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THOMAS C. HEBRANK

10
11 **UNITED STATES DISTRICT COURT**
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13
14 SECURITIES AND EXCHANGE
COMMISSION,

15 Plaintiff,

16 v.

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

20 Defendants.
21

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

**REPORT AND
RECOMMENDATIONS
REGARDING XPERA REPORT
RECOMMENDATIONS**

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 the General Partnerships listed on Schedule 1 to the
4 Preliminary Injunction Order entered on March 13, 2013 ("GPs", and collectively,
5 "Receivership Entities"), submits this Report and Recommendations Regarding
6 Xpera Report Recommendations.

7 I. BACKGROUND

8 In connection with their oppositions to the Receiver's orderly sale/distribution
9 plan motion (Dkt. No. 1181), the respective groups of investors represented by Gary
10 Aguirre ("Aguirre Investors") and Timothy Dillon submitted a report prepared by
11 Xpera Group ("Xpera Report"). Dkt. No. 1234-2. The Xpera Report provided
12 information about the 36 properties held by the GPs, provided valuation ranges for
13 the properties, and, for 8 of the 36 properties, recommended zoning changes and
14 other entitlement work that it believed would enhance the property values. *Id.*

15 In responding to the Xpera Report, the Receiver provided a summary of the
16 GP properties showing the 2013 appraised value, the 2015 appraisal/broker opinion
17 of value, the 2016 Xpera valuation range, and Xpera's recommendation for each
18 property ("Xpera Report Summary"). Dkt. No. 1262. As the Xpera Report
19 Summary reflected, (a) there is agreement that 15 of the 36 properties should be sold
20 now, (b) Xpera recommended zoning changes and other entitlement work for
21 8 properties, and (c) Xpera recommended waiting to sell the remaining 13 properties,
22 including waiting 5-10 years to sell 4 properties located in the Las Vegas area and
23 waiting "indefinitely" to sell 7 properties located in the Tecate area of San Diego
24 County. *Id.* The Receiver noted that if the One Pot Approach was approved, it
25 would be possible to further evaluate Xpera's recommended entitlement work and
26 determine if the likely benefits of such work would outweigh the costs (factoring in
27 the time involved to obtain necessary approvals).

28

1 On May 25, 2016, the Court granted in part and denied in part the orderly
2 sale/distribution plan motion, approving the One Pot Approach and Distribution
3 Plan. Dkt. No. 1304. As part of the order, the Court directed as follows:

4 Within 180 days of the issuance of this Order, the Court
5 DIRECTS the Receiver to file a report and
6 recommendation evaluating the pros and cons of the Xpera
7 Report recommendations, and identifying those
8 recommendations that would feasibly maximize the value
9 of the receivership estate.

8 *Id.* at p. 31. The Court declined to direct the Receiver to hold the 4 Las Vegas area
9 properties for 5-10 years and the 7 Tecate area properties indefinitely. *Id.* at p. 18.

10 To accomplish the task of evaluating the pros and cons of the
11 recommendations in the Xpera Report, and considering the information and analysis
12 needed, the Receiver's initial intention was to meet with Xpera to discuss an
13 engagement by the receivership estate whereby Xpera would supplement its existing
14 report with further information about the costs and length of time necessary to
15 complete recommended zoning changes, subdivision maps, and other potential
16 entitlement work. Unfortunately, those efforts were blocked by the Aguirre
17 Investors, as the Receiver previously explained. Dkt. No. 1341-1.

18 Therefore, the Receiver considered other consultants and requested authority
19 to engage CBRE, one of the most highly regarded real estate brokerage and
20 consulting firms in the country, to assist in evaluating the Xpera Report
21 recommendations ("CBRE Engagement Motion"). Dkt. No. 1341. Specifically, the
22 Receiver proposed to have CBRE evaluate Xpera's recommendations regarding the
23 8 properties for which zoning changes or other entitlement work was recommended,
24 the 4 Las Vegas area properties Xpera had recommended be held for 5-10 years, and
25 2 properties in the Reno area that Xpera had recommended be held for 12 months.
26 Dkt. No. 1341-2, Exh. A. The Aguirre Investors opposed the CBRE Engagement
27 Motion, which was granted by the Court on August 30, 2016. Dkt. Nos. 1351, 1359.

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II. UPDATED XPERA REPORT SUMMARY

Attached hereto as Exhibit A is an updated version of the Xpera Report Summary ("Updated Xpera Report Summary"). The Updated Xpera Report Summary lists all 36 properties held by the GPs, although, as in the past, some of the separate properties are listed in groupings to reflect their geographic proximity to one another.

With respect to the 22 properties that were outside the scope of CBRE's engagement, the Updated Xpera Report Summary simply reflects where they stand in the Court-approved modified orderly sale process. These properties are as follows:

- Bratton Valley – 3 separate properties
- Jamul Valley
- Dayton I
- Minden
- Santa Fe
- Tecate – 7 separate properties
- Washoe 1 – 3 separate properties
- Washoe 4
- Washoe 5
- Yuma I
- Yuma II
- Yuma III

As for the remaining 14 properties, each of which was analyzed by CBRE, the Updated Xpera Report Summary now shows both CBRE's recommendations and the Receiver's recommendations based thereon, while also noting where they stand in the modified orderly sale process, if applicable. These properties are as follows:

- Dayton II
- Dayton III
- Dayton IV

1 Fernley I
2 Las Vegas 1 – 3 separate properties
3 Las Vegas 2
4 LV Kade
5 Silver Springs North
6 Silver Springs South
7 Stead
8 Washoe 3 – 2 separate properties

9 III. CBRE REPORT

10 As discussed above, pursuant to the Court-approved engagement, CBRE
11 analyzed the 14 applicable properties, including the pros and cons of Xpera's
12 recommendations, and provided a detailed report ("CBRE Report"). Because the
13 CBRE Report contains recommended marketing strategies, sensitive information
14 about potential entitlements and approvals, and other information that could affect
15 the ultimate sale prices for the properties if publicly disclosed, the Receiver has filed
16 an *ex parte* application herewith seeking permission to file the CBRE Report under
17 seal. However, as noted above, the Receiver has summarized CBRE's
18 recommendations as to each of the 14 properties on the Updated Xpera Report
19 Summary. *See* Exhibit A.

20 A. CBRE Analysis of Lansing Joint Venture Proposals

21 In addition to the scope of work laid out in the CBRE Engagement Motion, the
22 Receiver asked CBRE to analyze proposals received from Lansing Company
23 ("Lansing") to enter into joint ventures to develop certain properties. Specifically,
24 Lansing has proposed to enter into joint venture agreements with the Receiver, under
25 which the receivership estate would contribute certain properties, Lansing would
26 contribute capital and expertise to be used to obtain entitlements for the properties,
27 and the net sale proceeds would be split up between Lansing and the receivership
28 estate pursuant to a specified waterfall (generally a 60%/40% split in favor of

1 Lansing). The Lansing proposals pertain to the Dayton I, Fernley I, Silver Springs
2 North, Stead, Washoe IV, and Washoe V properties. Lansing also previously
3 indicated they would likely submit offers to purchase these properties if the joint
4 venture proposals are not accepted.

5 CBRE analyzed the proposed joint ventures and found them, in general, to be
6 one-sided in favor of Lansing and speculative in terms of the potential recovery for
7 the receivership estate. It could also take many years before a sale of the properties
8 through the joint venture and, under the proposed agreements, Lansing would receive
9 a management fee during this period, which could reduce or eliminate any recovery
10 for the receivership estate. Accordingly, CBRE recommends declining the joint
11 venture proposals and listing the properties for sale. The exception to the above is
12 the proposed joint venture for Fernley I. CBRE recommends opening negotiations
13 with Lansing over this proposal to see if more favorable terms can be reached.

14 **B. Proposed Evaluation and Entitlement Work**

15 CBRE disagrees with Xpera's recommendations that zoning changes be sought
16 or properties be divided into smaller parcels for 6 properties where Xpera
17 recommended such changes (Dayton II, Dayton III, Dayton IV, Las Vegas 2, Stead,
18 and Washoe 3). As reflected on the Updated Xpera Report Summary, CBRE
19 recommends further evaluation of four properties and entitlement work for one
20 property. Specifically, CBRE recommends the following:

- 21 • Engage a civil engineer to assess the cost and feasibility of bringing utilities
22 to the Dayton II and Dayton IV properties. The estimated cost of such
23 engagement is \$10,000. If utilities can be brought to the properties for a
24 reasonable cost, CBRE believes it could significantly enhance their value.
- 25 • Obtain Phase 1 environmental reports, surveys, and due diligence reports
26 for the Las Vegas 1 and LV Kade properties at an estimated cost of
27 \$33,000. These reports will be provided to prospective purchasers who
28

1 sign a non-disclosure agreement as a means of attracting more prospective
2 purchasers to the properties.

- 3 • Retain an engineering firm to obtain a new subdivision map for the
4 Fernley I property. The estimated cost is \$75,000. CBRE believes
5 obtaining the new subdivision map could significantly enhance the value of
6 the property. Xpera made the same recommendation.

7 IV. THE RECEIVER'S RECOMMENDED ACTIONS

8 The Receiver's recommended actions are reflected in the far right column of
9 the Updated Xpera Report Summary. In summary, the Receiver has reviewed and
10 considered CBRE's recommendations and conclusions, including those pertaining to
11 Xpera's recommendations and those pertaining to the Lansing joint venture
12 proposals, and believes that adopting CBRE's recommendations will maximize the
13 net recovery from the applicable GP properties for the receivership estate.

14 The Receiver's recommendations depart from those of CBRE only with respect
15 to the Lansing joint venture proposal for the Fernley I property. The Receiver
16 believes that directly retaining an engineering firm to obtain a new subdivision map
17 for the property is the better course of action and will preserve the value in the
18 property for the receivership estate, rather than spending time and money on
19 negotiations and then having to share such value with a joint venture partner. This
20 also puts the Receiver in control of moving the process forward promptly to make
21 sure time is not lost in the process. Therefore, the Receiver believes this to be the
22 better of CBRE's two alternate recommendations.

23 Additionally, with respect to the one Tecate property not currently listed for
24 sale – the property held by ABL Partners and Mex-Tec Partners – the Receiver
25 recommends and requests permission to list this property with the same Court-
26 approved broker that currently has listed the other six Tecate properties (Real Blue
27 Properties). The list price would be \$275,000, which is toward the high end of
28 Xpera's valuation range, and the listing agreement would be on the same terms as

1 those for the other six properties, *i.e.* 9% commission, with 3% to be paid to the
2 buyer's broker, if applicable. The Receiver believes having all of the Tecate
3 properties listed with the same broker is the best course of action in terms of
4 attracting buyers who may be interested in purchasing more than one (or possibly all)
5 of the properties.

6 **V. CONCLUSION**

7 WHEREFORE, the Receiver recommends that CBRE's recommendations be
8 adopted by the Court and requests authorization to implement them consistent with
9 the Receiver's recommendations discussed herein and as listed in the far right column
10 of the Updated Xpera Report Summary.

11
12 Dated: November 22, 2016

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

13
14 By: /s/ Edward Fates

EDWARD G. FATES
Attorneys for Receiver
THOMAS C. HEBRANK

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EXHIBIT INDEX

Exhibit A	Updated Xpera Report Summary	10
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EXHIBIT A

EXHIBIT A

GP PROPERTY ANALYSIS & RECOMMENDATIONS

	Receivership		Xpera Report					Current Listing/Sale Status				CBRE Report				Receiver's Recommendation
	2013 Appraised Value	2015 Appraised/BOV Value	Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	Waiting Period to Complete Sale	Listing Information		Pending Sale		Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	
								Order Date	List Price	Order Date	Purchase Price					
Bratton Valley																
Bratton View Partners	\$ 68,667	\$ 270,236														
Honey Springs Partners	\$ 68,667	\$ 243,094														
Valley Vista Partners	\$ 68,667	\$ 243,218														
Total	\$ 206,000	\$ 756,548	\$ 629,878	\$ 944,816	Market now to other non-profits in the same price range as the Jamul Valley sale to The Nature Conservancy.	N/A	N/A	1/14/2016	\$ 783,000	N/A	N/A	N/A	N/A	N/A	N/A	Property already listed for sale.
Dayton Valley I																
Dayton View Partners	\$ 50,000	\$ 90,000														
Fairway Partners	\$ 50,000	\$ 90,000														
Green View Partners	\$ 50,000	\$ 90,000														
Par Four Partners	\$ 50,000	\$ 90,000														
Total	\$ 200,000	\$ 360,000	\$ 430,650	\$ 558,250	Recommend sale now "as is."	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Lansing proposed JV is not supported. Recommend sale now "as is."	N/A	Adopt CBRE recommendations.
Dayton Valley II																
Comstock Partners	\$ 25,000	\$ 47,500														
Nevada View Partners	\$ 25,000	\$ 47,500														
Silver City Partners	\$ 25,000	\$ 47,500														
Storey County Partners	\$ 25,000	\$ 47,500														
Total	\$ 100,000	\$ 190,000	\$ 224,280	\$ 320,400	Recommend sale after zoning change.	Minimal	Unknown	N/A	N/A	N/A	N/A	N/A	N/A	Retain civil engineering firm to assess utilities feasibility in conjunction with Dayton IV.	\$ 10,000	Adopt CBRE recommendations.
Dayton Valley III																
Gold Ridge Partners	\$ 12,500	\$ 15,000														
Grand View Partners	\$ 12,500	\$ 15,000														
Rolling Hills Partners	\$ 12,500	\$ 15,000														
Sky View Partners	\$ 12,500	\$ 15,000														
Total	\$ 50,000	\$ 60,000	\$ 49,000	\$ 70,000	Recommend sale after zoning change.	Minimal	Unknown	N/A	N/A	N/A	N/A	\$ 75,000	\$ 90,000	Sell "as is."	N/A	List property for sale as per CBRE recommendation at \$90,000.
Dayton Valley IV																
Eagle View Partners	\$ 40,000	\$ 55,000														
Falcon Heights Partners	\$ 40,000	\$ 55,000														
Night Hawk Partners	\$ 40,000	\$ 55,000														
Osprey Partners	\$ 40,000	\$ 55,000														
Total	\$ 160,000	\$ 220,000	\$ 221,438	\$ 316,340	Recommend sale after zoning change.	Minimal	Unknown	N/A	N/A	N/A	N/A	N/A	N/A	Retain civil engineering firm to assess utilities feasibility in conjunction with Dayton II.	\$ 10,000	Adopt CBRE recommendations.

	Receivership		Xpera Report					Current Listing/Sale Status				CBRE Report				Receiver's Recommendation
	2013 Appraised Value	2015 Appraised/BOV Value	Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	Waiting Period to Complete Sale	Listing Information		Pending Sale		Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	
								Order Date	List Price	Order Date	Purchase Price					
Fernley 1																
Crystal Clearwater Partners	\$ 115,000	\$ 105,000														
High Desert Partners	\$ 115,000	\$ 105,000														
Total	\$ 230,000	\$ 210,000	\$ 315,353	\$ 365,145	Obtain subdivision map; then sell.	\$ 50,000	4 months	N/A	N/A	N/A	N/A	N/A	\$1,000,000	Attempt to renegotiate Lansing JV proposal for more favorable terms or retain engineering firm to obtain new subdivision map.	\$ 75,000	Adopt CBRE recommendation to retain engineering firm to obtain new subdivision map.
Jamul Valley																
Hidden Hills Partners	\$ 131,667	\$ 173,460														
Jamul Meadows Partners	\$ 131,667	\$ 173,460														
Lyons Valley Partners	\$ 131,667	\$ 173,460														
Total	\$ 395,000	\$ 520,380	\$ 534,438	\$ 801,656	Accept current offer from The Nature Conservancy.	N/A	N/A	N/A	N/A	8/30/2016	\$ 520,000	N/A	N/A	N/A	N/A	Unsolicited offer accepted and approved by Court. Closing awaiting exhaustion of Atty Aguirre appeals.
Las Vegas 1																
Park Vegas Partners	\$ 665,000	\$ 925,000						5/25/2016	\$1,000,000			\$ 875,000	\$1,150,000		\$ 6,300	Court previously approved listing agreements, but they were not executed by the Receiver pending this report. Receiver proposes adjusting the listing price based on CBRE recommendations and obtaining Phase 1 environmental report, survey, and due diligence report.
Production Partners	\$2,700,000	\$ 3,300,000						5/25/2016	\$4,000,000			\$3,100,000	\$4,000,000		\$ 8,900	
Silver State Partners	\$ 740,000	\$ 1,050,000						5/25/2016	\$1,150,000			\$1,175,000	\$1,500,000		\$ 6,400	
Total	\$4,105,000	\$ 5,275,000	\$7,423,931	\$ 9,764,410	Hold 5 - 10 years for appreciation.	N/A	5 - 10 years	5/25/2016	\$6,150,000	N/A	N/A	\$5,150,000	\$6,650,000	Sell "as is." Expect 24 month sale period. Obtain Phase I environmental report, survey, and due diligence report.	\$ 21,600	
Las Vegas 2																
Horizon Partners	\$ 472,500	\$ 687,500														Court previously approved listing agreements, but they were not executed by the Receiver pending this report. Receiver proposes adjusting the listing price based on CBRE recommendations.
Rainbow Partners	\$ 472,500	\$ 687,500														
Total	\$ 945,000	\$ 1,375,000	\$1,609,978	\$ 2,012,472	Recommend sale now; high value based on rezoning to retail/commercial.	Minimal	Unknown	5/25/2016	\$1,500,000	N/A	N/A	N/A	N/A	Sell "as is" at low Xpera range value.	N/A	
LV Kade																
BLA Partners	\$1,027,500	\$ 2,065,000														Court previously approved listing agreements. Receiver proposes adjusting the listing price based on CBRE recommendations and obtaining Phase 1 environmental report, survey, and due diligence report.
Checkered Flag Partners	\$1,027,500	\$ 2,065,000														
Hollywood Partners	\$1,027,500	\$ 2,065,000														
Victory Lap Partners	\$1,027,500	\$ 2,065,000														
Total	\$4,110,000	\$ 8,260,000	\$8,690,220	\$11,173,140	Hold 5 - 10 years for appreciation.	N/A	5 - 10 years	1/14/2016	\$8,500,000	N/A	N/A	\$7,450,000	\$9,310,000	Sell "as is." Expect 24 month sale period. Obtain Phase I environmental report, survey, and due diligence report.	\$ 11,920	
Minden																
Carson Valley Partners	\$ 250,000	\$ 450,000														Proposed listing agreement awaiting Court approval; necessary steps to preserve water rights are being taken.
Heavenly View Partners	\$ 250,000	\$ 450,000														
Pine View Partners	\$ 250,000	\$ 450,000														
Sierra View Partners	\$ 250,000	\$ 450,000														
Total	\$1,000,000	\$ 1,800,000	\$1,828,860	\$ 2,353,743	Recommend sale now "as is"; retain water rights.	N/A	N/A	Pending	\$2,715,857	N/A	N/A	N/A	N/A	N/A	N/A	

	Receivership		Xpera Report					Current Listing/Sale Status				CBRE Report				Receiver's Recommendation
	2013 Appraised Value	2015 Appraised/BOV Value	Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	Waiting Period to Complete Sale	Listing Information		Pending Sale		Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	
								Order Date	List Price	Order Date	Purchase Price					
Santa Fe																
Pecos Partners	\$ 210,000	\$ 273,333														
Pueblo Partners	\$ 210,000	\$ 273,333														
Santa Fe View Partners	\$ 210,000	\$ 273,334														
Total	\$ 630,000	\$ 820,000	\$ 942,000	\$ 1,130,400	Concur with Receiver's proposed broker listing and marketing time.	N/A	N/A	1/14/2016	\$1,132,000	N/A	N/A	N/A	N/A	N/A	N/A	
Silver Springs North																
Highway 50 Partners	\$ 90,000	\$ 80,000														
North Springs Partners	\$ 90,000	\$ 80,000														
Orange Vista Partners	\$ 90,000	\$ 80,000														
Rawhide Partners	\$ 90,000	\$ 80,000														
Total	\$ 360,000	\$ 320,000	\$ 681,375	\$ 908,500	Recommend sale in 12 months.	N/A	12 months	N/A	N/A	N/A	N/A	\$ 454,250	\$ 635,950	Lansing JV is not supported. Sell "as is" at high valuation.	N/A	
Silver Springs South																
Lahontan Partners	\$ 75,000	\$ 110,000														
Rail Road Partners	\$ 75,000	\$ 110,000														
Spruce Heights Partners	\$ 75,000	\$ 110,000														
Vista Del Sur Partners	\$ 75,000	\$ 110,000														
Total	\$ 300,000	\$ 440,000	\$1,032,900	\$ 1,377,200	Recommend sale in 12 months.	N/A	12 months	N/A	N/A	N/A	N/A	\$ 688,600	\$ 964,040	Sell "as is" at high valuation.	N/A	
Stead																
P-39 Aircobra Partners	\$ 98,750	\$ 105,000														
P-40 Warhawk Partners	\$ 98,750	\$ 105,000														
F-86	\$ -	\$ -														
P-51 LLC	\$ 197,500	\$ 210,000														
Total	\$ 395,000	\$ 420,000	\$1,584,000	\$ 3,168,000	Low value based on immediate sale to developer vs. high value based on dividing property into parcels and sale of parcels with substantial marketing time.	Unknown	Unknown	N/A	N/A	N/A	N/A	N/A	N/A	Lansing proposed JV is not supported. Sell "as is" at expected values of \$419,600 and \$441,000 for a total of \$860,600.	N/A	
Tecate																
ABL Partners	\$ 111,000	\$ 90,000														
Mex-Tec Partners	\$ 111,000	\$ 90,000														
Total	\$ 222,000	\$ 180,000	\$ 173,042	\$ 346,084	Hold for indefinite period until County decides on area development plan.	Unknown	Unknown	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Borderland Partners	\$ 107,500	\$ 61,928														
Prosperity Partners	\$ 107,500	\$ 61,928														
Total	\$ 215,000	\$ 123,856	\$ 519,126	\$ 692,168	Hold for indefinite period until County decides on area development plan.	Unknown	Unknown	5/25/2016	\$ 150,000	N/A	N/A	N/A	N/A	N/A	N/A	
Free Trade Partners	\$ 105,667	\$ 60,319														
SunTec Partners	\$ 105,667	\$ 60,319														
Via 188 Partners	\$ 105,667	\$ 60,319														
Total	\$ 317,000	\$ 180,957	\$ 346,084	\$ 519,126	Hold for indefinite period until County decides on area development plan.	Unknown	Unknown	5/25/2016	\$ 260,000	N/A	N/A	N/A	N/A	N/A	N/A	

	Receivership		Xpera Report					Current Listing/Sale Status				CBRE Report				Receiver's Recommendation
	2013 Appraised Value	2015 Appraised/BOV Value	Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	Waiting Period to Complete Sale	Listing Information		Pending Sale		Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	
	Order Date	List Price						Order Date	Purchase Price							
International Partners	\$ 77,000	\$ 59,835	\$ 346,084	\$ 519,126	Hold for indefinite period until County decides on area development plan.	Unknown	Unknown	5/25/2016	\$ 80,000	N/A	N/A	N/A	N/A	N/A	N/A	Property already listed for sale.
Tecate South Partners	\$ 104,000	\$ 59,884	\$ 346,084	\$ 519,126	Hold for indefinite period until County decides on area development plan.	Unknown	Unknown	5/25/2016	\$ 100,000	N/A	N/A	N/A	N/A	N/A	N/A	Property already listed for sale.
Twin Plant Partners	\$ 125,000	\$ 39,607	\$ 346,084	\$ 519,126	Hold for indefinite period until County decides on area development plan.	Unknown	Unknown	5/25/2016	\$ 60,000	N/A	N/A	N/A	N/A	N/A	N/A	Property already listed for sale.
Vista Tecate Partners	\$ 96,000	\$ 42,856	\$ 346,084	\$ 519,126	Hold for indefinite period until County decides on area development plan.	Unknown	Unknown	5/25/2016	\$ 55,000	N/A	N/A	N/A	N/A	N/A	N/A	Property already listed for sale.
Total All Tecate Properties	\$1,156,000	\$ 686,995	\$2,422,588	\$ 3,633,882	Hold for indefinite period until County decides on area development plan.	Unknown	Unknown	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Property already listed for sale.
Washoe I																
Reno Partners	\$ 50,000	\$ 32,250						N/A	N/A	-	-	N/A	N/A	N/A	N/A	Offer accepted on two of the properties and approved by Court. Closing awaiting clearing title of old Schooler family liens.
Reno View Partners	\$ 50,000	\$ 33,700						N/A	N/A	8/30/2016	\$ 37,820	N/A	N/A	N/A	N/A	
Reno Vista Partners	\$ 50,000	\$ 22,250						N/A	N/A	8/30/2016	\$ 37,820	N/A	N/A	N/A	N/A	
Total	\$ 150,000	\$ 88,200	\$ 75,546	\$ 99,720	Recommend sale now "as is"	N/A	N/A	1/14/2016	\$ 88,200			N/A	N/A	N/A	N/A	
Washoe III																
Antelope Springs Partners	\$ 175,000	\$ 240,000														
Spanish Springs View Partners	\$ 175,000	\$ 240,000														
Big Ranch Partners	\$ 125,000	\$ 230,000														
Wild Horse Partners	\$ 125,000	\$ 230,000														
Total	\$ 600,000	\$ 940,000	\$1,505,889	\$ 5,019,630	Low value based on immediate sale to developer vs high value based on dividing property into parcels and sale of parcels with substantial marketing time	Unknown	Unknown	1/14/2016	\$1,670,000	N/A	N/A	N/A	N/A	Sell "as is."	N/A	Continue current listing.
Washoe IV																
Galena Ranch Partners	\$ 93,750	\$ 87,500														
Redfield Heights Partners	\$ 93,750	\$ 87,500														
Rose Vista Partners	\$ 93,750	\$ 87,500														
Steamboat Partners	\$ 93,750	\$ 87,500														
Total	\$ 375,000	\$ 350,000	\$ 582,150	\$ 640,365	Recommend sale now "as is"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Lansing proposed JV is not supported. Sell "as is."	N/A	Adopt CBRE recommendations.
Washoe V																
Frontage 177 Partners	\$ 90,000	\$ 120,000														
Pyramid Highway 177 Partners	\$ 90,000	\$ 120,000														
Total	\$ 180,000	\$ 240,000	\$ 594,461	\$ 629,951	Recommend sale now "as is"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Lansing proposed JV is not supported. Sell "as is."	N/A	Adopt CBRE recommendations.

	Receivership		Xpera Report					Current Listing/Sale Status				CBRE Report				Receiver's Recommendation
	2013 Appraised Value	2015 Appraised/BOV Value	Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	Waiting Period to Complete Sale	Listing Information		Pending Sale		Low Valuation	High Valuation	Recommendation	Cost of Entitlement Work	
								Order Date	List Price	Order Date	Purchase Price					
Yuma I																
Gila View Partners	\$ 88,333	\$ 51,000														
Painted Desert Partners	\$ 88,333	\$ 51,000														
Snow Bird Partners	\$ 88,333	\$ 51,000														
Total	\$ 265,000	\$ 153,000	\$ 200,000	\$ 250,000	Recommend sale now; anticipate 2 - 3 years	N/A	2 - 3 years	Pending	\$ 350,000	N/A	N/A	N/A	N/A	N/A	N/A	Proposed listing agreement awaiting Court approval.
Yuma II																
Desert View Partners	\$ 68,750	\$ 48,750														
Mesa View Partners	\$ 68,750	\$ 48,750														
Road Runner Partners	\$ 68,750	\$ 48,750														
Sonora View Partners	\$ 68,750	\$ 48,750														
Total	\$ 275,000	\$ 195,000	\$ 190,000	\$ 230,000	Recommend sale now; anticipate 2 - 3 years marketing time	N/A	2 - 3 years	Pending	\$ 350,000	N/A	N/A	N/A	N/A	N/A	N/A	Proposed listing agreement awaiting Court approval.
Yuma III																
Cactus Ridge Partners	\$ 35,250	\$ 39,905														
Mohawk Mountain Partners	\$ 35,250	\$ 39,905														
Mountain View Partners	\$ 35,250	\$ 39,905														
Ocotillo View Partners	\$ 35,250	\$ 39,905														
Total	\$ 141,000	\$ 159,620	\$ 150,000	\$ 170,000	Recommend sale now; anticipate 2 - 3 years marketing time	N/A	2 - 3 years	Pending	\$ 350,000	N/A	N/A	N/A	N/A	N/A	N/A	Proposed listing agreement awaiting Court approval.

¹ Property is individually owned by that GP and not part of a co-tenancy.

² Bratton Valley 2013 appraisal report omitted 2 of the 3 properties. A more accurate estimate of value at that time is \$600,000 - \$630,000.

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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 November 22, 2016, I served the within document(s) described as:

- **REPORT AND RECOMMENDATIONS REGARDING XPERA REPORT RECOMMENDATIONS**

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 November 22, 2016, 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:

- Gary J Aguirre - gary@aguirrelawapc.com; maria@aguirrelawapc.com
- John Willis Berry - berryj@sec.gov; LAROFiling@sec.gov
- Lynn M. Dean - deanl@sec.gov; larofiling@sec.gov; berryj@sec.gov; irwinma@sec.gov; cavallones@sec.gov
- Timothy P. Dillon - tdillon@dghmalaw.com; kramirez@dghmalaw.com; sahuja@dghmalaw.com
- Philip H. Dyson - phildysonlaw@gmail.com; jldossegger2@yahoo.com; phdtravel@yahoo.com
- Edward G. Fates - tfates@allenmatkins.com, bcrfilings@allenmatkins.com; jholman@allenmatkins.com
- Dennis Frisman - gary@aguirrelawapc.com
- Eric Hougen - eric@hougenlaw.com
- Sara D. Kalin - kalins@sec.gov; chattoop@sec.gov; irwinma@sec.gov
- Carol Elizabeth Schultze - schultzec@sec.gov; massey@sec.gov; caroleschultze@gmail.com; clarket@sec.gov
- David R. Zaro - dzaro@allenmatkins.com; mdiaz@allenmatkins.com

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

Executed on November 22, 2016, at San Diego, California.

Edward G. Fates

(Type or print name)

/s/ Edward Fates

(Signature of Declarant)