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15 **UNITED STATES DISTRICT COURT**  
 16 **SOUTHERN DISTRICT OF CALIFORNIA**

17 SECURITIES AND EXCHANGE  
 18 COMMISSION,

19 Plaintiff,

20 v.

21 LOUIS V. SCHOOLER and FIRST  
 22 FINANCIAL PLANNING  
 23 CORPORATION d/b/a WESTERN  
 24 FINANCIAL PLANNING  
 25 CORPORATION,

26 Defendants.

Case No. 3:12-cv-02164-GPC-JMA

**DECLARATION OF THOMAS C.  
 HEBRANK, RECEIVER, IN  
 SUPPORT OF FOURTH INTERIM  
 FEE APPLICATIONS**

Date: November 8, 2013  
 Time: 1:30 p.m.  
 Ctrm.: 2D  
 Judge: Hon. Gonzalo P. Curiel

**[NO ORAL ARGUMENT UNLESS  
 REQUESTED BY THE COURT]**

27  
 28

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

2 1. I am the Court-appointed receiver for First Financial Planning  
3 Corporation d/b/a Western Financial Planning Corporation, and other specifically  
4 listed entities (collectively, "Receivership Entities") in the above-captioned matter. I  
5 have personal knowledge of the facts herein described, and if called to testify, I could  
6 and would testify competently thereto.

7 2. Despite Defendants' contentions, none of the GPs have suffered any late  
8 charges or penalties or have failed to timely make a property tax payment as a result  
9 of the receivership. In fact, all mortgage payments due as of October 25, 2013 have  
10 been made and the remaining payments due through today will be made in the next  
11 two weeks. Exhibit A provides the status of each mortgage, broken down by  
12 category as discussed in paragraph 5 below.

13 3. Defendants contend that I attempted to "thwart" investors and  
14 Defendants from contacting note beneficiaries. This is absolutely untrue. I have  
15 never attempted to prevent investors or Defendants from contacting note  
16 beneficiaries.

17 4. Pursuant to the Court's August 16, 2013 Order, I immediately authorized  
18 and instructed Alice Jacobson and Beverly Schuler, the two former Western  
19 employees who now handle the day to day operations of the GPs as independent  
20 contractors (the "Partnership Administrators") to resume operational billing. I  
21 instructed the Partnership Administrators to include amounts the Court ordered me to  
22 collect in the operational billings. This instruction was given to the Partnership  
23 Administrators more than two months ago. To date, the Partnership Administrators  
24 have not collected any money from investors.

25 5. Defendants contend there is a direct relationship between amounts  
26 investors pay on their notes and amounts owed on mortgages. This is false. In fact,  
27 there is no connection at all. As it pertains to mortgages on GP properties, investor  
28 note payments fall into three categories:

- 1 (1) Investors in GPs that have no mortgages at all on their property  
2 interests. There are three GPs in this category.
- 3 (2) Investors in GPs that have mortgages on their property interests,  
4 but the amount collected from investors in that GP are insufficient  
5 to make the mortgage payment. There are seven GPs in this  
6 category.
- 7 (3) Investors who own units in GPs that have mortgages on their  
8 property interests, but the amount collected from investors in that  
9 GP exceed the mortgage payment. There are three GPs in this  
10 category.

11 6. Attached hereto as Exhibit A are spreadsheets illustrating these three  
12 categories. It is only because of the note payments from investors in categories one  
13 and three that there is anything close to sufficient funds to make the mortgage  
14 payments for GPs in category two.<sup>1</sup> Funds collected on investor notes in categories  
15 one and three, which have no connection to the GPs in category two, have always  
16 been used to make mortgage payments for GPs in category two.

17 7. Even factoring in the note payments from investors in categories one  
18 and three, there is an aggregate shortfall every month. The exact amount of the  
19 shortfall fluctuates depending on the timing of mortgage payments and investor note  
20 payments, but for October 2013 it was approximately \$3,000.

21  
22 I declare under penalty of perjury under the laws of the United States that the  
23 foregoing is true and correct.

24 Executed this 1st day of November, 2013, at San Diego, California.

25  
26 

27  
28 THOMAS C. HEBRANK

28 <sup>1</sup> The amount collected from investors in category two is approximately \$31,000 less than the mortgage payments due for GPs in category two.

**EXHIBIT INDEX**

Exhibit A	Categories of Investor Note Payments and GP Mortgage Payments	4
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# EXHIBIT A

# EXHIBIT A

FIRST FINANCIAL PLANNING CORP  
 DBA WESTERN FINANCIAL PLANNING CORPORATION  
 TRUST DEED SCHEDULE  
 @October 31, 2013  
 Category 1 loans

G/L #	Note payments for underlying real estate <sup>1</sup>					Payments Received from Partnerships					
	Property	Monthly Payment	Principal Balance	Maturity Date	Loan Status	Payor	Monthly Payment	Principal Balance	Maturity Date	Monthly Overage	Loan Balance Overage/Shortage <sup>3</sup>
	<b>WASHOE 3</b>					<b>WASHOE 3<sup>2</sup></b>					
						Spanish Springs View		Paid in Full	11/7/2013		
						Antelope Springs	1,483	17,725	3/15/2014		
						Wild Horse		32,188	6/22/2014		
						Big Ranch		29,915	7/27/2014		
	<b>Total Washoe 3</b>					<b>Total Washoe 3</b>	<b>1,483</b>	<b>79,828</b>		<b>1,483</b>	<b>0</b>
	<b>FERNLEY</b>					<b>FERNLEY</b>					
						Clearwater Bridge	1,009	69,631	02/16/2021		
						High Desert Shadow	1,868	130,631	06/30/2021		
	<b>Total Fernley</b>					<b>Total Fernley</b>	<b>2,877</b>	<b>200,262</b>		<b>2,877</b>	<b>0</b>
	<b>P51</b>					<b>P51</b>					
						P39	2,137	154,313	02/2022		
						P40	2,063	160,149	06/2022		
						F86					
	<b>Total P51</b>					<b>Total P51</b>	<b>4,200</b>	<b>314,462</b>		<b>4,200</b>	<b>0</b>
	<b>FFP Notes</b>					<b>FFP Notes</b>	<b>2,400.00</b>	<b>235,399.09</b>		<b>2,400</b>	<b>0</b>
	<b>TOTALS</b>					<b>TOTALS</b>	<b>10,960</b>	<b>829,952</b>		<b>10,960</b>	<b>0</b>

Notes

- 1 These partnerships have loans due to WFPC, but there are no underlying real estate loans encumbering the respective properties
- 2 Washoe 3 partnerships (Spanish Springs, Wild Horse and Big Ranch) are currently in arrears and have not collected sufficient funds from their investors make monthly payments due to Western
- 3 No overage/shortage calculated as there are no underlying mortgages on these properties

Category 2

FIRST FINANCIAL PLANNING CORP  
DBA WESTERN FINANCIAL PLANNING CORPORATION  
TRUST DEED SCHEDULE  
@October 31, 2013  
Category 2 loans

G/L #	Property	Note payments for underlying real estate <sup>1</sup>				Payments Received from Partnerships					
		Monthly Payment	Principal Balance	Maturity Date	Loan Status	Payor	Monthly Payment	Principal Balance	Maturity Date	Monthly Shortage	Loan Balance Overage/Shortage <sup>2</sup>
<b>WASHOE 4</b>						<b>WASHOE 4</b>					
2395	Redfield - Reno 1st TD-Var Int	8,167	156,991	06/2015	current	Rose Vista	2,448	67,290	07/11/2016		
2396	Redfield - 2nd TD Schafer	1,116	20,548	05/2016	current	Steamboat	1,397	41,813	08/14/2016		
						Galena Ranch	1,400	37,816	09/07/2016		
						Redfield Heights	1,838	44,802	09/27/2016		
		<b>9,283</b>	<b>177,538</b>				<b>7,082</b>	<b>191,722</b>		<b>(2,201)</b>	<b>14,183</b>
<b>SILVER SPRINGS NO</b>						<b>SILVER SPRINGS NO</b>					
2405	SilverSprings #1-Bunkowski Tr	6,527	135,755	08/2015	current	North Springs	1,827	72,505	10/09/2017		
2406	SilverSprings #1-Schafer	728	15,140	08/2015	current	Rawhide	1,902	77,827	11/30/2017		
2407	SilverSprings #1-Bunkowski Tr	5,245	108,913	08/2015	current	Highway 50	3,238	146,097	04/01/2018		
2408	SilverSprings #1-Schafer	582	12,113	08/2015	current	Orange Vista	1,617	76,925	06/17/2018		
		<b>13,083</b>	<b>271,921</b>				<b>8,583</b>	<b>373,354</b>		<b>(4,500)</b>	<b>101,433</b>
<b>SILVER SPRINGS SO</b>						<b>SILVER SPRINGS SO</b>					
2410	Silver Springs #2 BCB Ventures	4,389	91,284	08/2015	current	Railroad	1,368	37,280	10/24/2016		
2411	Silver Springs #2 Schafer	1,056	21,954	08/2015	current	Spruce Heights	778	25,293	02/08/2017		
2412	Silver Springs #2 BCB Ventures	3,942	81,991	08/2015	current	Vista Del Sur	3,119	118,237	05/21/2017		
2413	Silver Springs #2 Schafer	946	19,682	08/2015	current	Lahontan	2,852	112,987	06/27/2017		
2414	Silver Springs #2 BCB Ventures		Paid in full	08/2015	current						
2415	Silver Springs #2 Schafer	364	7,571	08/2015	current						
		<b>10,697</b>	<b>222,482</b>				<b>8,117</b>	<b>293,796</b>		<b>(2,580)</b>	<b>71,314</b>
<b>YUMA III</b>						<b>YUMA III</b>					
2422	Yuma 349.41 AC 1st TD 202-09-005	3,480	85,071	12/2015	current	Mountain View	1,695	77,911	02/20/2018		
2423	Yuma 349.41 AC 2nd TD 202-09-005	413	10,086	12/2015	current	Ocotillo View	1,130	52,432	03/20/2018		
2426	Yuma 349.41 AC 1st TD 204-19-001	1,094	26,739	12/2015	current	Cactus Ridge	1,828	88,624	06/25/2018		
2427	Yuma 349.41 AC 2nd TD 204-19-001	130	3,170	12/2015	current	Mohawk Mountain	3,147	148,356	05/12/2018		
2428	Yuma 349.41 AC 1st TD 202-07-006	4,538	110,937	12/2015	current						
2429	Yuma 349.41 AC 2nd TD 202-07-006	538	13,153	12/2015	current						
2430	Yuma 349.41 AC 1st TD 202-09-007	4,359	106,564	12/2015	current						
2431	Yuma 349.41 AC 2nd TD 202-09-007	517	12,634	12/2015	current						
	<b>Total Yuma III</b>	<b>15,066</b>	<b>368,354</b>			<b>Total Yuma III</b>	<b>7,800</b>	<b>367,324</b>		<b>(7,267)</b>	<b>(1,030)</b>

Category 2 Continued

G/L #	Note payments for underlying real estate <sup>1</sup>					Payments Received from Partnerships					
	Property	Monthly Payment	Principal Balance	Maturity Date	Loan Status	Payor	Monthly Payment	Principal Balance	Maturity Date	Monthly Shortage	Loan Balance Overage/Shortage <sup>2</sup>
<b>DAYTON IV</b>						<b>DAYTON IV</b>					
2435	Dayton IV 473 AC 1st TD Borda Tr	12,540	408,594	10/2016	current	Eagle View	7,764	392,266	10/02/2018		
2436	Dayton IV 473 AC 2nd TD J Gavin	1,170	38,136	10/2016	current	Falcon Heights	6,922	362,166	11/25/2018		
2437	Dayton IV 473 AC 3rd TD Schafer	1,338	43,583	10/2016	current	Night Hawk	5,234	303,934	09/09/2019		
2438	Dayton IV 106 AC 1st TD Borda Tr.	11,843	385,895	10/2016	current	Osprey	4,233	279,783	11/17/2020		
2439	Dayton IV 106 AC 2nd TD Gavin	1,105	36,017	10/2016	current						
2440	Dayton IV 106 AC 3rd TD Schafer	1,263	41,162	10/2016	current						
	Dayton IV 81 AC 1st TD Borda			10/2016	current						
	Dayton IV 81 AC 2nd TD J.Gavin			10/2016	current						
	Dayton IV 81 AC 3rd TD Schafer			10/2016	current						
<b>Total Dayton IV</b>		<b>29,259</b>	<b>953,387</b>			<b>Total Dayton IV</b>	<b>24,152</b>	<b>1,338,150</b>		<b>(5,107)</b>	<b>384,763</b>
<b>SANTA FE VENTURES, LLC</b>						<b>SANTA FE VENTURES, LLC</b>					
	Tract 2-LaSalle Bank, Trustee	6,066	212,479	02/2017	current	Santa Fe View	3,728	188,982	10/29/2018		
	Tract 3-LaSalle Bank, Trustee	2,427	84,990	02/2017	current	Pueblo Partners	2,066	108,481	02/13/2019		
	Tract 4-LaSalle Bank, Trustee	6,066	212,479	02/2017	current	Pecos Partners	1,087	75,140	07/01/2021		
	Schafer Pacific Properties	1,456	50,994	02/2017	current						
<b>Total Santa Fe Ventures</b>		<b>16,015</b>	<b>560,943</b>			<b>Total Santa Fe Ventures</b>	<b>6,882</b>	<b>372,603</b>		<b>(9,134)</b>	<b>(188,339)</b>
<b>SFV II, LLC</b>						<b>SFV II, LLC</b>					
	Washoe 5	2,497	141,418	02/2018	current	Pyramid Highway	797	48,631	06/30/2020		
						Frontage	1,629	106,006	06/30/2020		
<b>Total SFV II</b>		<b>2,497</b>	<b>141,418</b>			<b>Total SFV II</b>	<b>2,426</b>	<b>154,636</b>		<b>(71)</b>	<b>13,218</b>
<b>TOTALS</b>		<b>95,900</b>	<b>2,696,044</b>			<b>TOTALS</b>	<b>65,041</b>	<b>3,091,586</b>		<b>(30,859)</b>	<b>395,542</b>

## Notes

- 1 These partnerships do not collect sufficient funds on a monthly basis to pay the underlying mortgage
- 2 A comparison between the total amounts owed from the partnerships compared to the underlying note balance



**FIRST FINANCIAL PLANNING CORP  
DBA WESTERN FINANCIAL PLANNING CORPORATION  
TRUST DEED SCHEDULE  
@October 31, 2013  
Category 3 loans**

G/L #	Property	Note payments for underlying real estate <sup>1</sup>				Payments Received from Partnerships					
		Monthly Payment	Principal Balance	Maturity Date	Loan Status	Payor	Monthly Payment	Principal Balance	Maturity Date	Monthly Overage	Loan Balance Overage/Shortage <sup>2</sup>
<b>DAYTON VALLEY II</b>						<b>DAYTON VALLEY II</b>					
2375	Borda Family LTD Ptnrs 1st TD		PAID IN FULL	06/2013	paid	Storey County	628	10,369	12/31/2015		
2376	Borda Prop/Schafer 2nd TD	1,691	4,861	12/2013	current	Comstock	2,070	38,557	02/17/2015		
						Silver City	2,798	57,694	05/17/2015		
						Nevada View	4,615	96,066	06/28/2015		
		<b>1,691</b>	<b>4,861</b>				<b>10,111</b>	<b>202,686</b>		<b>8,420</b>	<b>197,824</b>
<b>YUMA</b>						<b>YUMA</b>					
2385	Omken-54 AC Yuma 1st TD	328	PAID IN FULL	10/2013	paid	Gila View	2,545	70,656	03/25/2016		
2386	Assoc Land Spec. 2nd TD	1,777	29,695	03/2015	current	Painted Desert	2,194	64,715	04/25/2016		
2390	Assoc Land Spec 1stTD 80AC	3,641	51,698	04/2015	current	Snowbird	2,431	68,979	05/08/2016		
		<b>5,746</b>	<b>81,393</b>				<b>7,170</b>	<b>204,350</b>		<b>1,424</b>	<b>122,957</b>
<b>YUMA II</b>						<b>YUMA II</b>					
2418	Yuma-800 AC	2,275	43,935	05/2015	current	Desert View	2,983	104,778	11/21/2016		
	<b>Annual payment made in May for \$27,298.94</b>					Sonora View	2,123	78,700	05/03/2017		
						Mesa View	3,076	131,046	10/31/2017		
						Roadrunner	1,055	40,779	07/27/2017		
		<b>2,275</b>	<b>43,935</b>				<b>9,237</b>	<b>355,304</b>		<b>6,962</b>	<b>311,368</b>
<b>TOTALS</b>		<b>9,712</b>	<b>130,190</b>			<b>TOTALS</b>	<b>26,518</b>	<b>762,340</b>		<b>16,806</b>	<b>632,150</b>

Notes

- 1 These partnerships collect more than sufficient funds on a monthly basis to pay the underlying mortgage
- 2 A comparison between the total amounts owed from the partnerships compared to the underlying note balance