

No. 16-55850

IN THE UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

---

U.S. SECURITIES & EXCHANGE COMMISSION,  
Plaintiff – Appellee,

v.

LOUIS V. SCHOOLER; FIRST FINANCIAL PLANNING CORPORATION,  
DBA Western Financial Planning Corporation,  
Defendants – Appellees,

---

SUSAN GRAHAM, ET AL.  
Intervenors – Appellants,

---

THOMAS C. HEBRANK,  
Receiver – Appellee.

---

On appeal from the United States District Court  
for the southern District of California, Case No. 3:12-cv-02164-GPC-JMA

---

**APPELLANTS' REPLY TO RECEIVER'S RESPONSE  
TO SUPPLEMENTAL BRIEF IN SUPPORT  
OF URGENT MOTION FOR STAY PENDING APPEAL**

---

GARY J. AGUIRRE (Bar No. 38927)  
AGUIRRE LAW, APC  
501 W. Broadway, Ste. 800  
San Diego, CA 92101  
Phone: 619-400-4960  
Fax: 619-501-7072  
Email: gary@aguirrelawapc.com  
Attorney for Appellants  
Susan Graham, et al.

## Table of Contents

<b>I. Introduction.....</b>	<b>1</b>
<b>II. Argument.....</b>	<b>1</b>
<b>A. Hebrank and the SEC Now Concede by Silence Appellants Will Sustain Irreparable Harm if Their Motion for a Stay Is Not Granted .....</b>	<b>1</b>
<b>B. The Hardship Factor Balances in Favor of Granting the Stay .....</b>	<b>2</b>
<b>1. <i>Hebrank's Erroneous Contention Regarding the Scope of the Fraud Proved by the SEC.....</i></b>	<b>2</b>
<b>2. <i>Hebrank's Groundless Accusation that Appellants Misstated the Amount of His Fees and His Receipts and Disbursements.....</i></b>	<b>4</b>
<b>3. <i>Hebrank Concedes He Pressured Investors to Make Payments under the GP Agreements (Unregistered Securities), but Blames the District Court.....</i></b>	<b>5</b>
<b>4. <i>Hebrank Cannot Deny Using Investor Payments to Fund his Receivership.....</i></b>	<b>6</b>
<b>5. <i>Hebrank's Symbiotic Relationship with the SEC .....</i></b>	<b>6</b>
<b>6. <i>Hebrank Falsely Denies the Court Ordered Him Twice to File His SFARs .....</i></b>	<b>8</b>
<b>7. <i>Hebrank's Accusations about the Investor Survey Are False.....</i></b>	<b>9</b>
<b>C. The Public Policy Factor Balances in Favor of the Stay .....</b>	<b>10</b>

## **I. Introduction**

This brief replies to the response of the receiver, Thomas C. Hebrank ("Hebrank"), to Appellants' supplemental brief ("Supplemental Brief," D.E.<sup>1</sup> 25) in support of the motion for a stay. The Supplemental Brief dealt with two classes of issues: (1) the District Court's lack of jurisdiction over the GPs as one of the grounds why Appellants<sup>2</sup> are likely to succeed on appeal and (2) the three other factors—irreparable injury, hardship to third parties, and public interest—which this Court balances in deciding whether to issue a stay. Both the Securities and Exchange Commission ("SEC") and Hebrank make essentially the same points in arguing that the District Court has jurisdiction over the GPs. Only Hebrank argues that the other factors balanced in favor of a denial of the stay. Consequently, Appellants address the jurisdictional issues in their reply to the SEC's brief and the other balancing factors in this reply to Hebrank's opposition.

## **II. Argument**

### **A. Hebrank and the SEC Now Concede by Silence Appellants Will Sustain Irreparable Harm If Their Motion for a Stay Is Not Granted**

Appellants noted in their Supplemental Brief that the District Court acknowledged they will sustain irreparable harm if this motion is not granted. D. 1409 at 6, n. 4. Both Appellees have conceded the point by not addressing it.

---

<sup>1</sup> "D." refers to the corresponding docket entry in *SEC v. Schooler*, No. 12-cv-02164 (S.D. Cal.); "D.E." refers to docket entries with this Court. The pagination follows the page numbers as designated by CM/ECF.

<sup>2</sup> Appellants' names are listed in Attachment 1 filed herewith.

## **B. The Hardship Factor Balances in Favor of Granting the Stay**

As he has done throughout this litigation, Hebrank counters Appellants' well documented facts demonstrating investors would be well served by a stay with groundless attacks unsupported by evidence or the record. Given these tactics, Appellants respond below to each point with concrete facts supported by the record.

Neither Appellee has responded to numerous points Appellants made in their Supplemental Brief, including the following: (1) the receivership has consumed Western's assets (Supp. Brief at 16); (2) the SEC has recovered nothing in this case (*Id.*); (3) Allen Matkins is the SEC's favorite law firm to represent receivers in California (*Id.* at 18); (4) by including the GPs in the receivership, Hebrank and Allen Matkins ensured a source of funds to pay their fees (*Id.*); (5) absent the SEC's injunction, investors could have pursued their own remedies to protect their investments (*Id.* at 19); (6) the parties stipulated to Hebrank's permanent appointment and thus avoided two noticed hearings under Local Rule 66.1 (*Id.* at 19-20); and (7) the Second and Ninth Circuits have expressed concerns about using SEC receiverships rather than bankruptcies to liquidate businesses (*Id.* at 20).

### ***1. Hebrank's Erroneous Contention Regarding the Scope of the Fraud Proved by the SEC***

Hebrank argues (D.E. 40 at 16) the following statement in the Supplemental Brief misstates the facts:



The SEC tried to prove 100% of investors were defrauded, but could only prove one misstatement on one property, Stead, affecting 5% of investors. D. 1081 at 19-20. The SEC abandoned its fraud claims that the other 3,200 investors (95%) were defrauded. D.E. 12 at 26-27.

D.E. 25-1 at 14. The above statement is an undisputable fact based on the record.

The SEC alleged defendants misstated or omitted material facts in selling the GP interests to *all 3,370 investors*, D. 1, ¶¶ 34-38. The District Court denied the summary judgment on all of these fraud claims. D. 1081 at 20. It granted the motion "as to an offer or sale of a security" and "as to interstate commerce." *Id.*

The SEC also alleged separate fraud theories for three of the 36 properties:

Three recent sets of offerings for three different sets of land—the Borda, Pyramid Highway, and Stead deals—illustrate Schooler's and Western's fraudulent scheme. These three deals involve ten OPs and nine individual OP offerings that raised approximately \$33.7 million from as many as 1,000 investors or possibly more.

D. 1, ¶ 41. The SEC included these claims in its summary judgment motion. D. 1015-1 at 12-16. The District Court denied the motion in relation to the Borda and Pyramid properties, but found one misstatement in relation to the Stead property. D. 1081 at 20. In sum, the SEC proved *one misstatement* involving *one* of the 36 properties and four GPs. The SEC *abandoned* its claims the other 3,200 investors in 83 GPs, owning 35 of the 36 properties, purchased over the prior 31 years, were defrauded. D. 1137-1 at 10, n. 4.

***2. Hebrank's Groundless Accusation that Appellants Misstated the Amount of His Fees and His Receipts and Disbursements***

Hebrank claims that Appellants misstated (1) the amount of his fees and (2)

his receipts and disbursements. D.E. 40 at 16-17. Appellants exclusively rely on Hebrank's filings. He has now filed his Seventeenth Interim Fee Application, where he states he and his team have incurred the following fees for the 49 months from "the inception of the receivership through September 30, 2016":

<b>Payee</b>	<b>Fees &amp; Costs Incurred</b>
Hebrank	\$1,570,279.76
Allen Matkins	\$1,198,353.98
Duffy	\$500,689.82
<b>Total</b>	<b>\$3,269,323.56</b>

D. 1433 at 6-7. This is an average \$66,720 a month for that 49-month period.

Hebrank also claims Appellants misstated the amounts of his receipts and disbursements. D.E. 40 at 13-14. The Supplemental Brief stated:

Hebrank filed three of 15 disclosure forms required of SEC sponsored receivers. He received \$21.13 million, 1376 at 17-20, 1377 at 21, 1378 at 27. By the end of 2016, he will spend \$19.33 million, all but \$1.8 million of the GPs' cash. *Id.* and D. 1181-1 at 6. In short, the receivership has cost investors \$19 million, but delivered nothing.

D.E. 25 at 14-15 (footnote omitted). Once again, Appellants rely exclusively on Hebrank's written and signed Standardized Fund Accounting Reports ("SFAR") to the District Court through September 30, 2016.<sup>3</sup> This table summarizes the SFARs:

<b>Date</b>	<b>SFAR D. No., Page</b>	<b>Receipts</b>	<b>Expenditures</b>
9/6/2012 to 9/30/2015	1376 at 17	\$12,785,554	\$15,539,396
10/1/2015 to 12/31/2015	1376 at 20	\$901,066	\$1,124,436
1/1/2016 to 3/31/2016	1377 at 21	\$766,481	\$834,145

<sup>3</sup> For the Court's convenience, a copy of Hebrank's SFARs summarized above are attached as Exhibits to the declaration of Appellants' counsel filed herewith, ¶¶ 3-7, Exhs. 1-5.

4/1/2016 to 6/30/2016	1378 at 27	\$101,218	\$1,078,990
7/1/2016 to 9/30/2016	1422 at 21	\$19,101	\$985,399
	<b>Grand Total</b>	<b>\$14,573,420</b>	<b>\$19,562,366</b>

Hebrank graphed how he depleted the cash in the GPs' accounts from \$6.6 million in September 2012 to \$1.8 million in December 2016. D. 1181-1 at 37.

***3. Hebrank Concedes He Pressured Investors to Make Payments under the GP Agreements (Unregistered Securities), but Blames the District Court***

The facts are not in dispute. Through his website, Hebrank told investors they had to pay the amounts owed under the GP agreements. D. 1229-2 at 7-8. Even more clearly, Hebrank's billings to investors included a letter telling them: "Failure to remit payment has consequences both for you and the GP as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement."<sup>4</sup> The default provisions would allow Hebrank to seek multiple remedies against an investor. D. 1293-3 at 47 and 52-54. These were real threats.

Hebrank claims he should be excused (D.E. 40 at 18.), because he proposed a suspension of the payments in June 2013 and told the District Court "it is generally inequitable to continue collecting note payments from investors until such time as the disposition of each property has been determined." D. 203 at 15.

Hebrank misses the point. Since the GPs were unregistered securities, the

---

<sup>4</sup> Appellants have attached eight sample letters by Hebrank and the management company, Lincoln Property Company, to the declaration of their counsel filed herewith. Aguirre Decl., ¶¶ 8-15, Exs. 7-13.

debts were cancellable under § 12(a)(1) of the Securities Act of 1933.

Neither the SEC nor Hebrank informed the District Court of this point, even after the District Court held the GP interests were securities in April 2014. D. 583. But even this analysis misses the core point. Whoever was responsible—the District Court, the SEC, or Hebrank—the simple truth comes to this: investors were forced to pay Hebrank millions of dollars they had no legal duty to pay. Hebrank is hardly in a position to claim that he is protecting investors by opposing a brief stay of his proposed sales until this Court decides this appeal.

#### ***4. Hebrank Cannot Deny Using Investor Payments to Fund his Receivership***

Despite his protestations, Hebrank's SFARs explicitly state he collected funds from investors which flowed into his receivership. As an example, Hebrank's SFAR for the period ending on September 30, 2015, explicitly states he collected \$12.66 million (line item 8) and states the source in a footnote: "investor operational billing and GP note payments." Aguirre Decl., ¶ 3, Ex. 1 at 9.

#### ***5. Hebrank's Symbiotic Relationship with the SEC***

Hebrank and his counsel deny their symbiotic relationship with the SEC. They claim Appellants only offered one example how the SEC told Hebrank's counsel what to do, i.e., to reverse their position on whether the GPs could exit the receivership, because it would undermine the SEC's contention that the GP interests are securities. This, of course, was not the only such email. Here is

another example how the SEC told Hebrank's counsel how to write his briefs:

by [*sic*] the way, is it worth being more equivocal about Schooler's obligations to continue to fund Western? in [*sic*] our papers, we just say he "probably" won't have an [*sic*] legal obligation to fund in the future.

Ted [Fates] and Tom [Hebrank], in your report, you are a bit more absolute, saying Schooler definitely won't be required to do so. in [*sic*] the (granted, probably unlikely) event we may want to argue he is obligated on some funding need, it may be better to use softer language?

D. 860-3, Ex. 6. In any case, there was sufficient evidence for the District Court to enter this unique order:

2. The Receiver is ordered to refrain from seeking input on his briefs from a single party. If he wishes to seek input on his briefs, he must seek input from both the SEC and Defendants. The Receiver is of course still free to not seek input from any party if he believes that to be the appropriate course of action; and The Receiver is ordered to refrain from altering the legal conclusions in his briefs to fit the case strategy of either the SEC or Defendants. All legal conclusions must be his own.

D. 1004 at 12. Hebrank only altered his conclusions at the request of the SEC.

Hebrank also contends he was not acting as the SEC's expert witness, because the SEC did not designate him as such. Yet, he does not dispute any of the facts upon which Appellants base this statement:

[Hebrank] provided the financial reports that were the evidentiary basis for the SEC's \$136.6 million summary judgment motion on its disgorgement claim (Ds. 685-1; 685-2; and 203), which the district court granted. D. 1070. While Hebrank served as the SEC's expert witness, investors and their GPs were on the hook for his fees. D. 10 at 17, l. 23.

D.E. 25-1, at 16-17. Hebrank's contention that the SEC did not designate him as an expert witness is naïve. Hebrank was operating as a *de facto* expert witness at investors' expense. The SEC did not need to designate him.

There is one point Hebrank and Allen Matkins failed to address on this

issue: Allen Matkins has become the SEC's favorite law firm to represent receivers in SEC receivership cases in California's four districts. When Appellants filed their Supplemental Brief, Allen Matkins had represented the SEC receivers in 7 of 13 active cases in California over the past five years. D.E. 25-2, ¶ 3. Appellants updated table indicates Allen Matkins became counsel for yet another SEC-sponsored receiver, so the firm now represents the receivers in eight of the 14 active SEC receivership cases over the past five years. Aguirre Decl., ¶ 16.

This is a lucrative relationship for Allen Matkins. The obvious question arises: why does the SEC continuously arrange for Allen Matkins to be counsel of the receivers it sponsors? This case suggests the answer does not lie in the results Allen Matkins gets for investors. Hebrank has conceded the SEC has recovered nothing for investors. In essence, investors will get back a fraction of the assets that were seized from them at the beginning of the receivership. Allen Matkins's high level of cooperation with the SEC, e.g., allowing the SEC to edit its briefs, sheds light on why it is the SEC's runaway favorite law firm in California.

***6. Hebrank Falsely Denies the Court Ordered Him Twice to File His SFARs***

Hebrank denies the District Court twice ordered him to file SFAR reports. The first order was the May 25, 2016, order that directed Hebrank "to withdraw and resubmit Receiver's Fourteenth Interim Report, ECF No. 1189 ..., consistent with the SEC Standardized Fund Accounting Report ("SFAR")." D. 1304 at 32.

The second order was the September 14, 2016, order that directed him "to withdraw...and submit...within seven days" revised SFARs for the period from the inception of the receivership through June 30, 2016. D. 1369 at 16.

***7. Hebrank's Accusations about the Investor Survey Are False***

Hebrank's accusations about the investor survey are absolutely false and unsupported by the record or evidence. On the other hand, Appellants submitted the declaration of David Karp, an investor and an attorney, who describes in detail how the survey was conducted. Karp's declaration: (1) identifies the investor who prepared the survey questions; (2) explains the survey was emailed to "investors in all the GP groups for which [Appellants] had an email address" (*Id.*, and Ex. 1); (3) states the exact questions posed to investors and provides a copy of the survey itself (*Id.*, ¶ 5, Ex. 2); (4) summarizes the results of the survey (*Id.*, ¶ 6); (5) explains how the votes were adjusted for the sake of accuracy (*Id.*, ¶ 7); and (6) explains the special steps that were taken to ensure that those investors known to oppose the removal of the GPs from the receivership were polled and their votes included in the survey (*Id.*, ¶ 10). Hebrank's accusation some investors were excluded from the poll or received it separately is false. Karp states under oath: "Dennis Gilman...sent an email with the link to the survey to investors in all the GP groups for which [Appellants] had an email address." D. 1293-3, ¶ 4, Ex. 1.

To sum up on the hardship factor, Appellants submit the *evidence* before

this Court points to one conclusion: a stay would not merely serve the interests of Appellants, but the interests of all investors. Indisputably, the receivership has caused economic harm to investors. They know that, because Hebrank exhausted the GPs' funds and they have paid him millions more under the GP agreements. The only credible evidence before this Court of investor sentiment about the receivership and the remedies Appellants seek is reflected in the survey results:

Question	Total	Yes	% Yes	No	% No
1. Want GPs removed from Receivership	1045	977	93.49%	68	6.51%
2. Investors to decide when to sell GPs	1046	1009	96.46%	37	3.54%
3. Investors want an accounting	1047	1019	97.33%	28	2.67%

Consequently, the hardship factor clearly balances in favor of the stay.

### **C. The Public Policy Factor Balances in Favor of the Stay**

Appellants submit the SEC has exceeded the boundaries of the law in multiple ways: the expanded definition of *quasi in rem* jurisdiction, procedural due process, substantive due process, lack of an accounting, and pooling of investor assets. On top of that, there are 38 decisions of the District Court that are now public on Lexis which other courts are now relying upon. The handling of this case by the Hebrank and the SEC should not become a model. Appellants respectfully submit the Court should issue the stay and expedite this appeal.

Dated: February 24, 2017

Respectfully submitted,

By: /s/ Gary J. Aguirre  
 GARY J. AGUIRRE  
 Attorney for Appellants  
 Susan Graham *et al.*



### **CERTIFICATE OF COMPLIANCE**

The foregoing Reply to Receiver's Response to Supplemental Brief in Support of Urgent Motion for Stay Pending Appeal complies with the type-volume limitations of Fed. R. App. P. 32(a)(7)(B) because: This brief contains 2,674 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii). This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(6) because it was prepared in a proportionally spaced typeface using Microsoft Word 2007, in font size 14, Times New Roman.

DATED: February 24, 2017

Aguirre Law, APC

By: /s/ Gary J. Aguirre  
GARY J. AGUIRRE  
Attorney for Appellants

### **CERTIFICATE OF SERVICE**

I hereby certify that I electronically filed the foregoing reply, declaration and exhibits with the Clerk of the Court for the United States Court of Appeals for the Ninth Circuit by using the CM/ECF system on February 24, 2017. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

DATED: February 24, 2017

Aguirre Law, APC

By: /s/ Gary J. Aguirre  
GARY J. AGUIRRE  
Attorney for Appellants

**ATTACHMENT 1,  
INTERVENORS-APPELLANTS**

Susan Graham, Alfred L. Pipkin, Alfred L. Pipkin, IRA, Allert Boersma, Arthur V. and Kristie L. Rocco Living Trust, Arthur V. Rocco, Baldwin Family Survivors' Trust, Barbara Humphreys, IRA, Beverly & Mark Bancroft, Beverly A. Bancroft, IRA, Bruce A. Morey IRA, Bruce A. Morey, Bruce R. Hart IRA for Bruce R. Hart and Dixie L. Hart, Carol D. Summers, Carol Jonson, Catherine E. Wertz IRA, Catherine E. Wertz, Cathy Totman, IRA, Charles Bojarski, Chris Nowacki, IRA, Cindy Dufresne, Craig Lamb, Curt & Janean Johnson Family Trust, Curt & Janean Johnson, jointly, Curt Johnson, Curt Johnson, Roth IRA, Cynthia J. Clarke, D & E Macy Family Revocable Living Trust, D.F. Macy IRA, Daniel Burns, Daniel Knapp, Darla Berkel IRA, Darla Berkel, Daryl Dick, David and Sandra Jones Trust, David Fife IRA, David Haack IRA, David Haack, David Karp IRA, David Kirsh, David Kirsh, Roth IRA, David Kirsh, Traditional IRA, Debra Askeland, Deidre Parkinen, Dennis Gilman, Dennis Gilman IRA, Diane Bojarski, Diane Gilman, Donna M. and Richard A. Kopenski Family Trust, Donna M. Kopenski, IRA Roth, Douglas G. Clarke, Douglas Sahlin IRA, Eben B. Rosenberger, Edith Sahlin IRA, Edward Takacs, Ellen O'Brien, Elizabeth Lamb, Norling, Eric W. Norling, IRA, Gary Hardenburg, Gary Hardenburg, Roth IRA, Gene Fantano, George Klinke, IRA, George Trezek, Gerald Zevin, Gerald Zevin, IRA, Gwen Tuohy, Gwenmarie Hilleary, Henrik Jonson, Henrik Jonson, IRA, IDAC Family Group LLC, Iris Bernstein IRA, James J. Coyne Jr. Trust, Janice Marshall, Janice Marshall, IRA, Jason Bruce, Jeffrey Merder, IRA, Jeffrey J. Walz, Jeffrey Larsen, Jeffrey Merder, Jennifer Berta, Jim Minner, Joan Trezek, John Jenkins, John and Mary Jenkins Trust, John and Mary Jenkins Trustees, John Lukens, John Lukens, IRA, John R. Oberman, Joy A. de Beyer, Roth IRA, Joy A. de Beyer, Traditional IRA, Joy de Beyer, Juanita Bass IRA, Juanita Bass, Judith Glickman Zevin, IRA, Judith Glickman Zevin, Judy Knapp, Karen Coyne, Karen J. Coyne IRA, Karen Wilhoite, Karie J. Wright, Kimberly Dankworth, Kirsh Family Trust UTD, Kristie

**ATTACHMENT 1,  
INTERVENORS-APPELLANTS**

L. Rocco, Lawrence Berkel, Lawrence Berkel, IRA, Lea Leccese, Leo Dufresne, Leo T. Dufresne Jr. IRA, Linda Baldwin IRA, Linda Clifton, Lisa A. Walz, Lloyd Logan and Ida Logan, jointly, Lloyd Logan, IRA, Lynda Igawa, Marc McBride, Marcia McRae, Marilyn L. Duncan, Mark Clifton, Mary Grant, Mary J. Jenkins, IRA, Mathew Berta, Mealey Family Trust, Michael R. Wertz, Michael R. Wertz, IRA, Mildred Mealey, beneficiary of Duane Mealey IRA, Minner Trust, Monica Takacs, Monique Minner, Neil Ormonde, IRA, Nevada Ormonde, IRA, Paul Leccese, Paul R. Sarraffe, IRA, Perryman Family Trust, Polly Yue, Prentiss Family Trust, Kenneth and Gail Prentiss Trustees, Ralph Brenner, Randall S. Ingermanson IRA, Rebecca Merder, Reeta Mohleji, Regis T. Duncan, IRA, Regis T. Duncan, Renee Norling, Richard A. Kopenski, IRA Roth, Robert Indihar, Robert Churchill Family Trust, Robert Churchill IRA, Robert H. Humphreys, Robert Indihar IRA, Robert S. Weschler, Robert Tuohy, Roderick C. Grant, Roger Hort, Roger Moucheron, Ronald Askeland, Ronald Parkinen, Ronald Scott, Ronald Scott, IRA, Salli Sammut Trust, Salli Sue Sammut Trustee, Salli Sue Sammut, IRA, Shirley Moucheron, Stephen Dankworth, Stephen Hogan, Stephen Yue, Steve P. White, IRA, Steve P. White, SEP IRA, Susan Burns, Tamara and Chris Nowacki, jointly, Tamara Nowacki, IRA, The Knowledge Team Profit Sharing Plan, The Ormonde Family Trust, Thomas H. Panzer, Roth IRA, Thomas Herman Panzer Trust, Thomas H Panzer, Trustee, Trisha Bruce, Val Indihar, W.C. Wilhoite, W.C. Wilhoite, Roth IRA, William C. Phillips, William L. Summers, IRA, William L. Summers, William Loeber, William Nighswonger IRA, William R. Nighswonger, William R. Rattan Rev. Trust, William V. and Carol J. Dascomb Trust, Carmen Slabby, Lawrance Slabby, Virginia Kelly, James S. Dolgas, Penco Engineering, Inc. Profit Sharing Pension Fund, George Jurica, and George Jurica IRA.

No. 16-55850

IN THE UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

---

U.S. SECURITIES & EXCHANGE COMMISSION,  
Plaintiff – Appellee,

v.

LOUIS V. SCHOOLER; FIRST FINANCIAL PLANNING CORPORATION,  
DBA Western Financial Planning Corporation,  
Defendants – Appellees,

---

SUSAN GRAHAM, ET AL.  
Intervenors – Appellants,

---

THOMAS C. HEBRANK,  
Receiver – Appellee.

---

On appeal from the United States District Court  
for the southern District of California, Case No. 3:12-cv-02164-GPC-JMA

---

**DECLARATION OF GARY J. AGUIRRE IN SUPPORT OF  
APPELLANTS' REPLY TO RECEIVER'S RESPONSE  
TO SUPPLEMENTAL BRIEF IN SUPPORT  
OF URGENT MOTION FOR STAY PENDING APPEAL**

---

GARY J. AGUIRRE (Bar No. 38927)  
AGUIRRE LAW, APC  
501 W. Broadway, Ste. 800  
San Diego, CA 92101  
Phone: 619-400-4960  
Fax: 619-501-7072  
Email: gary@aguirrelawapc.com  
Attorney for Appellants  
Susan Graham, et al.

I, Gary J. Aguirre, declare as follows:

1. I have personal knowledge of the facts set forth in this declaration and, if called as a witness, could and would testify competently to such facts under oath.

2. I am the attorney for Appellants, on whose behalf I filed the notice of appeal on this action on June 14, 2016. To the best of my knowledge, there is no dispute regarding Appellants' purchase and current ownership of interests as general partners in the 87 general partnerships ("GPs") which are the subject matter of the complaint filed by the Securities and Exchange Commission ("SEC") in this case.

3. A true and correct copy of the Standardized Fund Accounting Report ("SFAR") for the period from September 6, 2012, through September 30, 2015, filed by the receiver, Thomas C. Hebrank ("Hebrank") with his Second Revised Fourteenth Interim Report (D.<sup>1</sup> 1376) is attached hereto and incorporated herein by reference as Exhibit 1.

4. A true and correct copy of the SFAR for the period from October 1, 2015, through December 31, 2015, filed by Hebrank with his Second Revised Fourteenth Interim Report (D. 1376) is attached hereto and incorporated herein by reference as Exhibit 2.

---

<sup>1</sup> "D." refers to the corresponding docket entry in *SEC v. Schooler*, No. 12-cv-02164 (S.D. Cal.); "D.E." refers to docket entries with this Court. The pagination follows the page numbers as designated by CM/ECF.

5. A true and correct copy of the SFAR for the period from January 1, 2016, through March 31, 2016, filed by Hebrank with his Revised Fifteenth Interim Report (D. 1377) is attached hereto and incorporated herein by reference as Exhibit 3.

6. A true and correct copy of the SFAR for the period from April 1, 2016, through June 30, 2016, filed by Hebrank with his Revised Sixteenth Interim Report (D. 1378) is attached hereto and incorporated herein by reference as Exhibit 4.

7. A true and correct copy of the SFAR for the period from July 1, 2016, through September 30, 2016, filed by Hebrank with his Seventeenth Interim Report (D. 1422) is attached hereto and incorporated herein by reference as Exhibit 5.

8. A true and correct copy of Hebrank's letter of November 22, 2013, to the investors in Hollywood Partners is attached hereto and incorporated herein by reference as Exhibit 6. In relevant part, Exhibit 6 reads: "Failure to remit payment has consequences both for you and the GP as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement."

9. A true and correct copy of Hebrank's letter of November 22, 2013, to the investors in Rainbow Partners is attached hereto and incorporated herein by reference as Exhibit 7. Exhibit 7 contains the same warning quoted in ¶ 8 above.

10. A true and correct copy of the letter of May 15, 2015, sent by Lincoln Property Company, the administrator of the GPs, to the investors in Horizon Partners is a attached hereto and incorporated herein by reference as Exhibit 8. Exhibit 8 contains the same warning quoted in ¶ 8 above.

11. A true and correct copy of the letter of July 20, 2015, sent by Lincoln Property Company to the investors in BLA Partners is a attached hereto and incorporated herein by reference as Exhibit 9. Exhibit 9 contains the same warning quoted in ¶ 8 above.

12. A true and correct copy of the letter of August 1, 2015, sent by Lincoln Property Company to the investors in BLA Partners is a attached hereto and incorporated herein by reference as Exhibit 10. Exhibit 10 contains the same warning quoted in ¶ 8 above.

13. A true and correct copy of the letter of September 15, 2015, sent by Lincoln Property Company to the investors in Wild Horse Partners is a attached hereto and incorporated herein by reference as Exhibit 11. Exhibit 11 contains the same warning quoted in ¶ 8 above.

14. A true and correct copy of the letter of September 25, 2015, sent by Lincoln Property Company to the investors in Hollywood Partners is a attached hereto and incorporated herein by reference as Exhibit 12. Exhibit 12 contains the same warning quoted in ¶ 8 above.



15. A true and correct copy of the letter of December 15, 2015, sent by Lincoln Property Company to the investors in Borderland Partners, including the bill it enclosed, is attached hereto and incorporated herein by reference as Exhibit 13. Exhibit 13 contains the same warning quoted in ¶ 8 above.

16. I have conducted a search through Lexis to ascertain which law firms have represented receivers over the past five years in active SEC cases reported by Lexis before the U.S. District Courts in California's four districts. I found a total of 14 cases where a receiver was appointed and represented by a law firm. I have prepared the table below to show the results of the search. It appears that Allen Matkins represents more receivers in SEC enforcement cases in California than all other law firms combined.

<b>Case Name</b>	<b>Case Number</b>	<b>District</b>	<b>Law Firm</b>
<i>SEC v. Total Wealth Mgmt</i>	15-cv-226 BAS	Southern	Allen Matkins
<i>SEC v. Small Bus. Capital Corp</i>	12-CV-03237-EJD	Northern	Allen Matkins
<i>SEC v. Chen</i>	15-07425 RGK	Central	Allen Matkins
<i>SEC v. Schooler</i>	12-cv-02164-GPC	Southern	Allen Matkins
<i>SEC v. World Capital Mkt., Inc</i>	14-cv-2334-CAS	Central	Allen Matkins
<i>SEC v. Med. Capital Holdings</i>	CV09-0818 DOC	Central	Allen Matkins

<b>Case Name</b>	<b>Case Number</b>	<b>District</b>	<b>Law Firm</b>
<i>SEC v. The Rose Fund, LLC</i>	03-04593 WHA	Northern	Allen Matkins
<i>SEC v. Francisco</i>	16-cv-02257-CJC-DFM	Central	Allen Matkins
<i>SEC v. Bivona</i>	16-cv-01386	Northern	Gartenberg Gelfand
<i>SEC v. Goldfarb</i>	11-00938 WHA	Northern	Gartenberg Gelfand
<i>SEC v. Vassallo</i>	09-CV-00665 JAM	Eastern	Futterman Dupree
<i>SEC v. Capital Cove Bancorp,</i>	15-cv-00980-JLS	Central	Diamond McCarthy
<i>SEC v. Liu</i>	16-cv-00974-CJC	Central	Michael Grassmueck
<i>SEC v. Ruderman</i>	CV 09-2974-VBF	Central	Saltzburg Ray & Weissman LLP

Executed this 24th day of February, 2017, at San Diego, California.

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

/s/ Gary J. Aguirre  
GARY J. AGUIRRE

## **Exhibit List**

Exhibit 1.....	7
Exhibit 2.....	11
Exhibit 3.....	15
Exhibit 4.....	19
Exhibit 5.....	23
Exhibit 6.....	27
Exhibit 7.....	30
Exhibit 8.....	33
Exhibit 9.....	36
Exhibit 10.....	39
Exhibit 11.....	42
Exhibit 12.....	45
Exhibit 13.....	48

# Exhibit 1

Thomas C. Hebrank, Receiver  
E3 Advisors  
401 West A Street, Suite 1830  
San Diego, CA 92101  
(619) 567-7223

# **STANDARDIZED FUND ACCOUNTING REPORT**

**(As Amended 09/19/16)**

**CIVIL - RECEIVERSHIP FUND**

---

SECURITIES AND EXCHANGE COMMISSION,  
Plaintiff,

v.

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

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

REPORTING PERIOD 09/06/2012 TO 09/30/2015

## STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis

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

Reporting Period 09/06/2012 to 09/30/2015

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1 Beginning Balance (As of 09/06/12):	6,572,300		6,572,300
<i>Increases in Fund Balance:</i>			
Line 2 Business Income	-		-
Line 3 Cash and Securities	-		-
Line 4 Interest/Dividend Income	-		-
Line 5 Business Asset Liquidation <sup>1</sup>	113,435		113,435
Line 6 Personal Asset Liquidation	-		-
Line 7 Third-Party Litigation Income <sup>2</sup>	10,252		10,252
Line 8 Miscellaneous - Other <sup>3</sup>	12,661,867		12,661,867
Total Funds Available (Lines 1 - 8):	19,357,854		19,357,854
<i>Decreases in Fund Balance:</i>			
Line 9 Disbursements to Investors	-		-
Line 10 Disbursements to Receivership Operations			
Line 10a Disbursement to Receiver or Other Professionals	(527,842)		(527,842)
Line 10b Business Asset Expenses*	(14,999,361)		(14,999,361)
Line 10c Personal Asset Expenses	-		-
Line 10d Investment Expenses	-		-
Line 10e Third-Party Litigation Expenses	-		-
1. Attorney Fees	-		-
2. Litigation Expenses	-		-
Total Third-Party Litigation Expenses	-		-
Line 10f Tax Administrator Fees and Bonds	-		-
Line 10g Federal and State Tax Payments	(12,193)		(12,193)
Total Disbursements for Receivership Operations			(15,539,396)
Line 11 Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a Distribution Plan Development Expenses:			
1. Fees:			
Fund Administrator.....	-		-
Independent Distribution Consultant (IDC).....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
Total Plan Developmental Expenses			-
Line 11b Distribution Plan Implementation Expenses:			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification:			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. Federal Account for Investor Restitution (FAIR) Reports Expenses	-		-
Total Plan Implementation Expenses			-
Total Disbursements for Distribution Expenses Paid by the Fund			-
Line 12 Disbursements to Court/Other:			
Line 12a Investment Expenses/Court Registry Investment System (CRIS) Fees	-		-
Line 12b Federal Tax Payments	-		-
Total Disbursement to Court/Other:			-
Total Funds Disbursed (Lines 9 - 11):			(15,539,396)
Line 13 Ending Balance (As of 09/30/2015):			3,818,458

\* Note: In/out transactions (ACH and entity transfers) excluded from these totals.

<sup>1</sup> Business Asset Income consists of \$46,280 sale of car; \$43,290 sale of gold coins; and \$23,865 sale of furniture.<sup>2</sup> Third Party Litigation Income consists of \$10,252 LinMar cash from levy.<sup>3</sup> Miscellaneous/Other Income consists of investor operational billing and GP note payments

**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**  
**Receivership; Case No. 3:12-cv-02164-GPC-JMA**  
**Reporting Period 09/06/2012 to 09/30/2015**

<b>Line 14 Ending Balance of Fund - Net Assets:</b>			
<i>Line 14a</i>	Cash & Cash Equivalents		3,818,458
<i>Line 14b</i>	Investments		-
<i>Line 14c</i>	Other Assets or Uncleared Funds		-
<b>Total Ending Balance of Fund - Net Assets</b>			<b>3,818,458</b>
<b>OTHER SUPPLEMENTAL INFORMATION:</b>			
	<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
<i>Report of Items NOT to be Paid by the Fund:</i>			
<b>Line 15</b>	<b>Disbursement for Plan Administration Expenses Not Paid by the Fund:</b>		
<i>Line 15a</i>	<i>Plan Development Expenses Not Paid by the Fund:</i>		
	1. Fees:		
	Fund Administrator.....	-	-
	IDC.....	-	-
	Distribution Agent.....	-	-
	Consultants.....	-	-
	Legal Advisors.....	-	-
	Tax Advisors.....	-	-
	2. Administrative Expenses	-	-
	3. Miscellaneous	-	-
	<b>Total Plan Developmental Expenses Not Paid by the Fund</b>		<b>-</b>
<i>Line 15b</i>	<i>Plan Implementation Expenses Not Paid by the Fund</i>		
	1. Fees:		
	Fund Administrator.....	-	-
	IDC.....	-	-
	Distribution Agent.....	-	-
	Consultants.....	-	-
	Legal Advisors.....	-	-
	Tax Advisors.....	-	-
	2. Administrative Expenses	-	-
	3. Investor Identification		
	Notice/Publishing Approved Plan.....	-	-
	Claimant Identification.....	-	-
	Claims Processing.....	-	-
	Web Site Maintenance/Call Center.....	-	-
	4. Fund Administrator Bond	-	-
	5. Miscellaneous	-	-
	6. FAIR Reporting Expenses	-	-
	<b>Total Plan Implementation Expenses Not Paid by the Fund</b>		<b>-</b>
<i>Line 15c</i>	<i>Tax Administrator Fees &amp; Bonds Not Paid by the Fund</i>		
	<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>		<b>-</b>
<b>Line 16</b>	<b>Disbursements to Court/Other Not Paid by the Fund:</b>		
<i>Line 16a</i>	Investment Expenses/CRIS Fees	-	-
<i>Line 16b</i>	Federal Tax Payments	-	-
	<b>Total Disbursement to Court/Other Not Paid by the Fund:</b>		<b>-</b>
<b>Line 17</b>	<b>DC &amp; State Tax Payments</b>	-	-
<b>Line 18</b>	<b>No. of Claims:</b>		
<i>Line 18a</i>	# of Claims Received This Reporting Period.....		0
<i>Line 18b</i>	# of Claims Received Since Inception of Fund.....		0
<b>Line 19</b>	<b>No. of Claimants/Investors:</b>		
<i>Line 19a</i>	# of Claimants/Investors Paid this Reporting Period.....		0
<i>Line 19b</i>	# of Claimants/Investors Paid Since Inception of Fund.....		0

Receiver:

By:

Thomas C. Hebrank

Court-Appointed Receiver

Date:

9/19/16

# Exhibit 2



Thomas C. Hebrank, Receiver  
E3 Advisors  
401 West A Street, Suite 1830  
San Diego, CA 92101  
(619) 567-7223

**STANDARDIZED FUND  
ACCOUNTING REPORT**  
(As Amended 09/19/16)

CIVIL - RECEIVERSHIP FUND

---

SECURITIES AND EXCHANGE COMMISSION,  
Plaintiff,  
v.  
LOUIS V. SCHOOLER and FIRST FINANCIAL PLANNING CORPORATION d/b/a  
WESTERN FINANCIAL PLANNING CORPORATION,

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

REPORTING PERIOD 10/01/2015 TO 12/31/2015

**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**

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

Reporting Period 10/01/2015 to 12/31/2015

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 10/01/15):	3,818,458	3,818,458
	<i>Increases in Fund Balance:</i>		
Line 2	Business Income	-	-
Line 3	Cash and Securities	-	-
Line 4	Interest/Dividend Income	-	-
Line 5	Business Asset Liquidation	-	-
Line 6	Personal Asset Liquidation	-	-
Line 7	Third-Party Litigation Income <sup>1</sup>	205,000	205,000
Line 8	Miscellaneous - Other <sup>2</sup>	696,066	696,066
	<b>Total Funds Available (Lines 1 - 8):</b>	<b>4,719,524</b>	<b>4,719,524</b>
	<i>Decreases in Fund Balance:</i>		
Line 9	Disbursements to Investors	-	-
Line 10	Disbursements to Receivership Operations		
Line 10a	Disbursement to Receiver or Other Professionals	(243,364)	(243,364)
Line 10b	Business Asset Expenses*	(881,072)	(881,072)
Line 10c	Personal Asset Expenses	-	-
Line 10d	Investment Expenses	-	-
Line 10e	Third-Party Litigation Expenses	-	-
	1. Attorney Fees	-	-
	2. Litigation Expenses	-	-
	<b>Total Third-Party Litigation Expenses</b>	<b>-</b>	<b>-</b>
Line 10f	Tax Administrator Fees and Bonds	-	-
Line 10g	Federal and State Tax Payments	-	-
	<b>Total Disbursements for Receivership Operations</b>		<b>(1,124,436)</b>
Line 11	Disbursements for Distribution Expenses Paid by the Fund:		
Line 11a	Distribution Plan Development Expenses:		
	1. Fees:		
	Fund Administrator.....	-	-
	Independent Distribution Consultant (IDC).....	-	-
	Distribution Agent.....	-	-
	Consultants.....	-	-
	Legal Advisors.....	-	-
	Tax Advisors.....	-	-
	2. Administrative Expenses	-	-
	3. Miscellaneous	-	-
	<b>Total Plan Developmental Expenses</b>		<b>-</b>
Line 11b	Distribution Plan Implementation Expenses:		
	1. Fees:		
	Fund Administrator.....	-	-
	IDC.....	-	-
	Distribution Agent.....	-	-
	Consultants.....	-	-
	Legal Advisors.....	-	-
	Tax Advisors.....	-	-
	2. Administrative Expenses	-	-
	3. Investor Identification:		
	Notice/Publishing Approved Plan.....	-	-
	Claimant Identification.....	-	-
	Claims Processing.....	-	-
	Web Site Maintenance/Call Center.....	-	-
	4. Fund Administrator Bond	-	-
	5. Miscellaneous	-	-
	6. Federal Account for Investor Restitution (FAIR) Reports Expenses	-	-
	<b>Total Plan Implementation Expenses</b>		<b>-</b>
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>		<b>-</b>
Line 12	Disbursements to Court/Other:		
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees	-	-
Line 12b	Federal Tax Payments	-	-
	<b>Total Disbursement to Court/Other:</b>		<b>-</b>
	<b>Total Funds Disbursed (Lines 9 - 11):</b>		<b>(1,124,436)</b>
Line 13	Ending Balance (As of 12/31/2015):		<b>3,595,088</b>

\* Note: In/out transactions (ACH and entity transfers) excluded from these totals.

<sup>1</sup> Third Party Litigation Income consists of \$205,000 LinMar IV settlement.<sup>2</sup> Miscellaneous/Other Income consists of investor operational billing and GP note payments

**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**

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

Reporting Period 10/01/2015 to 12/31/2015

<b>Line 14 Ending Balance of Fund - Net Assets:</b>			
Line 14a Cash & Cash Equivalents			3,595,088
Line 14b Investments			-
Line 14c Other Assets or Uncleared Funds			-
Total Ending Balance of Fund - Net Assets			3,595,088
<b>OTHER SUPPLEMENTAL INFORMATION:</b>			
	<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
<b>Report of Items NOT to be Paid by the Fund:</b>			
<b>Line 15 Disbursement for Plan Administration Expenses Not Paid by the Fund:</b>			
Line 15a Plan Development Expenses Not Paid by the Fund:			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
<b>Total Plan Developmental Expenses Not Paid by the Fund</b>			-
Line 15b Plan Implementation Expenses Not Paid by the Fund			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. FAIR Reporting Expenses	-		-
<b>Total Plan Implementation Expenses Not Paid by the Fund</b>			-
Line 15c Tax Administrator Fees & Bonds Not Paid by the Fund			-
<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>			-
<b>Line 16 Disbursements to Court/Other Not Paid by the Fund:</b>			
Line 16a Investment Expenses/CRIS Fees	-		-
Line 16b Federal Tax Payments	-		-
<b>Total Disbursement to Court/Other Not Paid by the Fund:</b>			-
<b>Line 17 DC &amp; State Tax Payments</b>		-	-
<b>Line 18 No. of Claims:</b>			
Line 18a # of Claims Received This Reporting Period.....			0
Line 18b # of Claims Received Since Inception of Fund.....			0
<b>Line 19 No. of Claimants/Investors:</b>			
Line 19a # of Claimants/Investors Paid this Reporting Period.....			0
Line 19b # of Claimants/Investors Paid Since Inception of Fund.....			0

Receiver:

By:

Thomas C. Hebrank

Court-Appointed Receiver

Date:

9/19/16

# Exhibit 3

Thomas C. Hebrank, Receiver  
E3 Advisors  
401 West A Street, Suite 1830  
San Diego, CA 92101  
(619) 567-7223

**STANDARDIZED FUND  
ACCOUNTING REPORT**  
(As Amended 09/19/16)

CIVIL - RECEIVERSHIP FUND

---

SECURITIES AND EXCHANGE COMMISSION,  
Plaintiff,

v.

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

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

REPORTING PERIOD 01/01/2016 TO 03/31/2016

17

**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**  
**Receivership; Case No. 3:12-cv-02164-GPC-JMA**  
**Reporting Period 01/01/2016 to 03/31/2016**

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1 Beginning Balance (As of 01/01/16):	3,595,088		3,595,088
<i>Increases in Fund Balance:</i>			
Line 2 Business Income	-		-
Line 3 Cash and Securities	-		-
Line 4 Interest/Dividend Income	-		-
Line 5 Business Asset Liquidation	-		-
Line 6 Personal Asset Liquidation	-		-
Line 7 Third-Party Litigation Income	-		-
Line 8 Miscellaneous - Other* <sup>1</sup>	766,481		766,481
<b>Total Funds Available (Lines 1 - 8):</b>	<b>4,361,569</b>		<b>4,361,569</b>
<i>Decreases in Fund Balance:</i>			
Line 9 Disbursements to Investors	-		-
Line 10 Disbursements to Receivership Operations			
Line 10a Disbursement to Receiver or Other Professionals	(122,115)		(122,115)
Line 10b Business Asset Expenses*	(712,030)		(712,030)
Line 10c Personal Asset Expenses	-		-
Line 10d Investment Expenses	-		-
Line 10e Third-Party Litigation Expenses	-		-
1. Attorney Fees	-		-
2. Litigation Expenses	-		-
<b>Total Third-Party Litigation Expenses</b>	<b>-</b>		<b>-</b>
Line 10f Tax Administrator Fees and Bonds	-		-
Line 10g Federal and State Tax Payments	-		-
<b>Total Disbursements for Receivership Operations</b>			<b>(834,145)</b>
Line 11 Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a Distribution Plan Development Expenses:			
1. Fees:			
Fund Administrator.....	-		-
Independent Distribution Consultant (IDC).....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
<b>Total Plan Developmental Expenses</b>	<b>-</b>		<b>-</b>
Line 11b Distribution Plan Implementation Expenses:			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification:			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. Federal Account for Investor Restitution (FAIR) Reports Expenses	-		-
<b>Total Plan Implementation Expenses</b>	<b>-</b>		<b>-</b>
<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			<b>-</b>
Line 12 Disbursements to Court/Other:			
Line 12a Investment Expenses/Court Registry Investment System (CRIS) Fees	-		-
Line 12b Federal Tax Payments	-		-
<b>Total Disbursement to Court/Other:</b>	<b>-</b>		<b>-</b>
<b>Total Funds Disbursed (Lines 9 - 11):</b>			<b>(834,145)</b>
Line 13 Ending Balance (As of 03/31/2016):			3,527,424

\* Note: In/out transactions (ACH and entity transfers) excluded from these totals.

<sup>1</sup> Miscellaneous/Other Income consists of investor operational billing and GP note payments



18

**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**  
**Receivership; Case No. 3:12-cv-02164-GPC-JMA**  
**Reporting Period 01/01/2016 to 03/31/2016**

<b>Line 14</b>	<b>Ending Balance of Fund - Net Assets:</b>			
Line 14a	Cash & Cash Equivalents			3,527,424
Line 14b	Investments			-
Line 14c	Other Assets or Uncleared Funds			-
	<b>Total Ending Balance of Fund - Net Assets</b>			<b>3,527,424</b>

OTHER SUPPLEMENTAL INFORMATION:				
	Detail	Subtotal	Grand Total	
<b>Report of Items NOT to be Paid by the Fund:</b>				
<b>Line 15</b>	<b>Disbursement for Plan Administration Expenses Not Paid by the Fund:</b>			
Line 15a	Plan Development Expenses Not Paid by the Fund:			
1. Fees:				
Fund Administrator.....	-			-
IDC.....	-			-
Distribution Agent.....	-			-
Consultants.....	-			-
Legal Advisors.....	-			-
Tax Advisors.....	-			-
2. Administrative Expenses	-			-
3. Miscellaneous	-			-
	<b>Total Plan Developmental Expenses Not Paid by the Fund</b>			<b>-</b>
Line 15b	Plan Implementation Expenses Not Paid by the Fund			
1. Fees:				
Fund Administrator.....	-			-
IDC.....	-			-
Distribution Agent.....	-			-
Consultants.....	-			-
Legal Advisors.....	-			-
Tax Advisors.....	-			-
2. Administrative Expenses	-			-
3. Investor Identification				
Notice/Publishing Approved Plan.....	-			-
Claimant Identification.....	-			-
Claims Processing.....	-			-
Web Site Maintenance/Call Center.....	-			-
4. Fund Administrator Bond	-			-
5. Miscellaneous	-			-
6. FAIR Reporting Expenses	-			-
	<b>Total Plan Implementation Expenses Not Paid by the Fund</b>			<b>-</b>
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund			-
	<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>			<b>-</b>
<b>Line 16</b>	<b>Disbursements to Court/Other Not Paid by the Fund:</b>			
Line 16a	Investment Expenses/CRIS Fees	-		-
Line 16b	Federal Tax Payments	-		-
	<b>Total Disbursement to Court/Other Not Paid by the Fund:</b>			<b>-</b>
<b>Line 17</b>	<b>DC &amp; State Tax Payments</b>	-		-
<b>Line 18</b>	<b>No. of Claims:</b>			
Line 18a	# of Claims Received This Reporting Period.....			0
Line 18b	# of Claims Received Since Inception of Fund.....			0
<b>Line 19</b>	<b>No. of Claimants/Investors:</b>			
Line 19a	# of Claimants/Investors Paid this Reporting Period.....			0
Line 19b	# of Claimants/Investors Paid Since Inception of Fund.....			0

Receiver:

By:



Thomas C. Hebrank

Court-Appointed Receiver

Date:

9/19/16

# Exhibit 4



Thomas C. Hebrank, Receiver  
E3 Advisors  
401 West A Street, Suite 1830  
San Diego, CA 92101  
(619) 567-7223

**STANDARDIZED FUND  
ACCOUNTING REPORT**  
(As Amended 09/19/16)

CIVIL - RECEIVERSHIP FUND

---

SECURITIES AND EXCHANGE COMMISSION,  
Plaintiff,  
v.  
LOUIS V. SCHOOLER and FIRST FINANCIAL PLANNING CORPORATION d/b/a  
WESTERN FINANCIAL PLANNING CORPORATION,

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

REPORTING PERIOD 04/01/2016 TO 06/30/2016

**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**  
**Receivership; Case No. 3:12-cv-02164-GPC-JMA**  
**Reporting Period 04/01/2016 to 06/30/2016**

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1 Beginning Balance (As of 04/01/16):	3,527,424		3,527,424
<i>Increases in Fund Balance:</i>			
Line 2 Business Income	-		-
Line 3 Cash and Securities	-		-
Line 4 Interest/Dividend Income	17		17
Line 5 Business Asset Liquidation	-		-
Line 6 Personal Asset Liquidation	-		-
Line 7 Third-Party Litigation Income	-		-
Line 8 Miscellaneous - Other* <sup>1</sup>	101,201		101,201
<b>Total Funds Available (Lines 1 - 8):</b>	<b>3,628,642</b>		<b>3,628,642</b>
<i>Decreases in Fund Balance:</i>			
Line 9 Disbursements to Investors	-		-
Line 10 Disbursements to Receivership Operations			
Line 10a Disbursement to Receiver or Other Professionals	(504,304)		(504,304)
Line 10b Business Asset Expenses*	(574,686)		(574,686)
Line 10c Personal Asset Expenses	-		-
Line 10d Investment Expenses	-		-
Line 10e Third-Party Litigation Expenses	-		-
1. Attorney Fees	-		-
2. Litigation Expenses	-		-
<b>Total Third-Party Litigation Expenses</b>	<b>-</b>		<b>-</b>
Line 10f Tax Administrator Fees and Bonds	-		-
Line 10g Federal and State Tax Payments	-		-
<b>Total Disbursements for Receivership Operations</b>			<b>(1,078,990)</b>
Line 11 Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a Distribution Plan Development Expenses:			
1. Fees:			
Fund Administrator.....	-		-
Independent Distribution Consultant (IDC).....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
<b>Total Plan Developmental Expenses</b>	<b>-</b>		<b>-</b>
Line 11b Distribution Plan Implementation Expenses:			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification:			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. Federal Account for Investor Restitution (FAIR) Reports Expenses	-		-
<b>Total Plan Implementation Expenses</b>	<b>-</b>		<b>-</b>
<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			<b>-</b>
Line 12 Disbursements to Court/Other:			
Line 12a Investment Expenses/Court Registry Investment System (CRIS) Fees	-		-
Line 12b Federal Tax Payments	-		-
<b>Total Disbursement to Court/Other:</b>			<b>-</b>
<b>Total Funds Disbursed (Lines 9 - 11):</b>			<b>(1,078,990)</b>
Line 13 Ending Balance (As of 06/30/2016):			2,549,652

\* Note: In/out transactions (ACH and entity transfers) excluded from these totals.

<sup>1</sup> Miscellaneous/Other Income consists of investor operational billing and GP note payments

**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**  
**Receivership; Case No. 3:12-cv-02164-GPC-JMA**  
**Reporting Period 04/01/2016 to 06/30/2016**

<b>Line 14</b>	<b>Ending Balance of Fund - Net Assets:</b>		
Line 14a	Cash & Cash Equivalents		2,549,652
Line 14b	Investments		-
Line 14c	Other Assets or Uncleared Funds		-
	<b>Total Ending Balance of Fund - Net Assets</b>		<b>2,549,652</b>
<b>OTHER SUPPLEMENTAL INFORMATION:</b>			
	<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
<b>Report of Items NOT to be Paid by the Fund:</b>			
<b>Line 15</b>	<b>Disbursement for Plan Administration Expenses Not Paid by the Fund:</b>		
Line 15a	<b>Plan Development Expenses Not Paid by the Fund:</b>		
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
	<b>Total Plan Developmental Expenses Not Paid by the Fund</b>		<b>-</b>
Line 15b	<b>Plan Implementation Expenses Not Paid by the Fund</b>		
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. FAIR Reporting Expenses	-		-
	<b>Total Plan Implementation Expenses Not Paid by the Fund</b>		<b>-</b>
Line 15c	<b>Tax Administrator Fees &amp; Bonds Not Paid by the Fund</b>		
			<b>-</b>
	<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>		<b>-</b>
<b>Line 16</b>	<b>Disbursements to Court/Other Not Paid by the Fund:</b>		
Line 16a	Investment Expenses/CRIS Fees	-	-
Line 16b	Federal Tax Payments	-	-
	<b>Total Disbursement to Court/Other Not Paid by the Fund:</b>		<b>-</b>
<b>Line 17</b>	<b>DC &amp; State Tax Payments</b>	-	-
<b>Line 18</b>	<b>No. of Claims:</b>		
Line 18a	# of Claims Received This Reporting Period.....		0
Line 18b	# of Claims Received Since Inception of Fund.....		0
<b>Line 19</b>	<b>No. of Claimants/Investors:</b>		
Line 19a	# of Claimants/Investors Paid this Reporting Period.....		0
Line 19b	# of Claimants/Investors Paid Since Inception of Fund.....		0

Receiver:

By:



Thomas C. Hebrank

Court-Appointed Receiver

Date:

9/19/16

# Exhibit 5

Thomas C. Hebrank, Receiver  
E3 Advisors  
401 West A Street, Suite 1830  
San Diego, CA 92101  
(619) 567-7223

## **STANDARDIZED FUND ACCOUNTING REPORT**

---

CIVIL - RECEIVERSHIP FUND

---

SECURITIES AND EXCHANGE COMMISSION,  
Plaintiff,  
v.  
LOUIS V. SCHOOLER and FIRST FINANCIAL PLANNING CORPORATION d/b/a  
WESTERN FINANCIAL PLANNING CORPORATION,

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

REPORTING PERIOD 07/01/2016 TO 09/30/2016

**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**

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

Reporting Period 07/01/2016 to 09/30/2016

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/01/16):	2,549,652	2,549,652
	Adj June 2016 Loan Principal Pmts		(36,907)
	<i>Increases in Fund Balance:</i>		
Line 2	Business Income	-	-
Line 3	Cash and Securities	-	-
Line 4	Interest/Dividend Income	152	152
Line 5	Business Asset Liquidation	18,949	18,949
Line 6	Personal Asset Liquidation	-	-
Line 7	Third-Party Litigation Income	-	-
Line 8	Miscellaneous - Other*1	-	-
	<b>Total Funds Available (Lines 1 - 8):</b>	<b>2,568,753</b>	<b>2,531,846</b>
	<i>Decreases in Fund Balance:</i>		
Line 9	Disbursements to Investors	-	-
Line 10	Disbursements to Receivership Operations		
Line 10a	Disbursement to Receiver or Other Professionals	(509,451)	(509,451)
Line 10b	Business Asset Expenses	(475,868)	(475,868)
Line 10c	Personal Asset Expenses	-	-
Line 10d	Investment Expenses	-	-
Line 10e	Third-Party Litigation Expenses	-	-
	1. Attorney Fees	-	-
	2. Litigation Expenses	-	-
	<b>Total Third-Party Litigation Expenses</b>	<b>-</b>	<b>-</b>
Line 10f	Tax Administrator Fees and Bonds	-	-
Line 10g	Federal and State Tax Payments	(80)	(80)
	<b>Total Disbursements for Receivership Operations</b>		<b>(985,399)</b>
Line 11	Disbursements for Distribution Expenses Paid by the Fund:		
Line 11a	Distribution Plan Development Expenses:		
	1. Fees:		
	Fund Administrator.....	-	-
	Independent Distribution Consultant (IDC)..	-	-
	Distribution Agent.....	-	-
	Consultants.....	-	-
	Legal Advisors.....	-	-
	Tax Advisors.....	-	-
	2. Administrative Expenses	-	-
	3. Miscellaneous	-	-
	<b>Total Plan Developmental Expenses</b>		<b>-</b>
Line 11b	Distribution Plan Implementation Expenses:		
	1. Fees:		
	Fund Administrator.....	-	-
	IDC.....	-	-
	Distribution Agent.....	-	-
	Consultants.....	-	-
	Legal Advisors.....	-	-
	Tax Advisors.....	-	-
	2. Administrative Expenses	-	-
	3. Investor Identification:		
	Notice/Publishing Approved Plan.....	-	-
	Claimant Identification.....	-	-
	Claims Processing.....	-	-
	Web Site Maintenance/Call Center.....	-	-
	4. Fund Administrator Bond	-	-
	5. Miscellaneous	-	-
	6. Federal Account for Investor Restitution	-	-
	(FAIR) Reports Expenses	-	-
	<b>Total Plan Implementation Expenses</b>		<b>-</b>
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>		<b>-</b>
Line 12	Disbursements to Court/Other:		
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees	-	-
Line 12b	Federal Tax Payments	-	-
	<b>Total Disbursement to Court/Other:</b>		<b>-</b>
	<b>Total Funds Disbursed (Lines 9 - 11):</b>		<b>(985,399)</b>
Line 13	Ending Balance (As of 09/30/2016):		<b>1,546,447</b>

Exhibit 5

Page 25

Exhibit B, Page 20



**STANDARDIZED FUND ACCOUNTING REPORT for Western Financial Planning - Cash Basis**  
**Receivership; Case No. 3:12-cv-02164-GPC-JMA**  
**Reporting Period 07/01/2016 to 09/30/2016**

<b>Line 14 Ending Balance of Fund - Net Assets:</b>			
<i>Line 14a Cash &amp; Cash Equivalents</i>			1,546,447
<i>Line 14b Investments</i>			-
<i>Line 14c Other Assets or Uncleared Funds</i>			-
<b>Total Ending Balance of Fund - Net Assets</b>			<b>1,546,447</b>
<b>OTHER SUPPLEMENTAL INFORMATION:</b>			
	<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
<i>Report of Items NOT to be Paid by the Fund:</i>			
<b>Line 15 Disbursement for Plan Administration Expenses Not Paid by the Fund:</b>			
<i>Line 15a Plan Development Expenses Not Paid by the Fund:</i>			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
<b>Total Plan Developmental Expenses Not Paid by the Fund</b>			<b>-</b>
<i>Line 15b Plan Implementation Expenses Not Paid by the Fund</i>			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. FAIR Reporting Expenses	-		-
<b>Total Plan Implementation Expenses Not Paid by the Fund</b>			<b>-</b>
<i>Line 15c Tax Administrator Fees &amp; Bonds Not Paid by the Fund</i>			<b>-</b>
<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>			<b>-</b>
<b>Line 16 Disbursements to Court/Other Not Paid by the Fund:</b>			
<i>Line 16a Investment Expenses/CRIS Fees</i>	-		-
<i>Line 16b Federal Tax Payments</i>	-		-
<b>Total Disbursement to Court/Other Not Paid by the Fund:</b>			<b>-</b>
<b>Line 17 DC &amp; State Tax Payments</b>	-		-
<b>Line 18 No. of Claims:</b>			
<i>Line 18a # of Claims Received This Reporting Period.....</i>			0
<i>Line 18b # of Claims Received Since Inception of Fund.....</i>			0
<b>Line 19 No. of Claimants/Investors:</b>			
<i>Line 19a # of Claimants/Investors Paid this Reporting Period.....</i>			0
<i>Line 19b # of Claimants/Investors Paid Since Inception of Fund.....</i>			0

Receiver:

By:

Thomas C. Hebrank

Court-Appointed Receiver

Date:

12/7/16

Exhibit 5

Page 26

Exhibit B, Page 21

# Exhibit 6



**HOLLYWOOD PARTNERS**  
270 El Camino Real #F533  
Encinitas, CA 92024

November 22, 2013

Dear Hollywood Partners:

As you are likely aware, on September 6, 2012, I was appointed receiver by the United States District Court, Southern District of California (Case No: 3:12-cv-02164-LAB-JMA) to manage and protect the assets of First Financial Planning Corporation d/b/a Western Financial Planning Corporation ("Western") and its subsidiaries and related entities, including Hollywood Partners Partnership and the other general partnerships ("GPs") set up by Western.

On August 16, 2013, the Court issued an order that, among other things, provides a process for releasing all GPs from the receivership. As required in the order, the Receiver filed an information packet with the Court on September 6, 2013. However, Defendant Louis Schooler has appealed the August 16, 2013 Order, which has delayed approval of the information packet and release of the GPs from the receivership. On November 11, 2013, the Court issued a ruling that, in part, ordered the GPs to remain under the protection of the receivership until this appeal has been resolved.

The August 16, 2013 Order also requires the Receiver to continue to bill your GP for various outstanding items, including the following:

- Current and Past due operational expenses. These amounts include expenses for property taxes, insurance, tax accounting/K-1 preparation, and administrative fees. Your partnership needs \$55,051.60 to cover these expenses.
- In the past, Western loaned money to GPs with insufficient capital to cover their operational expenses. As recently as early August 2013, these funds were used to pay GP expenses. The Court has ordered that these loans be collected. Your partnership needs \$25,122.00 to repay these loans.
- Unpaid financing owed by the GPs to Western. When the GPs were first created, investors who financed a portion of their investment signed a promissory note obligating them to pay the GP for this investment. Western provided the funds to the GP necessary to make these loans to investors. The GP then signed a promissory note in the total amount owed by its investors to Western. The Court has ordered that these GP note obligations be collected. Your partnership needs \$0.00 to repay past due financing.

According to the partnership records, your partnership has not been billed since February 3, 2011, therefore, your partnership is in urgent need of these funds to pay past due amounts and avoid defaults. The total amount due by your GP is \$80,173.60. The current bank account balance for your GP is only \$100.69. **Based on your ownership interest in the GP, your share of the operational funds needed is noted on the enclosed invoice and is currently due.** Please remember that your ownership interest in the GP increases by one unit for every dollar paid. If distributions are made in the future on this investment, your proportional ownership will have increased for each contribution you make.

For your convenience we have enclosed a self-addressed envelope. Please send your payment **Hollywood Partners** at **270 N. El Camino Real #F533, Encinitas, CA 92024**. Also please note that this is a mailing address and not a physical address of the Partnership.

If your investment is a part of your IRA, please see the enclosed letter with instructions for making this payment.

Failure to remit payment has consequences both for you and the GP as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement. As a whole, if investors fail to make their share of contributions, it puts the GP at risk of default on its obligations. As you can see from the low bank account balance, your partnership does not currently have sufficient funds to pay property taxes that are due, or will be due in the near future, or to pay for the processing of K-1 tax statements for investors.

Should you have any questions regarding the specifics of your account, please contact Beverly Schuler or Alice Jacobson, the partnership administrators/secretaries. They will be most effective in handling these types of inquiries. Their contact information is:

Beverly Schuler  
270 N. El Camino Real #F533  
Encinitas, CA 92024  
Phone: 760.295.9482  
bev@wcas.sdcoxmail.com

Alice Jacobson  
270 N. El Camino Real #F533  
Encinitas, CA 92024  
Phone: 760.295.9482  
Alice@wcas.sdcoxmail.com

Finally, please visit my website ([http://www.ethreadvisors.com/?page\\_id=818](http://www.ethreadvisors.com/?page_id=818)) for further information on the case. Should you have general questions regarding the receivership, please feel free to email me at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com). If we do not have your current contact information (especially for the processing of K-1 Statements), please email me immediately with your latest contact information.

Best regards,

Thomas C. Hebrank  
Receiver for **Hollywood Partners** Partnership

# Exhibit 7

**RAINBOW PARTNERS**  
270 El Camino Real #F533  
Encinitas, CA 92024

November 22, 2013

Dear Rainbow Partners:

As you are likely aware, on September 6, 2012, I was appointed receiver by the United States District Court, Southern District of California (Case No: 3:12-cv-02164-LAB-JMA) to manage and protect the assets of First Financial Planning Corporation d/b/a Western Financial Planning Corporation ("Western") and its subsidiaries and related entities, including Rainbow Partners Partnership and the other general partnerships ("GPs") set up by Western.

On August 16, 2013, the Court issued an order that, among other things, provides a process for releasing all GPs from the receivership. As required in the order, the Receiver filed an information packet with the Court on September 6, 2013. However, Defendant Louis Schooler has appealed the August 16, 2013 Order, which has delayed approval of the information packet and release of the GPs from the receivership. On November 11, 2013, the Court issued a ruling that, in part, ordered the GPs to remain under the protection of the receivership until this appeal has been resolved.

The August 16, 2013 Order also requires the Receiver to continue to bill your GP for various outstanding items, including the following:

- Current and Past due operational expenses. These amounts include expenses for property taxes, insurance, tax accounting/K-1 preparation, and administrative fees. Your partnership needs \$19,630.49 to cover these expenses.
- In the past, Western loaned money to GPs with insufficient capital to cover their operational expenses. As recently as early August 2013, these funds were used to pay GP expenses. The Court has ordered that these loans be collected. Your partnership needs \$72,913.00 to repay these loans.
- Unpaid financing owed by the GPs to Western. When the GPs were first created, investors who financed a portion of their investment signed a promissory note obligating them to pay the GP for this investment. Western provided the funds to the GP necessary to make these loans to investors. The GP then signed a promissory note in the total amount owed by its investors to Western. The Court has ordered that these GP note obligations be collected. Your partnership needs \$0.00 repay past due financing.

According to the partnership records, your partnership has not been billed since July 20, 2012, therefore, your partnership is in urgent need of these funds to pay past due amounts and avoid defaults. The total amount due by your GP is \$92,543.49. The current bank account balance for your GP is only \$55.55. **Based on your ownership interest in the GP, your share of the operational funds needed is noted on the enclosed invoice and is currently due.** Please remember that your ownership interest in the GP increases by one unit for every dollar paid. If distributions are made in the future on this investment, your proportional ownership will have increased for each contribution you make.

Exhibit 7  
Page 31



For your convenience we have enclosed a self-addressed envelope. Please send your payment **Rainbow Partners** at **270 N. El Camino Real #F533, Encinitas, CA 92024**. Also please note that this is a mailing address and not a physical address of the Partnership.

If your investment is a part of your IRA, please see the enclosed letter with instructions for making this payment.

Failure to remit payment has consequences both for you and the GP as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement. As a whole, if investors fail to make their share of contributions, it puts the GP at risk of default on its obligations. As you can see from the low bank account balance, your partnership does not currently have sufficient funds to pay property taxes that are due, or will be due in the near future, or to pay for the processing of K-1 tax statements for investors.

Should you have any questions regarding the specifics of your account, please contact Beverly Schuler or Alice Jacobson, the partnership administrators/secretaries. They will be most effective in handling these types of inquiries. Their contact information is:

Beverly Schuler  
270 N. El Camino Real #F533  
Encinitas, CA 92024  
Phone: 760.295.9482  
bev@wcas.sdcoxmail.com

Alice Jacobson  
270 N. El Camino Real #F533  
Encinitas, CA 92024  
Phone: 760.295.9482  
Alice@wcas.sdcoxmail.com

Finally, please visit my website ([http://www.ethreeadvisors.com/?page\\_id=818](http://www.ethreeadvisors.com/?page_id=818)) for further information on the case. Should you have general questions regarding the receivership, please feel free to email me at [wfp@ethreeadvisors.com](mailto:wfp@ethreeadvisors.com). If we do not have your current contact information (especially for the processing of K-1 Statements), please email me immediately with your latest contact information.

Best regards,

Thomas C. Hebrank  
Receiver for **Rainbow Partners Partnership**

# Exhibit 8

May 15, 2015

Dear Horizon Partners:

As of March 16, 2015, the Court in the SEC Action determined that the receiver would remain in control of the GPs and appointed Lincoln Property Company ("LPC") as Manager to transition the administrative duties previously performed by Alice Jacobson and Beverly Schuler. Should you have any questions regarding this transition, please be sure to contact the receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

As you may remember when you invested in the Partnership, there would eventually be a need for the partners to contribute additional monies to replenish the Partnership checking account for operating expenses. Operating expenses include accounting fees to process and file the Partnership Tax Return and produce the K-1's for each partner, partnership administrator fees, property taxes, recording fees, the payment of notes due to Western for the payment of underlying mortgages and other administrative expenses as stated in Article 2.2 titled "Additional Contributions to Capital" of the Statement and Agreement of Partnership.

It should also be noted that these funds are used to pay only the obligations that have been approved by the Court, and in all cases, these obligations pre-date the receiver's appointment and would be due and payable whether there was a receiver in this case or not. These funds are not used to pay for the costs of the Receiver or his attorney fees.

Section 2.2.2 of the Statement and Agreement states that the "Partners shall receive an additional unit for each additional dollar (\$1.00) of capital contributed to the Partnership." This simply means that, for each dollar that you contribute toward the ongoing expenses of the partnership, you receive an equal amount of units in the partnership.

Attached is a recap of the partnership account activity for 2014 and the estimated expenses for 2015. As you can see, funds are low and need to be replenished. **Currently, your GP does not have sufficient funds to pay the underlying note on its investment and the mortgage is in default. Additionally there are insufficient funds to keep current with the GP's annual bond payment. These defaults will subject the property to additional penalties and interest, the longer it persists. It should be noted that the penalties and interest for the bond payment default are particularly severe and could easily double the amount due within a short period of time.**

Based on past years expenses we are collecting a total of \$868.50 from you to cover these upcoming expenses. **We will be billing in one annual installment.** Enclosed is your invoice with your current amount due to the Partnership. **Your payment is due by June 30, 2015.** For those of you that invested in Horizon Partners using IRA dollars, please see the enclosed "Dear IRA Investor" letter for further information and instructions.



Lincoln Property Company Commercial, Inc. | 915 Wilshire Boulevard, Suite 2050 | Los Angeles, CA 90017  
Christine Kwa | (O) 213.542.8240 | (F) 213.629.0831 | [ckwa@lpc.com](mailto:ckwa@lpc.com)

Exhibit 8  
Page 34

Please send your payment and Letters of Authorizations to Horizon Partners.

**Horizon Partners  
c/o Lincoln Property Company  
915 Wilshire Blvd., Suite 2050  
Los Angeles, CA 90017  
Attn: Christine Kwa**

Should you have any questions regarding the specifics of your account, please feel free to reach me directly at [ckwa@lpc.com](mailto:ckwa@lpc.com) or the receiver at [wfp@ethreeadvisors.com](mailto:wfp@ethreeadvisors.com).

Failure to remit payment has consequences both for you and the GP's as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement. As a whole, if investors fail to make their share of contributions, it puts the GP at risk of default on its obligations, particularly increased property tax fees and interest.

Finally, should you have general questions regarding the receivership, please feel free to visit the receiver's website at <http://bit.ly/Y6uHa7> (shortened for brevity) or you may contact him directly at [wfp@ethreeadvisors.com](mailto:wfp@ethreeadvisors.com). If we do not have your current contact information (especially for the processing of future K-1 Statements), please email me immediately with your latest contact information.

Sincerely,

**Christine Kwa**  
Corporate Services  
Lincoln Property Company

Enclosures





# Exhibit 9

July 20, 2015

Dear BLA Partners:

As of March 4, 2015, the Court in the SEC Action determined the General Partnerships ("GPs") would remain in receivership and authorized the Receiver to have Lincoln Property Company ("LPC") handle the administrative duties previously performed by Alice Jacobson and Beverly Schuler. Should you have any questions regarding this transition, please contact the Receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

As you may remember when you invested in the Partnership, there would eventually be a need for the partners to contribute additional monies to replenish the Partnership checking account to cover operating expenses. Previously, we had sufficient funds in the Partnership bank account to pay for these expenses, however, those funds have depleted. This is the first request we are making of your Partnership to replenish those operating funds.

Operating expenses include accounting fees to process and file the Partnership Tax Return and produce the K-1's for each partner, partnership administrator fees, property taxes, recording fees, the payment of notes due to Western for the payment of underlying mortgages and other administrative expenses as stated in Article 2.2 titled "Additional Contributions to Capital" of the Statement and Agreement of Partnership.

Additionally, pursuant to the Courts Order, an information packet was posted to the Receiver's website. For your convenience, the website can be accessed at: <http://bit.ly/Y6uHa7> (this address has been shortened for brevity). Please review this packet carefully to understand the current status of your partnership and its related co-tenants.

It should also be noted that these funds are used to pay only the obligations that have been approved by the Court, and in all cases, these obligations pre-date the Receiver's appointment and would be due and payable whether or not there was a Receiver. These funds are not used to pay for the costs of the Receiver or his attorney fees.

Section 2.2.2 of the Statement and Agreement states that the "Partners shall receive an additional unit for each additional dollar (\$1.00) of capital contributed to the Partnership." This simply means that, for each dollar that you contribute toward the ongoing expenses of the partnership, you receive an equal amount of units in the partnership.

Attached is a recap of the partnership account activity for 2014 and the estimated expenses for the remainder of 2015 and 2016. [As you can see, funds are low and need to be replenished. **Currently, your GP does not have sufficient funds to pay its ongoing operating expenses, including property taxes, preparation of K-1s and insurance. These defaults will subject the property to additional penalties and interest, the longer they persist.**

Based on past years expenses we are collecting a total of **\$168.43** from you to cover expenses through 2016. **We will be billing in one annual installment.** Enclosed is your invoice with your current amount due to the Partnership. **Your payment is due by September 20, 2015. Please note, if funds are not received by this deadline, the Court has asked the Receiver to proceed with listing and selling the property.** For those of you that invested in BLA Partners using IRA dollars, please see the enclosed "Dear IRA Investor" letter for further information and instructions.



Please send your payment and Letters of Authorizations to BLA Partners.

**BLA Partners**  
**c/o Lincoln Property Company**  
**915 Wilshire Blvd., Suite 2050**  
**Los Angeles, CA 90017**  
**Attn: Christine Kwa**

Should you have any questions regarding the specifics of your account, please feel free to reach me directly at [ckwa@lpc.com](mailto:ckwa@lpc.com) or the receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

Failure to remit payment has consequences both for you and your partnership as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement. As a whole, if investors fail to make their share of contributions, the partnership will not have sufficient funds to pay expenses and the Court has instructed the Receiver to move forward with steps necessary to sell the property.

Finally, should you have general questions regarding the receivership, please feel free to visit the Receiver's website at <http://bit.ly/Y6uHa7> (shortened for brevity) or you may contact him directly at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com). If we do not have your current contact information (especially for the processing of future K-1 Statements), please email me immediately with your latest contact information.

Sincerely,

**Christine Kwa**  
Corporate Services  
Lincoln Property Company

Enclosures

# Exhibit 10



August 1, 2015

Dear BLA Partners:

As of March 4, 2015, the Court in the SEC Action determined the General Partnerships ("GPs") would remain in receivership and authorized the Receiver to have Lincoln Property Company ("LPC") handle the administrative duties previously performed by Alice Jacobson and Beverly Schuler. Should you have any questions regarding this transition, please contact the Receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

As you may remember when you invested in the Partnership, there would eventually be a need for the partners to contribute additional monies to replenish the Partnership checking account to cover operating expenses. Previously, we had sufficient funds in the Partnership bank account to pay for these expenses, however, those funds have depleted. This is the first request we are making of your Partnership to replenish those operating funds.

Operating expenses include accounting fees to process and file the Partnership Tax Return and produce the K-1's for each partner, partnership administrator fees, property taxes, recording fees, the payment of notes due to Western for the payment of underlying mortgages and other administrative expenses as stated in Article 2.2 titled "Additional Contributions to Capital" of the Statement and Agreement of Partnership.

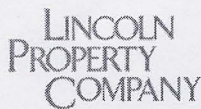
Additionally, pursuant to the Courts Order, an information packet was posted to the Receiver's website. For your convenience, the website can be accessed at: <http://bit.ly/Y6uHa7> (this address has been shortened for brevity). Please review this packet carefully to understand the current status of your partnership and its related co-tenants.

It should also be noted that these funds are used to pay only the obligations that have been approved by the Court, and in all cases, these obligations pre-date the Receiver's appointment and would be due and payable whether or not there was a Receiver. These funds are not used to pay for the costs of the Receiver or his attorney fees.

Section 2.2.2 of the Statement and Agreement states that the "Partners shall receive an additional unit for each additional dollar (\$1.00) of capital contributed to the Partnership." This simply means that, for each dollar that you contribute toward the ongoing expenses of the partnership, you receive an equal amount of units in the partnership.

Attached is a recap of the partnership account activity for 2014 and the estimated expenses for the remainder of 2015 and 2016. [As you can see, funds are low and need to be replenished. **Currently, your GP does not have sufficient funds to pay its ongoing operating expenses, including property taxes, preparation of K-1s and insurance. These defaults will subject the property to additional penalties and interest, the longer they persist.**

Based on past years expenses we are collecting a total of **\$77.86** from you to cover expenses through 2016. **We will be billing in one annual installment.** Enclosed is your invoice with your current amount due to the Partnership. **Your payment is due by October 1, 2015. Please note, if funds are not received by this deadline, the Court has asked the Receiver to proceed with listing and selling the property.** For those of you that invested in BLA Partners using IRA dollars, please see the enclosed "Dear IRA Investor" letter for further information and instructions.



Lincoln Property Company Commercial, Inc. | 915 Wilshire Boulevard, Suite 2050 | Los Angeles, CA 90017  
Christine Kwa | (O) 213.542.8240 | (F) 213.629.0831 | [ckwa@lpc.com](mailto:ckwa@lpc.com)

Exhibit 10  
Page 40



Please send your payment and Letters of Authorizations to BLA Partners.

**BLA Partners**  
**c/o Lincoln Property Company**  
**915 Wilshire Blvd., Suite 2050**  
**Los Angeles, CA 90017**  
**Attn: Christine Kwa**

Should you have any questions regarding the specifics of your account, please feel free to reach me directly at [ckwa@lpc.com](mailto:ckwa@lpc.com) or the receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

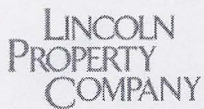
Failure to remit payment has consequences both for you and your partnership as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement. As a whole, if investors fail to make their share of contributions, the partnership will not have sufficient funds to pay expenses and the Court has instructed the Receiver to move forward with steps necessary to sell the property.

Finally, should you have general questions regarding the receivership, please feel free to visit the Receiver's website at <http://bit.ly/Y6uHa7> (shortened for brevity) or you may contact him directly at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com). If we do not have your current contact information (especially for the processing of future K-1 Statements), please email me immediately with your latest contact information.

Sincerely,

**Christine Kwa**  
Corporate Services  
Lincoln Property Company

Enclosures



# Exhibit 11

September 15, 2015

Dear Wild Horse Partners:

As of March 4, 2015, the Court in the SEC Action determined the General Partnerships ("GPs") would remain in receivership and authorized the Receiver to have Lincoln Property Company ("LPC") handle the administrative duties previously performed by Alice Jacobson and Beverly Schuler. Should you have any questions regarding this transition, please contact the Receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

As you may remember when you invested in the Partnership, there would eventually be a need for the partners to contribute additional monies to replenish the Partnership checking account to cover operating expenses. Previously, we had sufficient funds in the Partnership bank account to pay for these expenses, however, those funds have depleted. This is the first request we are making of your Partnership to replenish those operating funds.

Operating expenses include accounting fees to process and file the Partnership Tax Return and produce the K-1's for each partner, partnership administrator fees, property taxes, recording fees, the payment of notes due to Western for the payment of underlying mortgages and other administrative expenses as stated in Article 2.2 titled "Additional Contributions to Capital" of the Statement and Agreement of Partnership.

Additionally, pursuant to the Courts Order, an information packet was posted to the Receiver's website. For your convenience, the website can be accessed at: <http://bit.ly/Y6uHa7> (this address has been shortened for brevity). Please review this packet carefully to understand the current status of your partnership and its related co-tenants.

It should also be noted that these funds are used to pay only the obligations that have been approved by the Court, and in all cases, these obligations pre-date the Receiver's appointment and would be due and payable whether or not there was a Receiver. These funds are not used to pay for the costs of the Receiver or his attorney fees.

Section 2.2.2 of the Statement and Agreement states that the "Partners shall receive an additional unit for each additional dollar (\$1.00) of capital contributed to the Partnership." This simply means that, for each dollar that you contribute toward the ongoing expenses of the partnership, you receive an equal amount of units in the partnership.

Attached is a recap of the partnership account activity for 2014 and the estimated expenses for the remainder of 2015 and 2016. [As you can see, funds are low and need to be replenished. **Currently, your GP does not have sufficient funds to pay its ongoing operating expenses, including various notes due to Western, property taxes and insurance. These defaults will subject the property to additional penalties and interest, the longer they persist.**

Based on past years expenses we are collecting a total of **\$433.7** from you to cover expenses through 2016. **We will be billing in one annual installment.** Enclosed is your invoice with your current amount due to the Partnership. **Your payment is due by November 15, 2015. Please note, if funds are not received by this deadline, the Court has asked the Receiver to proceed with listing and selling the property.** For those of you that invested in Wild Horse Partners using IRA dollars, please see the enclosed "Dear IRA Investor" letter for further information and instructions.



Lincoln Property Company Commercial, Inc. | 915 Wilshire Boulevard, Suite 2050 | Los Angeles, CA 90017  
Christine Kwa | (O) 213.542.8240 | (F) 213.629.0831 | [ckwa@lpc.com](mailto:ckwa@lpc.com)

Exhibit 11  
Page 43



Please send your payment and Letters of Authorizations to Wild Horse Partners.

**Wild Horse Partners  
c/o Lincoln Property Company  
915 Wilshire Blvd., Suite 2050  
Los Angeles, CA 90017  
Attn: Christine Kwa**

Should you have any questions regarding the specifics of your account, please feel free to reach me directly at [ckwa@lpc.com](mailto:ckwa@lpc.com) or the receiver at [wfp@ethreeadvisors.com](mailto:wfp@ethreeadvisors.com).

Failure to remit payment has consequences both for you and your partnership as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement. As a whole, if investors fail to make their share of contributions, the partnership will not have sufficient funds to pay expenses and the Court has instructed the Receiver to move forward with steps necessary to sell the property.

Finally, should you have general questions regarding the receivership, please feel free to visit the Receiver's website at <http://bit.ly/Y6uHa7> (shortened for brevity) or you may contact him directly at [wfp@ethreeadvisors.com](mailto:wfp@ethreeadvisors.com). If we do not have your current contact information (especially for the processing of future K-1 Statements), please email me immediately with your latest contact information.

Sincerely,

**Christine Kwa**  
Corporate Services  
Lincoln Property Company

Enclosures



# Exhibit 12

September 25, 2015

Dear Hollywood Partners:

As of March 4, 2015, the Court in the SEC Action determined the General Partnerships ("GPs") would remain in receivership and authorized the Receiver to have Lincoln Property Company ("LPC") handle the administrative duties previously performed by Alice Jacobson and Beverly Schuler. Should you have any questions regarding this transition, please contact the Receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

As you may remember when you invested in the Partnership, there would eventually be a need for the partners to contribute additional monies to replenish the Partnership checking account to cover operating expenses. Previously, we had sufficient funds in the Partnership bank account to pay for these expenses, however, those funds have depleted. This is the first request we are making of your Partnership to replenish those operating funds.

Operating expenses include accounting fees to process and file the Partnership Tax Return and produce the K-1's for each partner, partnership administrator fees, property taxes, recording fees, the payment of notes due to Western for the payment of underlying mortgages and other administrative expenses as stated in Article 2.2 titled "Additional Contributions to Capital" of the Statement and Agreement of Partnership.

Additionally, pursuant to the Courts Order, an information packet was posted to the Receiver's website. For your convenience, the website can be accessed at: <http://bit.ly/Y6uHa7> (this address has been shortened for brevity). Please review this packet carefully to understand the current status of your partnership and its related co-tenants.

It should also be noted that these funds are used to pay only the obligations that have been approved by the Court, and in all cases, these obligations pre-date the Receiver's appointment and would be due and payable whether or not there was a Receiver. These funds are not used to pay for the costs of the Receiver or his attorney fees.

Section 2.2.2 of the Statement and Agreement states that the "Partners shall receive an additional unit for each additional dollar (\$1.00) of capital contributed to the Partnership." This simply means that, for each dollar that you contribute toward the ongoing expenses of the partnership, you receive an equal amount of units in the partnership.

Attached is a recap of the partnership account activity for 2014 and the estimated expenses for the remainder of 2015 and 2016. [As you can see, funds are low and need to be replenished. **Currently, your GP does not have sufficient funds to pay its ongoing operating expenses, including various notes due to Western, property taxes and insurance. These defaults will subject the property to additional penalties and interest, the longer they persist.**

Based on past years expenses we are collecting a total of **\$255.05** from you to cover expenses through 2016. **We will be billing in one annual installment.** Enclosed is your invoice with your current amount due to the Partnership. **Your payment is due by November 25, 2015. Please note, if funds are not received by this deadline, the Court has asked the Receiver to proceed with listing and selling the property.** For those of you that invested in Hollywood Partners using IRA dollars, please see the enclosed "Dear IRA Investor" letter for further information and instructions.



Lincoln Property Company Commercial, Inc. | 915 Wilshire Boulevard, Suite 2050 | Los Angeles, CA 90017  
Christine Kwa | (O) 213.542.8240 | (F) 213.629.0831 | [ckwa@lpc.com](mailto:ckwa@lpc.com)

Exhibit 12  
Page 46

Please send your payment and Letters of Authorizations to Hollywood Partners.

**Hollywood Partners**  
**c/o Lincoln Property Company**  
**915 Wilshire Blvd., Suite 2050**  
**Los Angeles, CA 90017**  
**Attn: Christine Kwa**

Should you have any questions regarding the specifics of your account, please feel free to reach me directly at [ckwa@lpc.com](mailto:ckwa@lpc.com) or the receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

Failure to remit payment has consequences both for you and your partnership as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement. As a whole, if investors fail to make their share of contributions, the partnership will not have sufficient funds to pay expenses and the Court has instructed the Receiver to move forward with steps necessary to sell the property.

Finally, should you have general questions regarding the receivership, please feel free to visit the Receiver's website at <http://bit.ly/Y6uHa7> (shortened for brevity) or you may contact him directly at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com). If we do not have your current contact information (especially for the processing of future K-1 Statements), please email me immediately with your latest contact information.

Sincerely,

**Christine Kwa**  
Corporate Services  
Lincoln Property Company

Enclosures



# Exhibit 13

December 15, 2015

Dear Borderland Partners:

As of March 4, 2015, the Court in the SEC Action determined the General Partnerships ("GPs") would remain in receivership and authorized the Receiver to have Lincoln Property Company ("LPC") handle the administrative duties previously performed by Alice Jacobson and Beverly Schuler. Should you have any questions regarding this transition, please contact the Receiver at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

As you may remember when you invested in the Partnership, there would eventually be a need for the partners to contribute additional monies to replenish the Partnership checking account to cover operating expenses. Previously, we had sufficient funds in the Partnership bank account to pay for these expenses, however, those funds have depleted. This is the first request we are making of your Partnership to replenish those operating funds.

Operating expenses include accounting fees to process and file the Partnership Tax Return and produce the K-1's for each partner, partnership administrator fees, property taxes, recording fees, the payment of notes due to Western for the payment of underlying mortgages and other administrative expenses as stated in Article 2.2 titled "Additional Contributions to Capital" of the Statement and Agreement of Partnership.

Additionally, pursuant to the Courts Order, an information packet was posted to the Receiver's website. For your convenience, the website can be accessed at: <http://bit.ly/Y6uHa7> (this address has been shortened for brevity). Please review this packet carefully to understand the current status of your partnership and its related co-tenants.

It should also be noted that these funds are used to pay only the obligations that have been approved by the Court, and in all cases, these obligations pre-date the Receiver's appointment and would be due and payable whether or not there was a Receiver. These funds are not used to pay for the costs of the Receiver or his attorney fees.

Section 2.2.2 of the Statement and Agreement states that the "Partners shall receive an additional unit for each additional dollar (\$1.00) of capital contributed to the Partnership." This simply means that, for each dollar that you contribute toward the ongoing expenses of the partnership, you receive an equal amount of units in the partnership.

Attached is a recap of the partnership account activity for 2014 and the estimated expenses for the remainder of 2015 and 2016. [As you can see, funds are low and need to be replenished. **Currently, your GP does not have sufficient funds to pay its ongoing operating expenses, including various notes due to Western, property taxes and insurance. These defaults will subject the property to additional penalties and interest, the longer they persist.**

Based on past years expenses we are collecting a total of **\$559.25** from you to cover expenses through 2016. **We will be billing in one annual installment.** Enclosed is your invoice with your current amount due to the Partnership. **Your payment is due by February 15, 2016. Please note, if funds are not received by this deadline, the Court has asked the Receiver to proceed with listing and selling the property.** For those of you that invested in Borderland Partners using IRA dollars, please see the enclosed "Dear IRA Investor" letter for further information and instructions.



Lincoln Property Company Commercial, Inc. | 915 Wilshire Boulevard, Suite 2050 | Los Angeles, CA 90017  
Christine Kwa | (O) 213.542.8240 | (F) 213.629.0831 | [ckwa@lpc.com](mailto:ckwa@lpc.com)

Exhibit 13  
Page 49



Please send your payment and Letters of Authorizations to Borderland Partners.

**Borderland Partners  
c/o Lincoln Property Company  
915 Wilshire Blvd., Suite 2050  
Los Angeles, CA 90017  
Attn: Christine Kwa**

Should you have any questions regarding the specifics of your account, please feel free to reach me directly at [ckwa@lpc.com](mailto:ckwa@lpc.com) or the receiver at [wfp@ethreeadvisors.com](mailto:wfp@ethreeadvisors.com).

Failure to remit payment has consequences both for you and your partnership as a whole. Individually, investors may be subject to the default provisions outlined in the Partnership Agreement. As a whole, if investors fail to make their share of contributions, the partnership will not have sufficient funds to pay expenses and the Court has instructed the Receiver to move forward with steps necessary to sell the property.

Finally, should you have general questions regarding the receivership, please feel free to visit the Receiver's website at <http://bit.ly/Y6uHa7> (shortened for brevity) or you may contact him directly at [wfp@ethreeadvisors.com](mailto:wfp@ethreeadvisors.com). If we do not have your current contact information (especially for the processing of future K-1 Statements), please email me immediately with your latest contact information.

Sincerely,

**Christine Kwa**  
Corporate Services  
Lincoln Property Company

Enclosures



December 15, 2015

Borderland Partners  
c/o Lincoln Property Company  
915 Wilshire Blvd., Suite 2050  
Los Angeles, CA 90017

*Please see the attached Letter of  
Authorization for payment options.*

## INVOICE

# Redacted

<i>Description</i>	<i>Invoice #</i>	<i>Amount</i>	<i>Received</i>	<i>Balance Due</i>
Operational Fund 2015 Operational Billings per Receiver	B111615	\$559.25	\$	\$559.25
Total Balance Due:				\$559.25

Payment to be received no later than **February 15, 2016**.

Please remit or contact us to make payment arrangements. Please reach Christine Kwa at [ckwa@lpc.com](mailto:ckwa@lpc.com) if you have any questions.

Thank you for your prompt payment.



Lincoln Property Company Commercial, Inc. | 915 Wilshire Boulevard, Suite 2050 | Los Angeles, CA 90017  
Christine Kwa | (O) 213.542.8240 | (F) 213.629.0831 | [ckwa@lpc.com](mailto:ckwa@lpc.com)

**Exhibit 13**  
**Page 51**



December 15, 2015

## LETTER OF AUTHORIZATION

Client: **Redacted**  
IRA Acct #:

Please select and complete only one of the options below:

### Pay Operational Fees with IRA Funds:

To whom it may concern:

I am authorizing IRA Resources, Inc., as my Trustee, to pay up to \$559.25, to Borderland Partners. Please forward this amount to Borderland Partners c/o LPC, 915 Wilshire Blvd., Suite 2050, Los Angeles, CA 90017.

This is an additional Capital Contribution for operational fees, and is to be recorded as a purchase of units in Borderland Partners.

- ☐ I have sufficient available Money Market funds in my IRA. Please use these funds.
- ☐ Enclosed is a check made payable to: IRA Resources, Inc. FBO, Acct # for \$559.25. This is to be considered a current year contribution to my IRA unless otherwise stated.

\_\_\_\_\_  
Signature  
**Redacted**

\_\_\_\_\_  
Date

### Pay Operational Fees with Non-IRA Funds:

Please make check for \$559.25, payable to Borderland Partners. Please forward this amount to Borderland Partners c/o LPC, 915 Wilshire Blvd., Suite 2050, Los Angeles, CA 90017.

This is an additional Capital Contribution for operational fees, and will be applied to your existing non-IRA interest in Borderland Partners. If you do not have an existing non-IRA interest, one will be established for you.

\_\_\_\_\_  
Signature  
**Redacted**

\_\_\_\_\_  
Date



Lincoln Property Company Commercial, Inc. | 915 Wilshire Boulevard, Suite 2050 | Los Angeles, CA 90017  
Christine Kwa | (O) 213.542.8240 | (F) 213.629.0831 | ckwa@lpc.com

**Exhibit 13**  
**Page 52**

**Reno**

## 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	15,346	8,294	(10,653)
<b>Receipts</b>			
Partner Operational Contributions	7,514	523	---
2013 Cleared Deposits	3,070		
Miscellaneous Receipts	---	---	---Partner Note
Payments	---	---	---
<b>Total Receipts</b>	<u>10,584</u>	<u>523</u>	<u>---</u>
<b>Disbursements</b>			
Administrator Payroll	1,300	1,300	<sup>1</sup> 1,200
K---1 Preparation	1,077	1,551	<sup>2</sup> 1,600
Property Taxes/Bond Payments	670	670	670
Insurance	---	350	350
Office Supplies	189	200	200
Appraisal	---	---	---
State and Local Entity Filings	---	---	---
Income Taxes	---	---	---
Miscellaneous	---	1,000	<sup>3</sup> 1,000
Operational Loan Repayment	---	---	<sup>4</sup> ---GP Note Owed
to Western	<u>14,400</u>	<u>14,400<sup>5</sup></u>	<u>14,440</u>
<b>Total Disbursements</b>	<u>17,636</u>	<u>19,470</u>	<u>19,460</u>
Ending Cash Balance	<u>8,294</u>	<u>(10,653)</u>	<u>(30,113)</u>
<b>Amount to be Billed</b>			<b>30,113</b>

<sup>1</sup> In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

<sup>2</sup> It should be noted that the 2014 K---1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go---forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K---1 Preparation expenses include 2014 and 2015 fees.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.

<sup>4</sup> In previous years, Western would cover portions of the operational bills for the partnerships when they did not have sufficient funds to pay these expenses. The Court has ordered us to recover these funds from the respective partnership.



<sup>5</sup> This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

<sup>1</sup>



Lincoln Property Company Commercial, Inc. | 915 Wilshire Boulevard, Suite 2050 | Los Angeles, CA 90017  
Christine Kwa | (O) 213.542.8240 | (F) 213.629.0831 | ckwa@lpc.com

**Exhibit 13**  
**Page 54**