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10 THOMAS C. HEBRANK

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

13  
14 SECURITIES AND EXCHANGE  
COMMISSION,

15 Plaintiff,

16 v.

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

20 Defendants.  
21

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

**RECEIVER'S NINETEENTH  
INTERIM REPORT**

Ctrm.: 2D

Judge: Hon. Gonzalo P. Curiel

1 Thomas C. Hebrank ("Receiver"), Court-appointed receiver for First Financial  
2 Planning Corporation d/b/a Western Financial Planning Corporation ("Western"), its  
3 subsidiaries and the General Partnerships listed on Schedule 1 to the Preliminary  
4 Injunction Order entered on March 13, 2013 (collectively, "Receivership Entities"),  
5 submits this Nineteenth Interim Report, which focuses on the Receiver's activities  
6 during the first quarter of 2017.

## 7 I. EXECUTIVE SUMMARY

8 The Receiver continued his work to preserve and protect the assets of the  
9 Receivership Entities, which during the first quarter focused on implementing the  
10 Court's May 25, 2016 order (Dkt. No. 1304), which granted in part and denied in  
11 part the Receiver's orderly sale/distribution plan motion (Dkt. No. 1181), including  
12 marketing and selling receivership estate properties pursuant to the Court-approved  
13 Modified Orderly Sale Procedures, as well as addressing filings by investors  
14 represented by Gary Aguirre in the Ninth Circuit Court of Appeals. The Receiver  
15 also continued to address other business and legal issues unique to certain GPs. In  
16 addition, the Receiver prepared his Eighteenth Interim Report, which was filed on  
17 February 7, 2017. Dkt. No. 1441.

## 18 II. SUMMARY OF RECEIVER'S ACTIVITIES

19 The Receiver's primary focus since his appointment has been on preserving  
20 and protecting the Receivership Entities' assets. These activities fall into the  
21 following general categories:

### 22 A. Business Operations

23 The Receiver continued to operate the Receivership Entities, process receipts  
24 and disbursements, and address issues regarding GP properties, letters of intent from  
25 potential purchasers, and related issues.

### 26 B. Western Assets

27 The Receiver has investigated and pursued recoveries from various Western  
28 assets, including the following:

1       **Notes Payable from LinMar Entities.** The Receiver has continued efforts to  
 2 enforce the judgments entered by the Court against LinMar Management,  
 3 LinMar III, and LinMar IV. The Receiver has taken various steps to enforce the  
 4 judgments, including levying on bank accounts (from which \$10,252 was collected  
 5 towards the LinMar Management judgment), obtaining the appointment of a post-  
 6 judgment receiver over the LinMar III property, and negotiating a judgment payoff  
 7 of \$205,000 for the LinMar IV judgment with the new owner of LinMar IV. During  
 8 the fourth quarter of 2016, the Receiver continued to monitor the activities and  
 9 progress of the LinMar III post-judgment receiver.

10       **Western Properties.** As discussed in the Receiver's Forensic Accounting  
 11 Report, Part One, Western retained certain parcels of land purchased from third  
 12 parties when it sold such land to the GPs. Dkt. No. 182, p. 9. In his Seventh Interim  
 13 Report, the Receiver recommended the Western land parcels be listed for sale with a  
 14 licensed broker. The Court approved the recommendation. Dkt. No. 549. The  
 15 properties have since been listed with a licensed broker.

16       In early 2016, an offer for one of the properties was received. The Receiver  
 17 negotiated with the prospective purchaser, agreed on terms, subject to Court  
 18 approval, executed a purchase and sale agreement, and filed a noticed motion  
 19 seeking approval of the sale. Dkt. No. 1302. The Motion was granted on  
 20 August 30, 2016 (Dkt. No. 1362), and the sale closed on September 30, 2016.  
 21 Pursuant to the terms of that agreement, which includes seller financing, the  
 22 receivership began receiving payments from the buyer on October 30, 2016.

23       **C. Specific Issues Relating to GP Properties**

24       The Receiver has addressed the following issues that have arisen pertaining to  
 25 GP properties:

26       **Tecate.** The Receiver received a letter from the United States Army Corps of  
 27 Engineers stating its desire to purchase easements on two of the seven Tecate  
 28 properties (Vista Tecate and International). The easement would be for the border

1 patrol to use certain paths/trails on the properties, which are very close to the United  
2 States/Mexico border. The amounts offered for the easements are very modest. The  
3 Receiver has been in communication with the United States Army Corps of  
4 Engineers, which is gathering more information about the proposed easements to  
5 ascertain whether there is truly a public need for the proposed easements and  
6 whether the amounts offered are reasonable. The Receiver continues to wait for an  
7 update from the Army Corps of Engineers.

8 **LV Kade.** The Receiver received a letter from the City of North Las Vegas  
9 stating its intention to exercise its eminent domain power over a small portion of the  
10 LV Kade property for the construction of a storm drain system. The Receiver  
11 communicated with the City to gather more information about the intended storm  
12 drain construction, scope of the project, appraisal process, timing, and related issues.  
13 In November 2016, an appraiser visited the property to perform an evaluation for the  
14 City. The City then offered to pay \$4,700 for the easement. The Receiver reviewed  
15 the report and provided additional information to the City, which led to an improved  
16 offer of \$5,300. After consulting with the engineer hired to perform an engineering  
17 analysis of the easement's impact, the Receiver accepted the improved offer. The  
18 Receiver anticipates signing the easement agreement this month. As the easement  
19 will help extend City services to the property, its placement enhances the value of  
20 the property.

21 **Property Tax Appeals.** In 2013, as directed by the Court, the Receiver  
22 obtained an appraisal of each GP property for purposes of inclusion in his Real  
23 Estate Valuation Report. Dkt. No. 203. In 2015, as directed by the Court, the  
24 Receiver obtained an updated appraisal for GP properties that could afford one and  
25 broker opinions of value for other GP properties. Based on the appraised values of  
26 GP properties and the assessed values of such properties in property tax statements,  
27 the Receiver appealed the property tax assessments for certain GPs. Those appeals  
28 have generated a savings to the GPs of approximately \$88,000, net of fees owed to

1 the property tax consultants, who worked entirely on contingency. The reductions  
2 in assessed values have also reduced the annual and ongoing property tax  
3 obligations of the receivership estate.

4 **The Stead Property.** As discussed in prior reports, there were two tenants  
5 living rent-free in a duplex on the Stead property. Upon learning of the tenants, the  
6 Receiver contacted them and advised they would need to pay rent. One tenant left  
7 shortly thereafter. The remaining tenant was paying rent; however, the rent was not  
8 received timely and consistently. After various attempts to resolve disputes with the  
9 tenant, including the tenant demanding improvements to the property, violating the  
10 lease and subletting the vacant portion of the property to a third party, and generally  
11 failing to timely pay rent, the lease was terminated. The tenant has vacated the  
12 property and the Receiver is working with a local broker to secure the property and  
13 post no-trespassing signs.

14 The Court-approved broker for the property recommended some clean-up  
15 efforts, which are ongoing and substantial in scope. These efforts include removal  
16 of over 1,000 used tires, removal of various abandoned automobiles throughout the  
17 property and general clean-up of the items remaining in both the home and garage.  
18 Through January 2017, the costs of this work totaled \$11,666. The Receiver and the  
19 broker have negotiated a short-term contract for the broker's property management  
20 work. Because of the cleanup costs and questions raised by a potential buyer (who  
21 later determined not to pursue a purchase of the property), the Receiver is seeking  
22 additional reports about the condition of the property to aid in an eventual sale.

23 **Taxes and Mortgages.** The Receiver is negotiating with various taxing  
24 authorities, special assessment districts, and mortgage holders regarding reductions  
25 in taxes, loan balances, late charges, penalties, default interest, and similar amounts  
26 owed that previously accrued because of GPs that ran out of cash. The Receiver has  
27 negotiated reductions of approximately \$57,500 in principal balances due on loans,  
28 some of which had become due or were in arrears due to those respective

1 partnerships' inability to pay. In many instances, the Receiver was also able to  
 2 convince the noteholders to waive past due penalties and interest charges.

3 Additionally, the Receiver was able to successfully negotiate with the Washoe  
 4 County Special Assessment District to obtain a waiver of \$184,317.60 in special  
 5 assessment district bond penalties for the Washoe 3 property. Previously, the  
 6 Washoe 3 partnerships had been unable to raise the funds necessary to timely pay  
 7 the assessments. Penalties on these bonds were significant in that they could more  
 8 than double the amount due after only a short period of time. After significant  
 9 efforts by the Receiver and his counsel, the Washoe County District Attorney  
 10 worked with the related Assessment District to provide substantial relief.

11 The Receiver has also made extensive efforts to obtain an accurate payoff  
 12 demand for the mortgages in favor of Tower 98, LLC on the Santa Fe property. Due  
 13 to Tower 98's failure to provide such a demand over a period of 10 months, the  
 14 Receiver recently filed a motion for authority to pursue quiet title claims regarding  
 15 the property in order to clear the mortgages from title. Tower 98 has since engaged  
 16 new counsel, but no resolution has been reached to date.

17 **D. Closed and Pending Sales of GP Properties**

18 The following is a summary of closed and pending sales of GP properties:

- 19 • The Court approved the Receiver's motion for approval of the sale of the  
 20 Jamul Valley property on August 30, 2016. Dkt. No. 1361. The Graham  
 21 Investors then appealed the sale order (along with several other orders).  
 22 Dkt. No. 1363. As a result, TNC could not obtain a title insurance policy  
 23 and the sale could not close until the appeal was resolved. In March 2017,  
 24 the Graham Investors voluntarily dismissed their appeal as to all orders.  
 25 Dkt. No. 1453. Accordingly, the Receiver and TNC are now working  
 26 toward closing the sale, which is expected to occur at the end of this  
 27 month.

- 1       • The Receiver's motion for approval of the sale of the Reno Vista and Reno  
2 View properties was approved on August 30, 2016. Dkt. No. 1360. It was  
3 then discovered that the Reno Vista and Reno View properties are  
4 encumbered by four deeds of trust dating back to 1980 and 1981: (a) two  
5 in favor of Tierra Del Mar Corporation, an entity held in a family trust set  
6 up by Defendant Louis Schooler's parents prior to their deaths, (b) one in  
7 favor of Schooler's parents directly, and (c) one in favor of EBS Land  
8 Company, an affiliated entity controlled by Schooler. The Receiver has  
9 successfully removed the Tierra Del Mar liens through the probate trustee  
10 appointed over the family trust and the parents' direct lien through a  
11 petition to the Nevada state court. The Receiver has also filed a motion for  
12 an order confirming that EBS Land is an affiliate of the Receivership  
13 Entities, and therefore within the scope of the receivership, so the title  
14 company will accept the release/reconveyance of the EBS Land lien  
15 executed by the Receiver. Dkt. No. 1472.
- 16       • On January 17, 2017, the Receiver filed a motion for approval of the sale  
17 of the Honey Springs property. Dkt. No. 1430. The sale was approved on  
18 March 20, 2017 (Dkt. No. 1449) and closed on March 30, 2017.
- 19       • On February 27, 2017, the Receiver filed a motion for approval of the sale  
20 of the Reno Partners property. Dkt. No. 1443. The sale was approved on  
21 April 12, 2017 (Dkt. No. 1463) and closed on April 28, 2017.
- 22       • On May 4, 2017, the Receiver filed a motion for approval of the sale of the  
23 Valley Vista Partners property. Dkt. No. 1475. The motion is set for  
24 hearing on June 9, 2017.
- 25       • The Receiver has received offers, notified investors of the same,  
26 negotiated with the prospective purchasers, and entered into purchase and  
27 sale agreements for the following properties, subject to overbid and Court  
28 approval: (a) LV Kade, (b) Washoe V, (c) Silver Springs North,



1 (d) Dayton I, and (e) Fernley I. The prospective purchasers are currently  
2 conducting their due diligence. If and when they remove their  
3 contingencies for the sales, the Receiver will file motions seeking approval  
4 of the proposed sales, subject to overbid.

5 **E. Offers on GP Properties**

6 The Receiver has recently received offers for one other GP property. The  
7 offers are consistent with the previously received valuations for the applicable  
8 properties. Consistent with the Modified Orderly Sale Process, the Receiver has  
9 notified investors of the offers and is continuing to negotiate with the potential  
10 buyers.

11 **III. LEGAL UPDATE: INVESTOR APPEALS**

12 The two investor groups represented by Gary Aguirre had appealed a total of  
13 seven orders of the Court. In January 2017, the Ninth Circuit Court of Appeals  
14 consolidated the appeals and denied their motions for stay pending appeal. As noted  
15 above, in March 2017, both groups of investors voluntarily dismissed their appeals  
16 as to all orders.

17 **IV. LOUIS SCHOOLER'S DEATH**

18 During the summer of 2016, the Receiver was advised by Philip Dyson that  
19 Schooler had died. Mr. Dyson did not have any details about Schooler's passing at  
20 the time. The Receiver subsequently heard Schooler was on a solo sailing  
21 expedition to a remote pacific island near Tahiti when his boat ran aground and he  
22 was reported as being found dead, although his body was reportedly not recovered.  
23 The Receiver's understanding is that he is officially considered "missing" at this  
24 point by the U.S. Department of State.

25 Mr. Dyson filed a motion to be relieved as counsel because Schooler had died  
26 and provided a document purporting to be a death certificate issued by the Tahitian  
27 authorities. Dkt. No. 1384. The Court denied the motion, noting the "suspicious  
28



1 circumstances" surrounding the death and the "questionable authenticity" of the  
 2 Tahitian death certificate. Dkt. No. 1409, pp. 13-14.

3 On November 29, 2016, Mr. Dyson filed a second motion to be relieved as  
 4 counsel. Dkt. No. 1410. The Receiver and Commission did not oppose the motion,  
 5 but both requested that the Court authorize service on Schooler by publication  
 6 moving forward due to the uncertainty regarding his death and the lack of any  
 7 probate proceeding or representative of his estate. Dkt. Nos. 1427, 1428. The Court  
 8 directed Mr. Dyson to provide an update as to the investigation of Schooler's  
 9 disappearance. Mr. Dyson did so, but provided no new information. Dkt. No. 1424.  
 10 The motion was granted on February 2, 2017. Dkt. No. 1440.

#### 11 **V. RECEIPTS AND DISBURSEMENTS**

12 Attached hereto as Exhibit A is a summary of the receipts and disbursements  
 13 for the consolidated receivership accounts during the first quarter of 2017. As noted  
 14 above, pursuant to the Court's May 25, 2016 Order (Dkt. No. 1304), the cash  
 15 balances in GP accounts and Western accounts were pooled together in one account.  
 16 Receipts during the period comprised of bank interest earned on the account balance  
 17 and the proceeds from the sale of a WFPC owned property. Notable expenses  
 18 during the period include:

- 19 • Mortgage payments of \$73,224.
- 20 • Property tax and special assessment district bond payments of \$37,996.
- 21 • Court-approved Receiver fees of \$212,837 (no fees or expenses of the  
 22 Receiver's counsel were paid during the first quarter, but were paid in  
 23 April 2017, as its Seventeenth Interim Fee Application was approved  
 24 on April 10, 2017).
- 25 • Professional Fees paid to third party consultants, including those  
 26 professionals engaged by the Receiver to prepare due diligence reports  
 27 and to CBRE for preparation of their property analysis, totaling  
 28 \$63,063.75.

- Refunds in the total amount of \$7,108 of capital contributions previously paid by investors pursuant to the informational packet and capital calls issued to investors in 2015 and early 2016.<sup>1</sup>

Attached as Exhibit B is the Standardized Fund Accounting Report for the first quarter of 2017.

## VI. INVESTOR COMMUNICATIONS

The Receiver has continued to update his website, [www.ethreadvisors.com](http://www.ethreadvisors.com), with orders entered by the Court, Receiver reports, and briefs filed by the parties that pertain directly to the receivership, including pleadings filed in the pending appeals.

The Receiver and his staff have responded to numerous inquiries from investors and other interested parties about the receivership and have updated the Case Updates section of the Receiver's website to address common questions and themes in correspondence from investors. The Receiver has also provided answers to Frequently Asked Questions to address common investor questions and misconceptions about the receivership. As in the past, the Receiver had to respond to numerous e-mails and calls from investors with concerns. Investors are again reminded of the importance of informing the Receiver of any change in their e-mail address or physical address.

Starting with January 2017, the Receiver has begun to provide a monthly email update to all investors. The emails provide investors with updates on new developments in the receivership, including sales of properties, mailing of K-1 tax statements, and related issues. Each case update reminds investors to provide updated contact information. Investors are able to sign up to receive these updates on the Receiver's website or to "unsubscribe" from receiving the updates if they

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<sup>1</sup> The Receiver had proposed that amounts raised from investors pursuant to capital calls that ultimately failed would be returned to those investors. The Court approved that proposal as part of the capital call process. Dkt. No. 1069.

1 choose. The monthly update emails for January, February, March, and April 2017  
2 are attached as Exhibit C.

### 3 **VII. INVESTOR CLAIMS PROCESS**

4 The Receiver is currently working with tax accountant Duffy Kruspodin, LLP  
5 ("Duffy") to prepare investor notices regarding the approved claims process and the  
6 Receiver's calculation of their claims. Pursuant to the approved procedures,  
7 investors will have 30 days from receipt of the notice to respond in writing with any  
8 dispute concerning the calculation, stating the nature of the dispute and provide  
9 documentation supporting their position as to the calculation of their claim amount.  
10 The Receiver will consider all such responses, attempt to resolve disputes with the  
11 applicable investors, and if a resolution cannot be reached, file a motion requesting  
12 the Court determine the applicable claims. The Receiver will also file a schedule of  
13 allowed claim amounts for each investor.

### 14 **VIII. ANNUAL K-1 STATEMENTS**

15 The Receiver worked with Duffy to complete the annual K-1s. Previously,  
16 IRS regulations required that K-1s be distributed by April 15. Due to changing  
17 regulations, however, that deadline was moved up to March 15. All K-1s were sent  
18 to investors by the March 15 deadline.

### 19 **IX. PROPOSED CLOSURE OF GENERAL PARTNERSHIPS**

20 The Receiver believes that continuing to incur costs to prepare and file tax  
21 returns for the 86 GPs, as well as to prepare and send K-1s to the approximately  
22 3,300 investors is an unnecessary drain on the receivership estate, considering that  
23 the Court has approved the pooling of all receivership estate assets for distribution  
24 to investors on a *pro rata* basis. Accordingly, the Receiver will soon file a motion  
25 seeking authority to transfer GP properties to Western, prepare final tax returns and  
26 K-1s, and close the GPs. If approved, all properties and other receivership estate  
27 assets will fall under the Qualified Settlement Fund tax return prepared for the estate  
28 as a whole. The GP properties will then be sold (as they would be anyway) and the

1 sale proceeds deposited into the pooled account for future distribution. This relief,  
 2 if approved, will save the receivership estate tens of thousands of dollars in tax  
 3 preparation fees moving forward.

#### 4 **X. RECOMMENDATIONS**

5 The Receiver recommends the receivership over Western and the other  
 6 Receivership Entities continue pursuant to the Court's orders and the Receivership  
 7 Entities' assets continue to be preserved and protected until properties have been  
 8 sold and distributions have been made pursuant to the Court-approved distribution  
 9 plan and the Receiver provides his final report and accounting.

#### 10 **XI. CONCLUSION**

11 Based on the foregoing, the Receiver requests approval of this Nineteenth  
 12 Interim Report and his recommendations discussed above.

13  
 14 Dated: May 19, 2017

ALLEN MATKINS LECK GAMBLE  
 MALLORY & NATSIS LLP

15  
 16 By: /s/ Edward Fates  
 EDWARD G. FATES  
 Attorneys for Receiver  
 THOMAS C. HEBRANK

**EXHIBIT INDEX**

<b>EXHIBIT NO.</b>	<b>DESCRIPTION</b>	<b>PAGE NO.</b>
Exhibit A	Summary of Receipts and Disbursements for Consolidated Receivership Accounts During First Quarter of 2017	14
Exhibit B	Standardized Fund Accounting Report	16
Exhibit C	Receiver's Monthly Update Emails for January, February, March, and April 2017	20

# EXHIBIT A

# EXHIBIT A

	Jan-17	Feb-17	Mar-17	Q1 2017 TOTAL
Beginning Balance - WFP Receivership	927,514.60	731,057.15	633,897.17	633,897.17
Beginning Balance - Money Market	250,294.69	250,337.21	250,375.62	250,375.62
Total	<u>1,177,809.29</u>	<u># 981,394.36</u>	<u># 884,272.79</u>	<u>884,272.79</u>
Ordinary Income/Expense				
Income				
36000 - Interest - Money Market	42.52	38.41	42.53	123.46
47900 - Sales - WFPC Property	7,591.19	15,182.38	-	22,773.57
63300 - Insurance Expense - Refund	-	1,186.00	403.00	1,589.00
67000 - Property Tax - Refund	-	-	-	-
2430 Yuma 3 ( Yuma APN 202-09-007) - Loan Payoff Refund	-	105.93	-	105.93
2422 Yuma 3 ( Yuma APN 202-49-005) - Loan Payoff Refund	-	7.52	-	7.52
69000 - WFP-Partnership Capital Contribution - Credit	2,396.09	-	-	2,396.09
Total Income	<u>10,029.80</u>	<u>16,520.24</u>	<u>445.53</u>	<u>26,995.57</u>
Total Receivership Income	<u>9,987.28</u>	<u>16,481.83</u>	<u>403.00</u>	<u>26,872.11</u>
Expense				
60000 - Marketing of Property Sales	-	733.08	1,203.60	1,936.68
61700 - Computer and Internet Expenses	45.00	45.00	45.00	135.00
63300 - Insurance Expense	-	-	-	-
63400 - Interest on Mortgages	5,777.38	325.44	314.58	6,417.40
63450 - Mortgage Payoff Fees	1,129.52	-	-	1,129.52
63451 - Mortgage Late Penalties	11,299.11	-	-	11,299.11
63460 - Loan Write Off - Paid in Full	-	-	-	-
63500 - Maintenance	11,900.00	3,542.77	-	15,442.77
65000 - Postage & Shipping Fees	-	350.00	-	350.00
65500 - Printing Services	-	-	-	-
66500 - LLC Filing Fees	375.00	1,600.00	-	1,975.00
66650 - Legal Fees	-	-	-	-
66660 - Legal Expenses	-	-	-	-
66700 - Professional Fees	-	53,556.25	9,507.50	63,063.75
66750 - Receiver Fees	123,739.20	-	85,690.80	209,430.00
66760 - Receiver's Expenses	1,693.44	-	1,713.69	3,407.13
66800 - Tax Preparation Services	-	-	-	-
66801 - Tax Preparation Expense	-	-	-	-
67000 - Property Tax	2,032.01	35,964.13	-	37,996.14
67050 - Property Special Assessment Tax - Principal	-	-	-	-
67051 - Property Special Assessment Tax - Interest	-	-	-	-
67052 - Property Special Assessment Tax - Late Fees	-	-	-	-
67500 - Storage	587.09	587.09	587.09	1,761.27
68000 - Taxes - Federal and State	-	-	-	-
68600 - Utilities	144.53	162.36	143.23	450.12
69000 - WFP-Partnership Capital Contribution	5,839.45	45.20	1,223.73	7,108.38
69500 - WFP - Note Payment Partnership	-	-	-	-
Total Expense	<u>164,561.73</u>	<u>96,911.32</u>	<u>100,429.22</u>	<u>361,902.27</u>
Western Loans				
2422 Yuma 3 ( Yuma APN 202-49-005)	1,083.07	-	-	1,083.07
2423 Yuma 3	-	-	-	-
2427 Yuma 3	-	-	-	-
2428 Yuma 3	-	-	-	-
2429 Yuma 3	-	-	-	-
2430 Yuma 3 ( Yuma APN 202-09-007)	38,639.47	-	-	38,639.47
2431 Yuma 3	-	-	-	-
2435 Dayton 4 (APN 04-291-18)	-	-	-	-
2436 Dayton 4 (Storey APN 04-291-18)	-	-	-	-
2437 Dayton 4 ( Storey APN 04-291-18)	-	-	-	-
2438 Dayton 4 ( Lyon APN 16-021-20)	-	-	-	-
2440 Dayton 4 (Lyon APN 16-021-20)	-	-	-	-
2444 Dayton 4 (WFPC Owned) (Lyon APN 16-021-28)	-	-	-	-
2446 Dayton 4 (WFPC Owned) ( Lyon APN 16-021-28)	-	-	-	-
Total Western Loans	<u>39,722.54</u>	<u>-</u>	<u>-</u>	<u>39,722.54</u>
SFV II Loans				
Washoe 5	2,160.46	2,171.26	2,182.10	6,513.82
Total SFV II Loans	<u>2,160.46</u>	<u>2,171.26</u>	<u>2,182.10</u>	<u>6,513.82</u>
Santa Fe Venture LLC Loans				
1 - Santa Fe	-	-	-	-
2 - Santa Fe - Tract 2, 3, 4 (Tower 98 Loan - Tract 2, 3, 4)	-	14,559.23	-	14,559.23
Total Santa Fe Venture LLC Loans	<u>-</u>	<u>14,559.23</u>	<u>-</u>	<u>14,559.23</u>
Total Long Term Liabilities	<u>41,883.00</u>	<u>16,730.49</u>	<u>2,182.10</u>	<u>60,795.59</u>
Total Liabilities	<u>206,444.73</u>	<u>113,641.81</u>	<u>102,611.32</u>	<u>422,697.86</u>
Net Ordinary Income	<u>(196,457.45)</u>	<u>(97,159.98)</u>	<u>(102,208.32)</u>	<u>(395,825.75)</u>
Net Income	<u>(196,457.45)</u>	<u>(97,159.98)</u>	<u>(102,208.32)</u>	<u>(395,825.75)</u>
Ending Balance - WFP Receivership	731,057.15	633,897.17	531,688.85	531,688.85
Ending Balance - Money Market	250,337.21	250,375.62	250,418.15	250,418.15
Total Ending Balance	<u>981,394.36</u>	<u># 884,272.79</u>	<u># 782,107.00</u>	<u>782,107.00</u>



# EXHIBIT B

**EXHIBIT B**

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

## **STANDARDIZED FUND ACCOUNTING REPORT**

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CIVIL - RECEIVERSHIP FUND

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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 01/01/2017 TO 03/31/2017

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

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

Reporting Period 01/01/2017 to 03/31/2017

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1 Beginning Balance (As of 01/01/17):	1,177,809		1,177,809
<i>Increases in Fund Balance:</i>			
Line 2 Business Income	-		-
Line 3 Cash and Securities	-		-
Line 4 Interest/Dividend Income	123		123
Line 5 Business Asset Liquidation	22,774		22,774
Line 6 Personal Asset Liquidation	-		-
Line 7 Third-Party Litigation Income	-		-
Line 8 Misc - Insurance & Prop Tax Refunds	4,099		4,099
Total Funds Available (Lines 1 - 8):	1,204,805		1,204,805
<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	(313,897)		(313,897)
Line 10b Business Asset Expenses	(108,801)		(108,801)
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	-		-
Total Disbursements for Receivership Operations			(422,698)
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):			(422,698)
Line 13 Ending Balance (As of 03/31/2017):			782,107

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

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

Reporting Period 01/01/2017 to 03/31/2017

<b>Line 14 Ending Balance of Fund - Net Assets:</b>			
Line 14a Cash & Cash Equivalents			782,107
Line 14b Investments			-
Line 14c Other Assets or Uncleared Funds			-
Total Ending Balance of Fund - Net Assets			782,107
<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>			
<b>Line 15a 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>Line 15b 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>Line 15c Tax Administrator Fees &amp; Bonds Not Paid by the Fund</b>			
<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:

5/11/17

# EXHIBIT C

EXHIBIT C



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## **SEC v. Louis V. Schooler and First Financial Planning Corp d/b/a Western Financial Planning Corp**

### **Case Updates: April 2017**

#### **CLAIMS PROCESS, TAX REPORTING & PROPERTY SALES CASE UPDATES**

##### **Claims Filing Process**

As the Court previously ruled, the assets of the receivership are to be pooled, and all investors are to be paid from that pool of funds (as opposed to from the sales proceeds of any specific property). The total claim value will be based on a simple “cash-in vs. cash-out” analysis to determine the total allowed claim. That is, we will examine the total amount of cash that was contributed by each investor (initial investment, subsequent capital contributions, etc.) and will reduce the claim by any distributions, unpaid note payments, or other payments received. In the coming weeks, we will be sending out a detailed letter, showing the calculation of your claim amount in each investment. You will be given an opportunity to review the calculation of your claim amount and provide feedback prior to all claims being provided to the Court for approval.

The Receiver will propose distributions as funds are collected in the receivership estate as properties sell and sufficient funds are collected.

**Schedule K-1's**

All K-1s were mailed out as expected in March. Unfortunately, we have received a few hundred K-1s returned in the mail due to incorrect addresses. If you have not received your K-1, please email us immediately at [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com). As always, if your physical address or email address has changed, please send your current contact information to [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

**Status of Property Sales**

The Receiver has completed the following sales:

- Reno Partners – sold for \$32,000
- Honey Springs Partners – sold for \$240,000

**Latest Court Filings: April 2017**

- Fee Applications #17
  5. [Order Approving Allen Matkins Fees](#)
- Receiver's Motion for Sale of Reno Partners Property
  1. [Order Approving Sale of Reno Partners](#)
- Fee Applications #18
  1. [Receiver's 18th Fee Application](#)
  2. [Allen Matkins 18th Fee Application](#)
- [Receiver's Motion for Authority to Quiet Title Santa Fe Property](#)

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## SEC v. Louis V. Schooler and First Financial Planning Corp d/b/a Western Financial Planning Corp

### Case Updates:

#### TAX REPORTING & APPEALS CASE UPDATES

##### Schedule K-1's

As we discussed last month, the deadline to send out all Schedule K-1s is March 15th. We are making progress towards that goal and anticipate that the deadline will be met. As always, if your physical address or email address has changed, please send your current contact information to [wfp@ethreeadvisors.com](mailto:wfp@ethreeadvisors.com).

##### Appeals Case Updates

As you may be aware, various District Court orders were appealed by the Aguirre Investors to the Ninth Circuit Court of Appeals. Included in these appeals were Stay Motions seeking to stop the progress that the District Court ordered. The Ninth Circuit recently denied the Stay Motions and set a briefing schedule for the remainder of the appeals. A hearing schedule will not be determined until after the briefs are filed, but is anticipated for later this year.

## Latest Court Filings: February 2017

- Atty Aguirre Urgent Motion for Stay Pending Appeal (Ninth Circuit)
  - 5. [9th Circuit Court Denial of Stay](#)
- SEC Motion to Consolidate Atty Aguirre Appeals
  - 4. [9th Circuit Court Granting Consolidation](#)
- Receiver's Motion to Expedite Atty Aguirre Appeal of James Valley Sale Order
  - 3. [9th Circuit Court Granting Motion to Expedite](#)
- Atty Aguirre Urgent Motion for Stay Pending Appeal
  - 4. [SEC's Response to Aguirre Supplemental Brief](#)
  - 5. [Receiver's Response to Aguirre Supplemental Brief](#)
  - 6. [Aguirre Reply to Receiver Response](#)
  - 7. [Aguirre Reply to SEC Response](#)
  - 8. [9th Circuit Court Denial of Stay](#)
- Motion for Sale of Honey Springs Properties
  - 1. [Receiver's Notice of Errata Correcting Sales Motion Dates](#)
  - 2. [Notice of Non-Receipt of Overbids on Sale](#)
- [Receiver's 18th Interim Report](#)
- [Receiver's Motion for Sale of Reno Partners Property](#)
- [Receiver's Motion for Sale of Freetrade Property](#)

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## **SEC v. Louis V. Schooler and First Financial Planning Corp d/b/a Western Financial Planning Corp**

### **Case Updates:**

#### **IRA & TAX REPORTING UPDATES**

##### **Schedule K-1's**

The IRS has moved up the deadline to send out Schedule K-1's for 2016 to March 15th (the deadline for prior years was April 15th). Accordingly, the CPA Firm will have them all mailed out to investors on or before March 15, 2017. As always, if your physical address or email address has changed, please send your current contact information to [wfp@ethreadvisors.com](mailto:wfp@ethreadvisors.com).

##### **IRA Investments**

Some investors hold their GP interests in IRA retirement accounts. The IRS requires that retirement plan assets be valued at fair market value. Even though this requirement has been in place for some time, due to the pending litigation in this case (which was not resolved until early 2016) as well as the lack of fair market valuations (appraisals) for all of the properties, IRA investments have not previously been revalued at market value by the Receiver.

With the final judgment against Louis Schooler and Western having been entered in January,

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market value. Due to the huge markup of the GP properties by Schooler and Western prior to their sale to investors (typically 400% markups, but in a few instances over 1,000% markups), most investors who hold their interests in a retirement account have received a very large decrease in the basis or value of their IRA from their IRA custodian.

The IRS requires that an outside custodian hold retirement account assets. For many investors, this custodian is IRA Resources. Neither Western nor the Receiver has any affiliation with IRA Resources; and therefore, does not have any control over their services or the fees they charge. Your IRA custodian may ask you to sign a Fair Market Valuation Form to reflect the updated valuation.

The Receiver offers the above as basic information regarding these investments. You are encouraged to consult with your tax advisor or retirement professional before making decisions concerning your own IRA investments.

## Latest Court Filings: January 2017

- Atty Aguirre Amended Notices of Appeals
  1. Atty Aguirre Amended Notice of Appeal
  2. Atty Aguirre 2nd Amended Notice of Appeal
  3. Atty Aguirre Investors Amended Notice of Appeal
  4. [Atty Aguirre Second Amended Notice of Appeal](#)
  5. [Atty Aguirre Third Amended Notice of Appeal](#)
- [Atty Aguirre Urgent Motion for Stay Pending Appeal](#)
  1. [Receiver's Opposition to Atty Aguirre's Urgent Motion](#)
  2. [SEC's Opposition to Atty Aguirre's Urgent Motion](#)
  3. [Atty Aguirre Reply to Opposition](#)
- [Motion for Sale of Honey Springs Properties](#)
- Fee Applications #17
  1. [Receiver's 17th Fee Application](#)
  2. [Allen Matkins 17th Fee Application](#)

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## **SEC v. Louis V. Schooler and First Financial Planning Corp d/b/a Western Financial Planning Corp**

### **Case Updates:**

#### **TAX REPORTING & APPEALS CASE UPDATES**

##### **Schedule K-1's**

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##### **Appeals Case Updates**

As highlighted in the document update below, the two groups of investors represented by attorney Gary Aguirre have voluntarily dismissed all their pending appeals. Previously, various District Court orders were appealed by these groups of investors to the Ninth Circuit Court of Appeals. In connection with these appeals, the investor groups filed Stay Motions seeking to stop the progress of the receivership pursuant to the District Court's orders. The Ninth Circuit denied these requests. As noted above, the appeals have now been voluntarily dismissed.

## Latest Court Filings: March 2017

- Atty Aguirre Notice of Appeal
  - 9. [Atty Aguirre Voluntary Dismissal of Appeals](#)
- Atty Aguirre Urgent Motion for Stay Pending Appeal (Ninth Circuit)
  - 6. [Atty Aguirre Voluntary Dismissal of Appeals](#)
  - 7. [Court Order Approving Voluntary Dismissal](#)
- Atty Aguirre Amended Notices of Appeals
  - 6. [Atty Aguirre Voluntary Dismissal of Appeals](#)
- Atty Aguirre Urgent Motion for Stay Pending Appeal
  - 9. [Atty Aguirre Voluntary Dismissal of Appeals](#)
  - 10. [Court Order Approving Voluntary Dismissal](#)
- Motion for Sale of Honey Springs Properties
  - 3. [Order Approving Sale of Honey Springs Property](#)
- Fee Applications #17
  - 4. [Allen Matkins Supplemental Brief on 17th Fee Application](#)
- Receiver's Motion for Sale of Freetrade Property
  - 1. [Receiver's Motion for Withdrawal of Freetrade Property Sales Motion](#)

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## PROOF OF SERVICE

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

On May 19, 2017, I served the within document(s) described as:

- **RECEIVER'S NINETEENTH INTERIM REPORT**

on interested parties in this action by:

☒ **BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF"):** the foregoing document(s) will be served by the court via NEF and hyperlink to the document. On May 19, 2017, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email addressed indicated below:

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

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

Executed on May 19, 2017, at San Diego, California.

\_\_\_\_\_  
Edward G. Fates  
(Type or print name)

\_\_\_\_\_  
/s/ Edward Fates  
(Signature of Declarant)