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Attorneys for Defendants LOUIS V. SCHOOLER
and FIRST FINANCIAL PLANNING CORPORATION

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

LOUIS V. SCHOOLER and FIRST FINANCIAL PLANNING CORPORATION d/b/a WESTERN FINANCIAL PLANNING CORPORATION,

Defendants.

Case No. 12 CV 2164 GPC JMA

DECLARATION OF LOUIS V. SCHOOLER IN SUPPORT OF DEFENDANTS' MOTION FOR PARTIAL RECONSIDERATION OF ORDER APPROVING RECEIVER'S SEVENTH INTERIM REPORT

Date: June 13, 2014
Time: 1:30 p.m.
Courtroom: 2D
Judge: Hon. Gonzalo P. Curiel

I, LOUIS V. SCHOOLER, hereby declare, pursuant to 28 U.S.C. § 1746, as follows:

1. I am a Defendant in the above entitled action. I have personal knowledge of the matters set forth herein and, if called as a witness, I could and would testify competently hereto under oath.

2. Between March 2013 and the present, I have, in collaboration with my counsel, drafted four letters for mailing to the investor-partners in the general partnerships ("GPs") established through Defendant First Financial Planning Corporation ("Western").

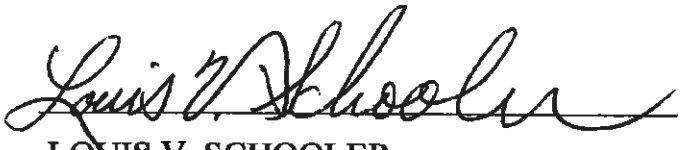
3. The letters were written in response to the Receiver's website and letters to the investors, which omitted to post an explanation of the proceedings in this case or which failed to provide complete information about the proceedings, and in response to complaints from investors that the Receiver was not communicating with them (which was the subject of hundreds of letters lodged with the Court).

4. Copies of each letter were mailed to all GP investors listed in Western's investor database at my direction.

5. True and correct copies of all four letters are attached as Exhibits 1 through 4. Although I only have copies of two of the executed letters for July 2013 and December 2013, the attached unsigned letters dated March 8, 2013 and June 7, 2013 are identical to the letters that were signed by me and mailed to the investors on or about those dates, except for my letterhead and wet-ink signature.

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

Executed this 21st day of March, 2014, in San Diego, California.



LOUIS V. SCHOOLER

EXHIBIT 1

DATE:

[Investor's name, address, and partnership(s) invested in]

Dear [name of investor]:

As you are likely aware, in September of last year the Securities and Exchange Commission filed a lawsuit in federal court against Western Financial Planning Corporation and me regarding the sale of investments in general partnerships for the purchase and long-term holding of undeveloped land in California, Nevada, Arizona, and New Mexico for future resale to developers, including the general partnership of which you are a partner. The SEC claims that these real estate general-partnerships in undeveloped land are securities.

There are two important factors regarding your investments to keep in mind. First, the general partnership in which you have invested, and the other general partnerships involved in the SEC's lawsuit, were organized so that you and your fellow investors, as general partners, would have complete control of the partnership's operations through a majority vote of the partners. Western Financial and its affiliated people are partners too, but the general partnership agreements governing the respective partnerships forbid Western Financial, its affiliates, and any persons connected to them from voting, which means that you and your fellow investors are in charge, not Western Financial. And that includes deciding when to sell the land that you and your fellow investors' partnership has acquired, to whom, and for how much.

Second, the general partnerships (including yours) were established solely for investment in undeveloped land to be sold later to buyers who would then develop the land. None of the partnerships were organized for purposes of actually developing the land before selling it to others. Since the land is held only for appreciation of value and not for active development or management (as would be the case with an office building, shopping center or apartment building),Western Financial and its affiliates do not perform any day-to-day management of the general partnerships or the land held by the partnerships. All that is needed is for the partnerships to pay the property taxes and insurance, and to hire an accountant to prepare the Form K-1 that is sent to you each year for your tax return.

These factors are important, because courts have held on several occasions that general partnerships, in and of themselves, are not securities, and that investment in undeveloped land for the sole purpose of holding it and letting it appreciate in value for a greater future profit on resale does not constitute a security either. Your investment is structurally and functionally distinct from investments in limited partnerships (where a managing partner controls the investment) or investments in entities set up for developing or managing developed real estate (where significant day-to-day management is required). These differences are not only important to the securities analysis in the present case, but also to the actual control you have regarding your investment.

I especially want to address the issue of investor control. There has been a lot of confusion regarding the pending litigation and its potential impact upon investors and the future of their investment. I believe four items in particular deserve emphasis:

(1) The general partnership(s) of which you are a member are legally valid business entities. There is no allegation of any kind by the SEC or anyone else that the general partnerships do not exist or are in any way not legally operative partnerships. They are valid existing entities.

(2) The real estate title held by the general partnership(s) of which you are a member is a valid, duly recorded, existing and enforceable title. There is no allegation of any kind by the SEC or anyone else to the contrary.

(3) The general partnerships are governed by majority rule. The general partnerships were specifically set up in this fashion so as to give investors full control of their investment.

(4) Individual investors have the ability to initiate ballots for their fellow partnership members to vote on.

To put it plainly, the general partnerships are real and they hold real title to real land. The disposition of that land requires a majority vote by the members of the partnership. My attorneys strongly believe that the existing litigation and even the existence of the Receiver should in no way change these basic facts and/or your ability to determine the future of your investment (regardless of the outcome of the litigation).

The investment was originally set up to provide investors full control of their investment and I feel strongly that the wishes of the investors, whatever they might be, are what should govern the partnerships. I am discouraged that to date, investors have not been given an opportunity to be adequately heard. I strongly oppose the receivership over the general partnerships because I feel it is imposing unnecessary costs, but even more importantly, rather than giving investors increased control, it appears to be actually taking control away from investors.

My attorneys are working hard to not have that happen and to make sure you, the investor, remain in control of your investment. We believe the Receiver should not be making any determinations regarding the partnerships or spending the partnerships' money without first asking you, the investor, what you want. The Receiver's obligation is to the general partnerships of which you are a member.

I hope you have found this letter helpful. Please feel free to direct any questions or concerns to my attorney, Eric Hougen, at 619-702-1000 or at eric@hougenlaw.com. I am sorry that I am not in a position to speak with you individually. It runs contrary to my nature, but it is the result of the nature of this type of lawsuit.

EXHIBIT 2

LOUIS V. SCHOOLER
5186 Carroll Canyon Road
San Diego, CA 92121

June 5, 2013

Dear General Partner:

I am writing to inform you of several developments regarding the receivership that has been imposed upon the real estate general partnership(s) of which you are a member.

Last fall, the Securities and Exchange Commission ("SEC") asked the Court to appoint a preliminary receiver over Western Financial Planning Corporation ("Western") and over the real estate general partnerships ("GPs"). In its filing, the SEC provided assurances to the Court that "the GPs will … have notice and an opportunity to be heard before any of [the GPs'] assets are placed under the control of a permanent receiver." However, contrary to these assertions, more than nine months later, the GPs have never been given any opportunity to be heard and the SEC has failed to take any action to remedy this fact. This is a direct violation of the GPs' due process rights.

This past week, my attorneys filed a motion with the Court asking for the GPs to be immediately removed from the receivership. That motion and all supporting documents are enclosed with this letter for your review and consideration.

Before addressing the merits of the motion, I want to underline one very important point. As you will remember, the GPs of which you are a member were structured in the form of a general partnership for a reason: *to give you and your fellow GP members maximum control of your investment.* As a voting member, you have a say in all GP decisions. The GPs are not able to take action without the agreement of a majority of the voting members.

The SEC has tried to turn the GPs into limited partnerships alleging they are controlled by Western. This is simply not the case. While Western does hold units as a fellow investor in the GPs, Western's units (and those of anyone affiliated with Western) are *non-voting units*. Western has no ability to vote on any GP business and has no other authority over the GPs. Western's only role is in forming the GPs. Once formed, the GPs are free-standing, independent entities with all the rights and powers given to any other general partnership formed in the state of California.

These distinctions are important. Due process requires any entity to be given notice and an opportunity to be heard before its assets can be placed under the control of a receiver. The GPs have never been given this opportunity and yet they find themselves under the authority of a receiver – deprived of their control and imposed with unnecessary costs.

One of the unnecessary costs imposed on the GPs by the Receiver (in addition to his fees) is that of appraisals. The Receiver has unilaterally decided to spend GP money on appraisals of the land owned by the GPs. It is unclear why the Receiver felt this is a good use of GP funds.

Appraisals of raw undeveloped land can vary considerably. For example, in a recent imminent domain condemnation proceeding brought by a power company with regard to a GP-owned property, the power company's appraiser came up with a value of approximately $2 million and the land owners' appraisers came up with a value of approximately $10 million for the surface rights and $20 million to $35 million for the subsurface (mineral) rights. So the final appraised values ranged from $2 million to $45 million – a spread of over 2,000%.

Moreover, as you well know, even assuming the appraisals ordered by the Receiver end up being accurate assessments of current value, the paper value on the appraisal is merely that. An appraisal does not create a willing buyer. In order for that paper value to mean anything there must be a purchaser who currently is interested in purchasing that specific property.

Everyone is well aware of the historically low real estate market we are currently in. There simply is no demand right now for raw land. Some development has returned, but developers still have excess inventories so it will likely be some time before developers begin purchasing raw land again. Due to this lack of demand, it is very likely that the current appraised values will be extraordinarily low. That does not mean the properties cannot still return a healthy profit in the future.

The return on this investment has from the beginning been based on waiting for development to reach the target property. An appraisal taken now, when that development has still not reached any of the subject properties, provides no useful information regarding what the property will be worth if and when development does eventually reach the property (a market that will in no way resemble the current historically low market).

The point is that it should be the *GP's* decision when to obtain an appraisal and ultimately when to sell property -- not the decision of a receiver acting unilaterally. The properties that you own have traits that make them valuable for potential future use but the growth of the area has not yet warranted their development. Perhaps a majority of the voting members would like to spend the money in the GP operating account on current appraisals, but nobody has bothered to ask you and your fellow voting members if that is in fact the case.

The Receiver also recently used money in certain GP operating accounts to purchase Western's units at face value of $1.00 per unit. In essence the Receiver unilaterally decided that you and your fellow voting members, at this juncture, should spend the GPs' money to buy more units of this investment and that face value ($1.00 per unit) was the right price for the GPs to pay for their additional units at this point in time. The reason the Receiver wanted to do this was so those funds given to Western could be used to pay the Receiver's fees. Perhaps a majority of the voting members also wanted to spend their GP operating funds in this manner, but nobody has bothered to find out if that is what the investors wanted. The SEC has decided for all of you that the Receiver is in a better position to know what you want to do with your investment than you yourselves know.

I believe the investors are more than capable of making all decisions regarding the title held by their respective GPs. I believe the voting members can make all decisions necessary to maintain title to the property and act upon any potential purchaser without the aid of a costly receiver and the receiver's team of attorneys and forensic accountants and technicians.

I want to be clear that I do not presume to know what you and your fellow voting members want, I just firmly believe that you and your fellow members are the ones who should be asked and given an opportunity to make all decisions affecting your investment – especially when that is precisely what is set forth in the General Partnership Agreements governing the respective GPs.

I hope you have found this letter and the enclosed motion helpful. Please feel free to direct any questions regarding this motion or any other issues to my attorney, Eric Hougen, at 619-702-1000 or at eric@hougenlaw.com. I am sorry that I am not in a position to speak with you individually. As I have previously indicated, it runs contrary to my nature, but it is the result of the nature of this type of lawsuit.

Sincerely,

Louis V. Schooler

EXHIBIT 3

LOUIS V. SCHOOLER
5186 Carroll Canyon Road
San Diego, CA 92121

July 5, 2013

Dear General Partner:

I am writing to follow-up on my June 10, 2013 mailing which included a copy of the motion my attorneys filed on May 29, 2013 asking the court to remove the real estate general partnerships (the "GPs") from the receivership. If you did not receive the June 10, 2013 mailing, please let me know so that I can be sure to get it to you.

For your convenience, I am enclosing another copy of the cover letter that accompanied the June 10, 2013 mailing as it addresses several key points. I also want to repeat one of the primary sentiments expressed in that letter, namely that I do not presume to know what you and your fellow voting members want. I just firmly believe that you and your fellow members are the ones who should be asked and given an opportunity to make all decisions affecting your investment – and I do not see that that has happened yet during the course of this litigation.

To that end, *whether you agree or disagree* with the motion that was filed and the request that was made that the GPs' due process rights be honored by either immediately removing them from the receivership or, at a minimum, having a proper hearing with the Court on the issue of whether the GPs should or should not be in the receivership, I encourage all investors to take the opportunity presented by this motion to have your voices heard. I encourage your input to the Court whether you agree or disagree with the motion filed by my attorneys.

If you want to be heard, you can send letters to the addresses listed on the attached page. At a minimum, we recommend sending letters to the Clerk of Court and to the Receiver, but I am also including the contact information for the SEC staff attorney and for my counsel if you would like to be sure all relevant parties are made aware of your position.

To be considered by the Court, all letters need to reach the Court no later than Friday, July 19, 2013, so be sure to allow enough time for your letter to arrive at the Court in time.

I hope you have found this letter helpful. Please feel free to direct any questions on this or any other issues to my attorney, Eric Hougen, at 619-702-1000 or at eric@hougenlaw.com. I am sorry that I am not in a position to speak with you individually.

Sincerely,

Louis V. Schooler

Louis V. Schooler

NOTE: All letters need to be received by the Court on or before Friday, July 19, 2013, for consideration with regard to the pending motion.

The Clerk of Court:

Office of The Clerk
United States District Court
Southern District of California
880 Front Street, Room 4290
San Diego, CA 92101-8900

The Receiver:

Thomas C. Hebrank
E3 Advisors
501 W. Broadway
Suite 800
San Diego, CA 92101
(619) 400-4922
thebrank@ethreeadvisors.com
www.ethreeadvisors.com

The SEC Attorney:

Sam S. Puathasnanon
Senior Trial Counsel
Securities and Exchange Commission
Los Angeles Regional Office
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Los Angeles, CA 90036
323-965-4503 - office
puathasnanons@sec.gov

Counsel for Louis Schooler:

Eric Hougen
Law Offices of Eric J. Hougen
624 Broadway, Suite 303
San Diego, CA 92101
(619) 702-1000 – office
(619) 702-1005 – fax
eric@hougenlaw.com

LOUIS V. SCHOOLER
5186 Carroll Canyon Road
San Diego, CA 92121

June 10, 2013

Dear General Partner:

I am writing to inform you of several developments regarding the receivership that has been imposed upon the real estate general partnership(s) of which you are a member.

Last fall, the Securities and Exchange Commission ("SEC") asked the Court to appoint a preliminary receiver over Western Financial Planning Corporation ("Western") and over the real estate general partnerships ("GPs"). In its filing, the SEC provided assurances to the Court that "the GPs will … have notice and an opportunity to be heard before any of [the GPs'] assets are placed under the control of a permanent receiver." However, contrary to these assertions, more than nine months later, the GPs have never been given any opportunity to be heard and the SEC has failed to take any action to remedy this fact. I believe this is a direct violation of the GPs' due process rights.

On May 29th, my attorneys filed a motion with the Court asking for the GPs to be immediately removed from the receivership. That motion and all supporting documents are enclosed with this letter for your review and consideration.

Before addressing the merits of the motion, I want to underline one very important point. As you will remember, the GPs of which you are a member were structured in the form of a general partnership for a reason: *to give you and your fellow GP members maximum control of your investment.* As a voting member, you have a say in all GP decisions. The GPs are not able to take action without the agreement of a majority of the voting members.

The SEC has tried to turn the GPs into limited partnerships alleging they are controlled by Western. This is simply not the case. While Western does hold units as a fellow investor in the GPs, Western's units (and those of anyone affiliated with Western) are *non-voting units.* Western has no ability to vote on any GP business and has no other authority over the GPs. Western's only role is in forming the GPs. Once formed, the GPs are free-standing, independent entities with all the rights and powers given to any other general partnership formed in the state of California.

These distinctions are important. Due process requires any entity to be given notice and an opportunity to be heard before its assets can be placed under the control of a receiver. The GPs have never been given this opportunity and yet they find themselves under the authority of a receiver – deprived of their control and imposed with unnecessary costs.

One of the unnecessary costs imposed on the GPs by the Receiver (in addition to his fees) is that of appraisals. The Receiver has unilaterally decided to spend GP money on appraisals of the land owned by the GPs. It is unclear why the Receiver felt this is a good use of GP funds.

Appraisals of raw undeveloped land can vary considerably. For example, in a recent eminent domain condemnation proceeding brought by a power company with regard to a GP-owned property, the power company's appraiser came up with a value of approximately $2 million and the land owners' appraisers came up with a value of approximately $10 million for the surface rights and $20 million to $35 million for the subsurface (mineral) rights. So the final appraised values ranged from $2 million to $45 million – a spread of over 2,000%.

Moreover, as you well know, even assuming the appraisals ordered by the Receiver end up being accurate assessments of current value, the paper value on the appraisal is merely that. An appraisal does not create a willing buyer. In order for that paper value to mean anything there must be a purchaser who currently is interested in purchasing that specific property.

Everyone is well aware of the historically low real estate market we are currently in. There simply is no demand right now for raw land. Some development has returned, but developers still have excess inventories so it will likely be some time before developers begin purchasing raw land again. Due to this lack of demand, it is very likely that the current appraised values will be extraordinarily low. That does not mean the properties cannot still return a healthy profit in the future.

The return on this investment has from the beginning been based on waiting for development to reach the target property. An appraisal taken now, when that development has still not reached any of the subject properties, provides no useful information regarding what the property will be worth if and when development does eventually reach the property (a market that will in no way resemble the current historically low market).

The point is that it should be the *GP's* decision when to obtain an appraisal and ultimately when to sell property -- not the decision of a receiver acting unilaterally. The properties that you own have traits that make them valuable for potential future use but the growth of the area has not yet warranted their development. Perhaps a majority of the voting members would like to spend the money in the GP operating account on current appraisals, but nobody has bothered to ask you and your fellow voting members if that is in fact the case.

The Receiver also recently used $51,001 in certain (but not yet identified) GP operating accounts to purchase Western's units at face value of $1.00 per unit. In essence the Receiver unilaterally decided that you and your fellow voting members, at this juncture, should spend the GPs' money to buy more units of this investment and that face value ($1.00 per unit) was the right price for the GPs to pay for their additional units at this point in time. The reason the Receiver wanted to do this was so those funds given to Western could be used to pay the Receiver's fees and costs, and the fees and costs of the Receiver's counsel (instead of a mortgage payment that was due). Perhaps a majority of the voting members also wanted to spend their GP operating funds in this manner, but nobody has bothered to find out if that is what the investors wanted. The SEC has decided for all of you that the Receiver is in a better position to know what you want to do with your investment than you yourselves know.

In their *First* and *Second* Interim Fee Applications, the Receiver and his counsel reported they incurred $182,615.37 in fees and costs from September 6, 2012 through December 31, 2012. On

June 5th, the Receiver and his counsel filed their *Third* Interim Fee Applications. The Receiver reported that in the first three months of this year he incurred $136,360.35 in fees (at an average of $211.77 per hour), and $799.39 in costs. The Receiver's counsel reported that in the first three months of this year it incurred $50,899.50 in fees (at an average of $395.18 per hour), and $4,501.93 in costs. These fees and costs, for just three months, total $192,561.17. The Receiver and his counsel propose again that part of these fees and costs be paid from GP funds used to purchase Western's GP interests. The Third Interim Fee Applications are scheduled to be heard by the Court on August 16, 2013. Hopefully by then, the Court will have granted the motion to remove the GPs from the Receivership.

I believe the investors are more than capable of making all decisions regarding the title held by their respective GPs. I believe the voting members can make all decisions necessary to maintain title to the property and act upon any potential purchaser without the aid of a costly receiver and the receiver's team of attorneys and forensic accountants and technicians.

I want to be clear that I do not presume to know what you and your fellow voting members want, I just firmly believe that you and your fellow members are the ones who should be asked and given an opportunity to make all decisions affecting your investment – especially when that is precisely what is set forth in the General Partnership Agreements governing the respective GPs.

I hope you have found this letter and the enclosed motion helpful. Please feel free to direct any questions regarding this motion or any other issues to my attorney, Eric Hougen, at 619-702-1000 or at eric@hougenlaw.com. I am sorry that I am not in a position to speak with you individually. As I have previously indicated, it runs contrary to my nature, but it is the result of the nature of this type of lawsuit.

Sincerely,

Louis V. Schooler

Louis V. Schooler

EXHIBIT 4

Louis V. Schooler
1253 Activity Rd.
Suite C
Vista, CA 92081
louisschooler@gmail.com

December 31, 2013

Dear Partner:

I am writing to provide you an update regarding events that have transpired since the Court's August 16, 2013 Order, in which the judge agreed with the arguments my attorneys had presented regarding the need for the real estate general partnerships (the "GPs") to be removed from the receivership. In that Order, the Court agreed that the GPs had never been provided with a hearing on the issue of whether the GPs should be subjected to the receivership. It is a violation of due process for an entity to have its assets subjected to a receivership without having first had an opportunity for a hearing before the Court. However, the Court's order did not rest merely on procedure, but also agreed with our substantive arguments as well, finding that there was no need for the GPs to remain under the receivership because they are independent entities capable of handling their own matters without a receiver's intervention. Thus, the Court ordered the GPs to be removed from the receivership.

However, instead of immediately ordering the GPs to be removed from the Receivership, the Court instructed the Receiver to draft an information packet to be sent to all investors explaining certain details regarding the structure and operation of the GPs. The Receiver submitted his draft information packet to the Court on September 6, 2013. My attorneys found the Receiver's draft to include various misstatements and inaccuracies, so they filed a corrected version for the Court's consideration. According to the Court's August 16 Order, upon the Court's approval of a final information packet, the Receiver was to distribute that information packet to investors, and the GPs were to be formally and completely removed from the Receivership 21 days after the information packet was distributed.

The Court has not issued an order approving a final information packet, so the 21-day period has not been triggered. Unfortunately, because the Court has not approved the final information packet, the GPs still continue to be subjected to the Receivership despite the Court having ruled more than four months ago that the GPs have never been provided with the hearing that is constitutionally required before any entity in this country can be subjected to a receivership.

The Court has instead required that an additional condition be met before the GPs are removed from the receivership. The additional requirement is that the GPs be forced to purchase from Western all of the units that Western holds in the various GPs. We believe this requirement is unconstitutional in that it forces the GPs to use their available assets in a manner the GPs have never consented to. There still has not been a hearing at which the GPs can be heard regarding the receivership, and yet the Court continues to order the GPs' cash to be used in ways not set forth in the GP governing documents and not approved by a vote of the GP partners.

Also, my attorneys believe it is a direct violation of Western's private property rights to be forced to liquidate more than $11 million worth of units lawfully purchased by Western in the exact same form and fashion in which investors like yourself invested money in the GPs. For all of the reasons listed above, my attorneys have filed an appeal of that portion (and only that portion) of the August 16, 2013 Order requiring the GPs to use their assets to purchase Western's GP units and thereby also force the sale of Western's assets prior to a trial being held in this matter.

As we have pointed out to the Court in the appeal, while allegations have been made, they have not been proven. Western is entitled to a full trial on the merits. My attorneys believe we will prevail at trial and should we do so, there would be no legal basis whatsoever to dispossess Western of its private property. And as stated above, there is no legal basis whatsoever by which the GPs, having never had a hearing before this Court, can be forced to spend their available cash to purchase Western's units instead of using that cash for the original purpose intended when each of you made your investment, and that is to pay the property taxes and insurance. I, and my attorneys, do not believe there is a valid basis in the law to force the GPs to spend a single dollar of their assets in a manner not directly set forth in the GP governing documents or by a specific vote of the GP members.

Because the Court's requirement simultaneously violates the due process and property rights of not only Western, but also all the investors in the GPs, my attorneys are vigorously pursuing its repeal through the appeal.

Unfortunately, the Receiver has attempted to recast these significant constitutional violations in an overly-simplistic manner. In a letter sent on November 22 to members of those GPs needing to replenish operating funds, the Receiver simply indicated that removal of the GPs was being held up due to Western's appeal of the August 16 Order. The Receiver fails to explain in that letter the reasons for the appeal. If the Receiver were meeting his obligations and the duty of care he owes to the GPs, he would be joining in our appeal. One reason he may not be doing so is that if money in the GP accounts for the payment of GP obligations is instead used to repurchase Western units, that cash will transfer from the GP bank accounts to Western's bank account, from which the Receiver would pay his own fees. We believe this is a direct conflict of interest that is causing him to not meet the duty of care he owes to the GPs.

To be clear, the money for the GPs' purchase of Western's GP units would come from the GP accounts. That means that the money you and your fellow partners have contributed to the GP operating expenses would be used to ultimately pay the Receiver instead of paying the taxes, insurance, etc. on the land held by your GP. The Court has also approved the Receiver's Third and Fourth Fee Applications, which means that additional funds intended for the GP operating expenses will be used to pay the Receiver instead. Because the Court's Order that ended the receivership of the GPs actually imposes a severe financial burden on the GPs, it was necessary to file an appeal to the Ninth Circuit to seek relief.

Also, the Receiver's letter fails to mention that on November 15, 2013, the SEC filed a cross-appeal from the Court's order, which has resulted in a delay in the briefing of arguments before

the Ninth Circuit. At present, it is unclear what the SEC's basis is for appealing the Court's decision. The briefing will be completed in mid-March 2014, and the Ninth Circuit may issue a decision in late 2014 or early 2015.

There is no basis under the law to continue to subject the GPs to a receivership during the pendency of Western's appeal when the Court has itself declared that the receivership is (1) a violation of the GPs' due process, and (2) no longer necessary to the orderly administration and function of the GPs. We believe the Court's August 16 Order compels the GPs to be immediately removed from the receivership without any further delay and certainly without being forced to wait for the lawful appeal to be heard. My attorneys are pursuing all avenues to further these arguments.

While much of the information shared in this letter may seem very discouraging due to the continued subjection of the GPs to the receivership, please note that the August 16, 2013 Order was a significant development in this case in that a Federal District Judge put in writing that the GPs should not be subjected to the receivership. This was no small accomplishment. What remains, is for the Court to fully release the GPs, but the Court is at least in agreement that there is not a sufficient basis for the GPs to be in receivership. We believe the final actual removal of the GPs is possible, but will require additional persistent effort. I encourage each of you to make your wishes known to all parties as members of the GPs.

I hope you have found this letter as helpful as the previous letters. If you have any questions please contact my attorney, Eric Hougen, at 619-702-1000 or at eric@hougenlaw.com.

Sincerely,

Louis V. Schooler

Louis V. Schooler

CERTIFICATION

I hereby certify that on the 24th day of March 2014, I electronically filed the foregoing with the Clerk of the District Court using the CM/ECF system, which sent notification of such filing to the following counsels of record:

Sam S. Puathasnanon, Esq.
Lynn Dean, Esq.
Sara D. Kalin, Esq.
Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
Los Angeles, CA 90036

Ted Fates, Esq.
Allen Matkins Leck Gamble Mallory & Natsis LLP
501 West Broadway, 15th Floor
San Diego, CA 92101

/s/Philip H. Dyson
Philip H. Dyson