY RIGHTS AND
20 OBLIGATIONS BETWEEN THE CP-10 PARTNERS
21 AND FLAGSTAR BANK.

22 The proposed Settlement Agreement provides that, upon approval
23 of the settlement by this Court, CP-10, CP-11 (a co-borrower entity which
24 the Receiver's believes to be defunct) and the Michigan Property are no
25 longer part of the Receivership estate and, except for the limited
26 partnership interest of Copeland Properties Five, LP in CP-10, the
27 Receiver abandons any further interest in CP-10 and the Michigan
28 Property. The Receiver is informed and believes that CP-11 transferred

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its interest in the Michigan Property prior to the institution of the Receivership. It is indeed curious that the CP-10 Partners are objecting to the release of the CP-10 Partnership and the Michigan Property from the Receivership, as they have been requesting such relief since then inception of the Receivership in October of 2011. The result of the release and abandonment is that the parties, including the CP-10 Partners, are in the same position they were in prior to the Receivership. They maintain any and all rights, defenses and obligations with respect to Flagstar Bank. As the Receiver has determined that the Michigan Property cannot be economically sold through the Receivership estate, it is necessary that the property be abandoned, leaving the CP-10 Partners and Flagstar Bank to determine their rights between themselves. There is no benefit to the Receivership estate incurring further costs and expenses in this regard. Therefore, the claims in the Opposition that the CP-10 Partners will be somehow prejudiced by the abandonment of CP-10 are unfounded.

VI.

THE STANDARD FOR THE APPROVAL OF THE SETTLEMENT IS THE BEST INTERESTS OF THE RECEIVERSHIP ESTATE, NOT THE SELF INTERESTS OF THE CP-10 PARTNERS AS ALLEGED IN THE OPPOSITION.

The Opposition incorrectly claims that the settlement should be denied on the ground that it is not in the best interests of the CP-10 Partners. That is not the test. It is clear that the test is whether or not the settlement is in the best interests of the Receivership estate. See 3, Clark, Law of Receivers, Section 655 (3rd Edition 1959). In analyzing the disposition of the funds held by the Receiver, it is clear that the proposed settlement is better for the Receivership estate than the alleged CP-10

Partners' settlement. Pursuant to this settlement, the estate will retain the sum of \$225,000.00 as well as the \$165,000.00 Vellore Muraligopal Note. Further, the settlement results in direct benefit to the CP-10 Partners in that the \$31,179.90 claim against CP-10 by the Copeland Fixed Income Three entity is forgiven and, more importantly, the Receiver proposes to designate \$100,000.00 of the funds retained for distribution to the CP-10 Partners. The Receiver is currently in negotiations with attorneys for the Copeland Properties 5, L.P. Partnership and anticipates that a Motion will be filed in the near future pursuant to the terms of which the Court will be asked to approve the release and abandonment of the CP-5 Partnership from the Receivership estate. At that point, the Receiver will have no further interest of any kind in CP-10. The Receiver, in the proper exercise of his duties as Receiver and his business judgment, has concluded that this settlement is in the best interests of the Receivership estate and hereby restates his request that the settlement be approved by this Court.

DATED: December 3, 2012 Respectively submitted,

MULVANEY BARRY BEATTY LINN &
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By: /s/ Everett G. Barry, Jr.
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