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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

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

17 Defendants.
18

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

**RECEIVER'S UPDATE ON
INVESTOR BALLOTING
REGARDING LETTERS OF INTENT
AND RECOMMENDATIONS FOR
FURTHER ACTION**

Ctrm.: 2D
Judge: Hon. Gonzalo P. Curiel

1 Thomas C. Hebrank ("Receiver"), Court-appointed receiver for First Financial
2 Planning Corporation d/b/a Western Financial Planning Corporation ("Western"),
3 and its subsidiaries and affiliates (collectively, "Receivership Entities"), submits this
4 Update on Investor Balloting Regarding Letters of Intent and Recommendation for
5 Further Action as requested by the Court.

6 I. BACKGROUND

7 On January 6, 2015, the Receiver received letters of intent from two different
8 potential purchasers for six properties, each of which is owned by multiple GPs:
9 Silver Springs North, Washoe 3, Washoe 5, Minden, Stead, and Las Vegas 2. On
10 January 7, 2015, the Receiver notified the Court of the letters of intent. The Court
11 instructed the Receiver to file a recommendation for addressing the letters of intent
12 by January 9, 2015, and to file such recommendation under seal so as not to publicly
13 disclose the amounts offered in the letters of intent.

14 On January 9, 2015, the Receiver filed his recommendation for addressing the
15 letters of intent. On January 16, 2015, the Court issued an order adopting the
16 Receiver's recommendation, directing the Receiver to send out the proposed ballots
17 to investors, and further directing the Receiver to file an "update as to the status of
18 the balloting as well as the Receiver's recommendation regarding what further action
19 should be taken in light of the balloting results." Dkt. No. 926.

20 II. UPDATE ON BALLOTING

21 The Receiver e-mailed and mailed the proposed ballots to the investors of the
22 GPs that own an interest in the six properties. Attached as Exhibit A is a
23 spreadsheet showing the balloting results as of the time of this filing. As the
24 spreadsheet reflects, two of the GPs involved - Spanish Springs Partners and Wild
25 Horse Partners - obtained a majority of ownership interests voting to decline the
26 letter of intent for the Washoe 3 property. The remaining GPs did not reach a
27 majority of ownership interests voting one way or the other. However, other than
28 with respect to the Minden and Las Vegas 2 properties, the votes cast by investors

1 were predominantly to decline the respective letters of intent. The voting results for
 2 GPs that own interests in the Minden and Las Vegas 2 properties were fairly even in
 3 terms of whether to move forward with the letter of intent or decline. However,
 4 none of the GPs for these two properties obtained votes from a majority of
 5 ownership interests to move forward with the letter of intent.

6 The Receiver notes that a number of investors sent e-mails questioning why
 7 the Receiver would endorse the amounts offered in the letters of intent. Therefore,
 8 the Receiver clarifies that he has taken no position for or against any of the letters of
 9 intent and has simply forwarded them to investors for voting per the Court's
 10 instructions. The fact these letters of intent and other offers have been put to a vote
 11 of investors should not be taken as an indication of any kind of endorsement by the
 12 Receiver.

13 III. RECOMMENDATION FOR FURTHER ACTION

14 Under the GP partnership agreements, all GPs that own an interest in a
 15 property must vote unanimously to sell the property. A majority of the ownership
 16 interests in each GP in the co-tenancy must vote to sell. Here, none of the GPs had a
 17 majority of ownership interests vote to move forward with the letters of intent or
 18 even a lead in the votes in that direction across all co-tenant GPs. Accordingly, the
 19 Receiver recommends the prospective purchasers be informed the letters of intent
 20 have been declined. As the Court stated in its Tentative Ruling (Dkt. No. 934), an
 21 information packet should go out to investors with updated financial information so
 22 the Court and investors are better informed of the current financial status of each GP
 23 and have that information available in considering future offers.

24 Dated: February 6, 2015

ALLEN MATKINS LECK GAMBLE
 MALLORY & NATSIS LLP

26 By: /s/ Ted Fates

27 TED FATES
 Attorneys for Receiver
 THOMAS C. HEBRANK

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EXHIBIT A

EXHIBIT A

UPDATE ON INVESTOR BALLOTING

	Ballot Analysis				Participation Rate		
	Vote % to Sell	Vote % to Retain	Did Not Vote %	Total of all Votes	Total # of Votes	Total # of Interests	Total Voting %
<u>Silver Springs North</u>							
North Springs (2007)	2.87%	8.69%	88.45%	100.00%	15	95	16%
Rawhide (2007)	3.69%	31.77%	64.54%	100.00%	25	95	26%
Highway 50 (2008)	0.83%	25.44%	73.74%	100.00%	20	92	22%
Orange Vista (2008)	0.00%	30.94%	69.06%	100.00%	27	106	25%
	1.85%	24.21%	73.95%	100.00%	87	388	23.61%
<u>Washoe 3</u>							
Spanish Springs Partners (2003)	0.56%	52.29%	47.15%	100.00%	62	105	59%
Antelope Spring Partners (2004)	2.36%	21.46%	76.18%	100.00%	21	100	21%
Wild Horse Partners (2004)	1.99%	71.89%	26.12%	100.00%	68	105	65%
Big Ranch Partners (2004)	4.18%	24.13%	71.69%	100.00%	29	87	33%
	2.27%	42.44%	55.28%	100.00%	180	397	49.05%
<u>Washoe 5</u>							
Pyramid Highway 177 (2010)	1.06%	45.79%	53.16%	100.00%	28	62	45%
Frontage 177 (2010)	1.40%	20.61%	77.99%	100.00%	15	64	23%
	1.23%	33.20%	65.57%	100.00%	43	126	34.30%
<u>Minden</u>							
Carson Valley Partners (1998)	14.71%	15.81%	69.48%	100.00%	22	72	31%
Heavenly View Partners (1998)	11.50%	14.41%	74.09%	100.00%	27	92	29%
Sierra View Partners (1999)	17.53%	9.27%	73.20%	100.00%	18	68	26%
Pine View Partners (1999)	9.83%	20.29%	69.88%	100.00%	17	62	27%
	13.39%	14.95%	71.66%	100.00%	84	294	26.94%
<u>Stead</u>							
P-39 Aircobra Partners (2012)	0.00%	44.27%	55.73%	100.00%	43	114	38%
P-40 Warhawk Partners (2012)	0.39%	18.16%	81.45%	100.00%	19	121	16%
P51 LLC*							
	0.19%	31.22%	68.59%	100.00%	62	235	15.70%
<u>Las Vegas 2</u>							
Rainbow Partners (1994)	16.50%	27.42%	56.08%	100.00%	23	57	40%
Horizon Partners (1994)	12.97%	8.12%	78.91%	100.00%	17	75	23%
	14.74%	17.77%	67.50%	100.00%	40	132	31.51%

*P51 LLC is owned by Western Financial Planning and is not eligible to vote

PROOF OF SERVICE

I am employed in the County of San Diego, State of California. I am over the age of eighteen (18) and am not a party to this action. My business address is 501 West Broadway, 15th Floor, San Diego, California 92101-3541.

On February 6, 2014, I served the within document(s) described as:

- **RECEIVER'S UPDATE ON INVESTOR BALLOTING REGARDING LETTERS OF INTENT AND RECOMMENDATIONS FOR FURTHER ACTION**

on interested parties in this action by:

BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF"): the foregoing document(s) will be served by the court via NEF and hyperlink to the document. On February 6, 2014, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email addressed indicated below:

- Lynn M. Dean - deanl@sec.gov; larofiling@sec.gov; berryj@sec.gov; irwinma@sec.gov; cavallones@sec.gov
- Philip H. Dyson - phildysonlaw@gmail.com; jldossegger2@yahoo.com; phdtravel@yahoo.com
- Edward G. Fates - tfates@allenmatkins.com; bcrfilings@allenmatkins.com; jbatiste@allenmatkins.com
- Eric Hougen - eric@hougenlaw.com
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- Sam S. Puathasnanon - puathasnanons@sec.gov; haackk@sec.gov; berryj@sec.gov; irwinma@sec.gov; cavallones@sec.gov
- Edward P. Swan, Jr. - pswan@jonesday.com; dpippin@jonesday.com

BY MAIL: I placed a true copy of the document in a sealed envelope or package addressed as indicated on the attached Service List on the above-mentioned date in San Diego, California for collection and mailing pursuant to the firm's ordinary business practice. I am familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

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

Executed on February 6, 2014, at San Diego, California.

Ted Fates

(Type or print name)

/s/ Ted Fates

(Signature of Declarant)