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Attorney for Investor Susan Graham, et al.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.

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

INVESTORS' *EX PARTE* MOTION FOR LEAVE TO FILE OPPOSITION TO RECEIVER'S COURT-ORDERED PROPOSAL REGARDING GENERAL PARTNERSHIPS AS SUPPLEMENTED AND PROPOSED ALTERNATIVE PLAN

Date: May 20, 2016
Time: 1:30 p.m.
Ctrm: 2D
Judge: Hon. Gonzalo P. Curiel

By this *Ex Parte* application, Investors[1] seek an order permitting them to file opposition to the Receiver's Court-Ordered Proposal regarding General Partnerships ("Receiver's Proposal") in which he contends that (1) no feasible plan could be crafted that would allow 69 general partnerships ("GPs") to exit the receivership (2) the remaining 18 GPs must be burdened with conditions that make their release from the receivership economically unfeasible, and (3) each property owned by a GP should be sold, the proceeds pooled, and approximately 99% of funds distributed to strangers to that GP.

Investors seek leave of Court to file their opposition to the Receivers' proposed plan which is attached to this motion and incorporated herein by reference as Attachment A.

Investors offer these grounds as a basis for their motion for leave to file their opposition brief:

1. The procedure by which (1) only the Receiver proposes a plan to the Court, (2) Investors are provided with no procedure to object to the Receiver's plan, and (3) Investors are not permitted to propose their own plan is further denial of their procedural rights to be treated as necessary parties in this action;

2. The procedure by which (1) only the Receiver proposes a plan to the Court, (2) Investors are provided with no procedure to object to the Receiver's plan, and (3) Investors are not permitted to propose their own plan is a further denial of their rights under the Due Process Clauses to the California and US. Constitutions;

3. Allowing the Receiver exclusivity to file his proposed plan is highly prejudicial to Investors and other investors, because the Receiver is in fact an adversary to Investors and their interests in this proceeding;

[1] The names of the investors filing this opposition are listed in Attachment 1 filed herewith.

4. The Receiver defied the Court's by crafting no exit plan for 69 of the 87 GPs holding properties value at $22,550,000 which is 94.2% of the aggregate value of all properties.

5. The Receiver appeared to comply in part the Court's order by proposing an exit plan for 18 GPs holding five properties with a total value of $1,390,000, 5.2% of the aggregate value of all properties. However, the Receiver burdens these GPs with conditions that make their exit from the receivership economically unfeasible.

6. The procedures followed by the Receiver in submitting his proposal, without allowing objections or opposition, would not be permissible in submitting a similar plan to a bankruptcy court, because of numerous provisions in the Bankruptcy Code and Federal Rules of Bankruptcy Procedure that ensure due process of law in that forum.

7. The procedures being followed by the Receiver and the SEC fall within the cautionary statements by the Ninth Circuit, *SEC v. Lincoln Thrift Asso*., 577 F.2d 600, 606 (9th Cir. 1978)("this Court has reversed a district court order for liquidation of a corporation in a securities receivership") and the Second Circuit *SEC v. American Bd. of Trade, Inc*., 830 F.2d 431, 437-438 (2d Cir. N.Y. 1987)("[T]he functions undertaken by the district court in this case demonstrate the wisdom of not using a receivership as a substitute for bankruptcy.");

8. The Receiver's plan ignores the most obvious procedures that would alow the GPs to exit the receivership;

9. The Receiver's plan substitutes "estimates and projections," which he disclaims, for the financial information necessary (statements of assets and liabilities, receipts and disbursements, taxes due, mortgages due, other GP debts, penalties accruing, and other liabilities) for the Court and investors to assess the accuracy of his proposal;

10. The Court has permitted filings (Dkt. Nos. 1282 and 1288) which reply to the contentions in the opposition brief (attachment A hereto) which Investors submit with this *ex parte* motion; and

11. The Court 's order of April 5, 2016, set the date of April 22, 2016, for the filing of the Receiver's Proposal to the Court. Dkt. No. 1224. Prior to the date for the filing of an opposition, the Receiver filed an ex parte application to file a supplemental brief on May 3, 2016 (Dkt. No. 1275), which the Court permitted to be filed.

I. NOTICE OF *EX PARTE* MOTION

Prior to filing this *ex parte* motion, Investors' counsel e-mailed counsel for the Commission, counsel for Defendants, counsel for the Investor Group and counsel for the Receiver and gave them notice that Investors' counsel would be filing this *ex parte* motion. See Declaration of Gary J. Aguirre filed herewith which states the communications. Counsel for the Investor Group and Counsel for defendants stated they had no objection. Counsel for the Receiver and the SEC objected.

II. CONCLUSION

For the foregoing reasons, Investors respectfully request an order granting leave to file the opposition attached as Attachment A to this motion.

DATED: May 13, 2016

Respectfully submitted,

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

Attachment A

Gary J. Aguirre (SBN 38927)
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Attorney for Investors Susan Graham *et al*.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

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Date: May 20, 2016
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I. Introduction

By its April 5, 2016, order (Dkt. No. 1224), the Court directed the Receiver to craft a plan that would allow the 86 general partnerships ("GPs") to exit the receivership. The Receiver failed to do so. His proposed plan, which he supplemented on May 3 (Dkt. No. 1275) on its face would bar 69 GPs owning 31 of 36 properties from leaving the receivership. These properties have the aggregate value of 94.2% of the total value of the 36 properties. That leaves 18 GPs that can in theory exit the receivership. However, the Receiver's plan sets conditions that make it economically unfeasible for them to exit the receivership. In this void, Investors propose below the *concept* of a plan for the GPs to exit the receivership. No true plan can be submitted at this time, because there is a void of critical financial information. Before submitting the plan concept, Investors discuss several factors which affect the viability of any plan. First, Investors address the flaws in the Receiver's proposed plan, which create the need for an alternative plan. Second, Investors address the due process issues that limit any involuntary plan that extinguishes investors' rights. Third, Investors address the necessity for an accounting before any plan can be approved. In this context, Investors present their concept for a plan. Finally, Investors explain why their plan should not be administered by the Receiver.

II. The Receiver's Plan Would Allow No GP to Exit the Receivership

The Receiver's lengthy brief can be reduced to a single sentence: No GP exits this receivership. The Receiver blocks the exit path for 57 of the 87 GPs with the conclusion their exit would be "disastrous."[1] Dkt. No. 1264 at 3, 23-24. This leaves the 27 GPs owning the nine remaining properties. According to the Receiver, these GPs have sufficient assets to leave the receivership, but there is a catch: 12 GPs are cotenants with cash-poor GPs. The Receiver sends these 12 GPs to the "orderly sale" process.[2]

[1] In his plan, the Receiver refers to 86 GPs, but there are actually 87. Also, his list of GPs lacking sufficient funds (Exhibit A to his plan) lists 57 GPs, though in his brief he talks about 59 GPs.

[2] Eagle View, Falcon Heights, Night Hawk, Osprey, Crystal Clearwater, High Desert, P-39 Aircobra, P-40 Warhawk, F-86, P-51, Frontage 177, and Pyramid Highway 177.

That leaves only 18 GPs owning the five properties that may have found the exit.[3] But, alas, the Receiver has found new few hurdles for them. First, they must buy out Western's interest in the GP using the 2015 valuation of the property. Second, each GP must also repay Western any amounts it still owes. Third, each GP must buy out any investor who wants out of the GP using the 2015 valuation of the property. Fourth, each GP must waive any claim against Western and the receivership. Dkt. No. 1264 at 5. In this way, the Receiver has whittled the number of GPs that would leave the receivership from 87 to zero. This "plan" defies the Court's April 5 order.

And to be clear, the "orderly sale" is in fact a fire sale. In his reply to the Investor Group's motion to intervene, the Receiver argues: "In other words, the Xpera recommendations for 27 out of 36 GP properties…are essentially irrelevant due to the severely distressed state of these GPs." Dkt. No. 1262 at 4, 17-20. In short, the 27 properties must be sold immediately below their true value, because the Receiver claims he has to pay bills. If this is not a fire sale, what is?

III. Due Process Requirements in This Case

Every investor is a partner in at least one GP. They are general partners, not limited partners. The Court has exercised jurisdiction over the GPs as entities, citing *In re San Vicente Med. Partners Ltd.*, 962 F.2d 1402, 1408 (9th Cir. 1992) for the principle that "the Ninth Circuit has made it clear that the Court has authority to place a nonparty's property under a receivership even where the nonparty is not accused of any wrongdoing." Dkt. No. 1003 at 5, 17-19. That principle applies where a partnership is treated as a single entity, but not where the proceeding would liquidate a general partnership and dissolve the partners' rights. *Mathews v. Traverse (In re Pappas)*, 1994 U.S. App. LEXIS 8881 (9th Cir. Cal. Apr. 13, 1994) ("Under California law, 'ordinarily all partners are not only proper, but are also necessary, parties to an action for dissolution

[3] Dayton View, Fairway, Green View, Par Four, Gold Ridge, Grand View, Rolling Hills, Sky View, Lahontan, Rail Road, Spruce Heights, Vista del Sur, ABL, MexTec, Galena Ranch, Redfield Heights, Rose Vista and Steamboat. Dkt. No. 1264 at 7, 25-26.

(citations omitted)"). See also: *Pacific Queen Fisheries v. Symes*, 307 F.2d 700 (9th Cir. Wash. 1962)("Was the district court correct in holding appellants Hull, Peck and Royer to be partners in Pacific Queen Fisheries, and necessary parties whose admissions would be binding on appellant Pacific Queen?"); *SEC v. American Capital Invs.*, 98 F.3d 1133, 1145 footnote 17 (9th Cir. Cal. 1996)("[B]oth types of receivers [state and federal] can conduct a judicial sale of real property that is properly within their 'possession and control' and within the court's territorial jurisdiction, *where all parties of interest have been brought before the court*. See 2 Clark on Receivers §§ 482, 491 (emphasis added))."

Further, there is a direct link between the procedural rights of a partner to be treated as a necessary party in any action affecting his individual rights and his rights under the Due Process Clause to the U.S. Constitution. The court in *Valley Nat'l Bank v. A.E. Rouse & Co.*, 121 F.3d 1332, 1336 (9th Cir. Ariz. 1997) addressed this very issue as follows:

> As the language of the statute makes clear, in an action against a partnership, judgment is not authorized against unserved partners. This comports with two general common law principles: (1) that a partnership is a party to an action does not in itself make the partners parties and (2) a judgment may not be entered against one not a party to an action. *The latter principle is a matter of procedural due process - thus a contrary rule would raise constitutional problems* (emphasis added).

The Ninth Circuit in *Valley Nat'l Bank* cited the following cases as authority for its holding:

> *Nisenzon v. Sadowski*, 689 A.2d 1037, 1048 (R.I. 1997)("To the extent the judgment purports to bind the unnamed Park City partners in their individual capacities without their having been afforded notice and an opportunity to be heard, it is void as violative of their due process rights."); *Duncan v. Head, Inc.*, 519 So. 2d 1305, 1308 (Ala. 1988)("In an action on a judgment, one may not obtain relief broader than the judgment sued on. The partners must have due process of law."); *Foster Lumber Company, Inc. v. Glad*, 303 N.W.2d 815, 816 (S.D. 1981)("due process requires personal service on a partner to bind his individual assets"); see also *Detrio v. United States*, 264 F.2d 658, 660 (5th Cir. 1959)("Undoubtedly the partnership law that requires personal service on a partner to bind his individual assets is required by concepts of procedural due process."). *Id*.

Investors respectfully submit the Court may not, as the Receiver suggests, sell the realty owned by these GPs, pool the proceeds, and distribute those funds *pro rata* to all investors. That is a dissolution of each GP and a termination of each partner's rights in that GP. Consequently, it violates all investors' rights to be treated as necessary parties in this case as well as their rights under the Due Process Clause to the California and U.S. Constitutions. Investors have raised this issue three previous times and SEC and the Receiver have yet to reply. Dkt. Nos. 1229-1, ¶¶ 12 and 13 (A) and (B); 1235 at 16; and 1274 at 4-5.

Further, the Receiver and the SEC seek a liquidation of all investors' rights through an SEC case with a court-appointed receiver rather than a bankruptcy proceeding, which has statutory scheme and fully developed set of procedural rules to protect all parties. Both the Ninth and Second Circuits have warned the district courts this path should be rarely taken. *SEC v. Lincoln Thrift Asso*., 577 F.2d 600, 606 (9th Cir. 1978); *SEC v. American Bd. of Trade, Inc*., 830 F.2d 431, 437-438 (2d Cir. N.Y. 1987)

IV. An Accounting Is Necessary Before Any Plan Can Be Approved

The Receiver could not be clearer on one point: he has abstained from stating a single financial fact in his proposed plan. At the outset, he states in bold italicized font: "This Proposal and the Exhibits hereto contain various estimates and projections concerning GP expenses, GP cash balances, and other financial matters." Dkt. No. 1264 at 1, 21-23. He repeats twice more that his plan contains only projections and estimates that no one should rely on. He closes his disclaimer with this: "Accordingly, the estimates and projections discussed herein may well vary significantly from the ultimate actual numbers." *Id*., at 2, 3-4. His plan is lawyer's argument untethered to any financial fact or evidence.

And that is one reason the Court must reject it. The notion the Receiver can only offer projections and estimates is myth. Anyone who has received a statement from a bank knows mortgage debt is not estimated or projected. The bank states it to the penny. The same is true of past due taxes. The County of San Diego does not send bills saying:

"Your property taxes this year are projected to be around $6,000." Likewise, what each GP owes Western is a number. So are the sums owed to the property manager, the tax accountant, and the amounts the Receiver and his attorneys have paid themselves. Assets and liabilities on balance sheets are stated in numbers. Receipts and disbursements are also reported in numbers. Usually, a click ort two of a mouse yields a balance sheet or cash flow statement on Quicken and QuickBooks or any proprietary accounting systems. The need for accurate financial statements lies at the core of financial regulation, the SEC's mission. No one should know that better than the CPA proposed by the SEC as the Receiver in this case. Without these statements, no informed decision can be made.

The Receiver's plan (Dkt. No. 1264) is scheduled for hearing on the same date and time as Investors' motion for leave to intervene. In support of that motion, Investors have presented evidence of the gaps and irregularities in the Receiver's financial reporting and record keeping (Dkt. Nos. 1272 and 1274-1), which include, to name a few: (1) the Receiver's failure to provide and breakdown by category or otherwise of his receipt of $15.76 million and disbursement of $15.48 million of Western funds,[4] (2) his failure to provide a breakdown by category or otherwise of his receipt of $6.033 million and disbursement of $8.836 million of GP funds,[5] (3) his failure to file any of the reports required by the SEC Billing Instructions for Receivers in Civil Actions Commenced by the SEC and Standardized Fund Accounting Report ("SFAR"),[6] and (4) his conflicting statements whether he keeps books and records.[7] Investors submit no plan should be approved until accurate and complete financial information is provided.

V. Investors' Proposed Plan Concept

Investors address below each of the factors the Court directed the Receiver to address in its April 5, 2016, order. Dkt. No. 1224.

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[4] Dkt. No. 1274-1, ¶ 20 and Exhibit 20 thereto.
[5] *Id.*, ¶ 14 and Exhibit 21 thereto.
[6] *Id.*, ¶¶ 6 and 15 and Exhibit 22 thereto. See also Dkt. No. 1258-1 at 15-16.
[7] Dkt. No. Dkt. No. 1258-1 at 16-20 and 1258-2, ¶¶ 4-20.

A. A Procedure by Which Each GP Can Elect Whether or Not to Sell

The most effective mechanism to bring fairness to any decision involving securities is full disclosure. Full disclosure is the premise for all six securities acts. *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 186 (U.S. 1963)("A fundamental purpose, common to these statutes, was to substitute a philosophy of full disclosure for the philosophy of caveat emptor ... in the securities industry"). It is also the cornerstone in Chapter 11 proceedings involving reorganization plans involving large groups of investors. 11 USCS § 1125; *In re Uno Rest. Holdings Corp.*, 2010 Bankr. LEXIS 2931 at 27 (Bankr. S.D.N.Y. May 11, 2010). Consequently, both bodies of law point to full disclosure as the cornerstone for any plan in this case.

Each GP agreement allows the partners in that GP to decide whether or not to sell the property. Accordingly, the ballot should allow investors to vote whether their GP should (1) exit the receivership and hold the property or (2) stay in the receivership and sell the property. With full disclosure, investors can make rational judgments which option makes the most sense for them. To assess the potential for future profits, investors should be provided with the evaluations and appraisals on each property. This information is available now. To assess the potential costs going forward, investors need accurate balance sheets (including any accrued liabilities), accurate receipts and disbursement statements, and realistic projections of their potential liabilities in connection with the receivership, if any. None of this information is now available.

B. Conditions that Must Be Met by Each GP to Ensure Fairness to Those Investors *within* GPs Which Wish Not to Sell but Who Individually Wish to Exit Their Investment

Once again, Investors submit the most effective mechanism to bring fairness to any proposed plan is full disclosure, as contemplated by the six securities acts, *SEC v. Capital Gains Research Bureau, Inc.*, *supra*, 375 U.S. at 186, and Chapter 11 reorganization plans, 11 USCS § 1125; *In re Uno Rest. Holdings Corp.*, 2010 Bankr. LEXIS 2931, *supra* at 27. Investors would propose that any GP exiting the receivership agree to

conditions that would ensure full disclosure of all material facts by both parties to the transaction in future sales. Under these circumstances, an informed market would dictate the sales price.

The Receiver argues with no analysis that the sale of a GP interest may raise "unregistered securities" issues. Dkt. No. 1264 at 9. In this regard, Investors and all parties agree Western will not have an interest in the GPs going forward. It is therefore questionable whether any interest in the GPs sold in the future by investors would still be a security under the Court's earlier analysis. Dkt. No. 44. In any case, even if they were securities, sales by individual retail investors would clearly fall within the exemption carved out by Section 4(a)(1): "transactions by any person other than an issuer, underwriter, or dealer." If the Court has any doubts, this may be one more reason for the Court to allow a GP to file a Chapter 11 where it may reorganize using a statutory exemption to the registration requirements of the Securities Act of 1933. 11 USCS § 1145.

C. Conditions that Must Be Met by Each GP that Wishes Not to Sell Showing the GP Could Maintain Fiscal Viability Going Forward.

Investors respectfully submit this is yet another issue investors in each GP should decide after full disclosure. Again, Investors believe the securities acts and Chapter 11 proceedingsboth rely upon full disclosure as the mechanism to assure fairness. *SEC v. Capital Gains Research Bureau, Inc.*, *supra*, 375 U.S. at 186; 11 USCS § 1125; *In re Uno Rest. Holdings Corp*., 2010 Bankr. LEXIS 2931, *supra* at 27. Investors can then decide whether it makes sense for the GPs they own to exit the receivership. But they cannot make decision in the total void of financial facts the Receiver presents.

But there are few GPs whose situation is so simple even the void of financial information does not obscure the blinking exit light. One such example is found in the three GPs owning the Las Vegas 1 property. The valuations on this property range from the Receiver's $5.275 million on the low side and Xpera's $9.764 million on the high side. Xpera projects appreciation to between $12.9 and $21 million in five years. According to

Exhibit A to the Receiver's Report and Recommendations Regarding General Partnerships, the Las Vegas 1 property has no mortgage and the GPs owe no debt to Western (Dkt. No. 852-1 at 33).

The Receiver gives two reasons these three GPs cannot exit the receivership. First, "All three have exhausted the cash in their accounts and, collectively, they are projected to be $86,850 behind on their expenses by the end of 2016." Dkt. No. 1181 at 5, 2-4. Again, the Receiver provides no details: to whom owed, for what, and the consequences for delayed payment. We shall assume this sum *must* be paid by year's end. Assuming 40 partners in each of these three GPs, an average assessment of $120 per month from July 1 through December 31, 2016, would satisfy the $86,850 debt. Alternatively, the investors could subject the property to a short term loan to reduce the burden or even defer the payment until a projected sale in five years.

Second, the Receiver claims the operational costs are $48,000 per year. That breaks down to an average of $33.33 per month for investors in the three GPs to carry the property. Investors submit this is a decision investors in each GP should make.

As an alternative, the Receiver proposes that groups of investors could organize themselves and fund the $8 million or so that would take to buy this property. That would average $66,667 per investor. Shrewd investors may emerge to purchase the property. Those less shrewd or cash short would lose out. This result is neither equitable nor fair.

In the case of Las Vegas 1, Investors assumed the accuracy of the vague financial information the Receiver has provided. Even under those circumstances, the solution seems simple. Most investors cannot make this decision so easily, because the financial condition of their GPs is anything but clear. And many of those decisions may require an accurate picture of the financial condition of each GP. If the Receiver makes that information available, investors can make informed judgments on all properties.

D. Conditions that Must Be Met by Each GP to Demonstrate Their Ability for Self-Governance

Each GP agreement contains a number of terms allowing for self-governance. It contemplates a signatory partner selected by majority vote who may make various decisions.[8] It also provides for the appointment of a secretary. It allows the majority interest to amend the agreement.[9] Consequently, as a condition for exiting the receivership, the partners could agree to other alternatives to address this issue, e.g., a governing body whose decisions are subject to majority vote on a major issues. Once again, this issue should be submitted to the partners in each GP after full disclosure of the material facts so they can make their decision whether they wish to stay with the existing terms of the agreement or modify them. Further, the GP agreement is subject to the California Uniform Partnership Act of 1994. Investors would request a short period of time to consult with investors to develop a consensus on this issue. Alternatively, the Court may consider whether these details are more appropriately handled through the filing of Chapter 11 and, with the vote of the majority, allow a Chapter 11 to be filed.

E. Alternatives for the Disposal of Western's Interest in Such GPs.

Investors submit the solution is quite simple: Western's interests in each GP could be sold pursuant to 28 USC §2004) as personalty.

F. An Assessment of the Advantages and Disadvantages of the Proposal.

Investors' proposal relies upon full disclosure to investors of the material facts so they can make an informed decision what they wish to do with their GPs. This approach adopts the fundamental premise of all six securities acts and Chapter 11 reorganization plans: full disclosure. Again, this allows investors to make the decision what to do with their assets.

VI. Investors' Proposed Plan Should Not Be Administered by the Receiver

Investors conducted a survey to gauge how other investors felt about an order allowing GPs to exit the receivership. Two investors organized a survey through Surveymonkey.com, the same service the Receiver uses. Investors were asked three

[8] See Declaration of David Karp filed herewith and Exhibit 10 thereto.
[9] *Id.*

questions: (1) whether they want their GPs removed from the receivership; (2) whether investors or the Receiver should decide when to sell the properties owned by the GPs; and (3) whether they want the Receiver to provide a detailed accounting of Western and the GPs, even if it would cause them to receive $20 less from the proceeds of all GPs combined.[10]

A special effort was made to include those who have supported the Receiver in the past and opposed the exit of the GPs from the receivership.[11] The results of the survey are as follows: Question 1: 93.49% in favor; Question 2: 96.46% in favor of investors deciding; Question 3: 97.33% in favor.[12]

The Receiver has had almost four years to win the support of investors. He has failed to do so. If the Court has any question about the survey the two Investors conducted, Investors recommend another survey using the Receiver's email list. Given these results, Investors do not believe investors will cooperate with any plan proposed or administered by the Receiver. Investors therefore request the Court to allow Investors to submit a more complete plan that would be circulated to all investors allowing the partners in each GP to determine whether they want their GP to exit the receivership. Again, it may be more appropriate to allow individual GPs to file a Chapter 11 to allow them to restructure through that process. This should be a relatively simple proceeding, since there are no ongoing businesses.

Dated: May 13, 2016

Respectfully submitted,

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

[10] *Id.*, ¶ 5.
[11] *Id.*, ¶¶ 9-10.
[12] *Id*, ¶¶ 6-10.

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Attorney for Investors Susan Graham, et al.

UNITED STATES DISTRICT COURT

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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,

Defendants.

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

DECLARATION OF GARY J. AGUIRRE IN SUPPORT OF INVESTORS' *EX PARTE* MOTION FOR LEAVE TO FILE OPPOSITION TO RECEIVER'S COURT-ORDERED PROPOSAL REGARDING GENERAL PARTNERSHIPS AS SUPPLEMENTED AND PROPOSED ALTERNATIVE PLAN

Date: May 20, 2016
Time: 1:30 p.m.
Ctrm: 2D
Judge: Hon. Gonzalo P. Curiel

I, Gary J. Aguirre, of San Diego, California, declare:

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 approximately 200 investors who file this *Ex Parte* Motion for Leave to File Opposition to Receiver's Court-Ordered Proposal Regarding General Partnerships as Supplemented and Proposed Alternative Plan. To the best of my understanding they have collectively invested in one or more partnerships (GPs) that have ownership interest in each of the properties that are the subject of the receivership in this matter.

3. Attached hereto and incorporated by reference as Exhibit 1 is a true and correct copy of the email I sent today at 2:19 p.m. to counsel in this case.

4. Attached hereto and incorporated by reference as Exhibit 2 is a true and correct copy of the email I received from defendants' counsel, Phillip Dyson.

5. Attached hereto and incorporated by reference as Exhibit 3 is a true and correct copy of the email I received from the Investor Group's counsel, Tim Dillon.

6. Attached hereto and incorporated by reference as Exhibit 4 is a true and correct copy of the email I received from the Receiver's counsel, Ted Fates.

7. Attached hereto and incorporated by reference as Exhibit 5 is a true and correct copy of the email I received from the SEC's counsel, John Berry.

8. The Court's April 5, 2016, order set the date for the filing of the Receiver's proposal for April 22, 2016. Dkt. No. 1224. The Receiver later filed a supplemental ex parte petition on May 3,, 2016, (Dkt. No. 1275), which the Court permitted to be filed. As stated in the *ex parte* motion and proposed opposition brief, the Receiver's plan would effectively deny 69 of the 87 GPs any opportunity to exit the receivership and burden, in my opinion, the remaining 18 GPs with conditions making it unfeasible for them to exit the receivership. For these reasons, I believe the Receiver's plan does not comply with the Court's order and would severely prejudice investors if they were not allowed to

oppose the Receiver's proposal.

Executed this 13th day of April 2016, 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 5

Gary Aguirre

From: Berry, John W. [BerryJ@sec.gov]
Sent: Friday, May 13, 2016 3:49 PM
To: Gary Aguirre; Dean, Lynn M.; 'phildysonlaw@gmail.com'; 'tfates@allenmatkins.com'; 'eric@hougenlaw.com'; Kalin, Sara; 'tdillon@dghmalaw.com'
Subject: Re: SEC v. Schooler

We are likely to object to the application, and may specifically take issue to the extent it misrepresents the record.

John W. Berry
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From: Gary Aguirre [mailto:gary@aguirrelawapc.com]
Sent: Friday, May 13, 2016 05:18 PM Eastern Standard Time
To: Dean, Lynn M.; Berry, John W.; phildysonlaw@gmail.com <phildysonlaw@gmail.com>; tfates@allenmatkins.com <tfates@allenmatkins.com>; eric@hougenlaw.com <eric@hougenlaw.com>; Kalin, Sara; Tim Dillon (tdillon@dghmalaw.com) <tdillon@dghmalaw.com>
Subject: SEC v. Schooler

Counsel:

I am attaching an *ex parte* motion to file opposition to the Receiver's proposed plan and Investors' alternative plan. I am delaying the filing of the ex parte motion until 5:00 p.m. so you may advise me whether you object to the granting of the motion delayed.

Sincerely,

Gary J. Aguirre
Aguirre Law, APC
501 W. Broadway, Suite 800
San Diego, CA 92101
Tel: 619-400-4960
Fax: 619-501-7072

www.aguirrelawapc.com

Exhibit 4

Gary Aguirre

From: Fates, Ted [tfates@allenmatkins.com]
Sent: Friday, May 13, 2016 4:20 PM
To: Gary Aguirre; deanl@sec.gov; berryj@sec.gov; phildysonlaw@gmail.com; eric@hougenlaw.com; kalins@sec.gov; Tim Dillon (tdillon@dghmalaw.com)
Subject: RE: SEC v. Schooler

Mr. Aguirre:

The Receiver opposes the filing of this late opposition to the proposed distribution plan. The Court gave your clients over two months to respond to the Receiver's proposed distribution plan, which was filed on February 4. The deadline to respond, which was extended at your clients' request, was April 15 and the hearing date, which was also continued at your clients' request, was May 6. After the briefing was concluded, the Court *sua sponte* rescheduled the hearing from May 6 to May 20, but did not allow any further briefing.

To the extent your proposed filing is framed as a response to the Court-ordered proposal filed by the Receiver on April 22, 2016, it is likewise improper. The Court did not permit responses or replies to the proposal – it simply directed the Receiver to prepare and file a proposal that would be considered in connection with the May 6 hearing. As noted above, the Court subsequently rescheduled the hearing from May 6 to May 20, but did not allow responses or replies to the proposal.

Finally, the Receiver opposes intervention by your clients for the reasons stated in our opposition to your intervention motion. Dkt. No. 1260.

Ted Fates Esq.
Partner
Allen Matkins Leck Gamble Mallory & Natsis LLP
501 West Broadway, 15th Floor, San Diego, CA 92101-3541
(619) 233-1155 (main)
(619) 235-1527 (direct)
(619) 886-4466 (mobile)
(619) 233-1158 (fax)

Allen Matkins
CHALLENGE. OPPORTUNITY. SUCCESS.

From: Gary Aguirre [mailto:gary@aguirrelawapc.com]
Sent: Friday, May 13, 2016 2:19 PM
To: deanl@sec.gov; berryj@sec.gov; phildysonlaw@gmail.com; Fates, Ted <tfates@allenmatkins.com>; eric@hougenlaw.com; kalins@sec.gov; Tim Dillon (tdillon@dghmalaw.com) <tdillon@dghmalaw.com>
Subject: SEC v. Schooler

Counsel:

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Sincerely,

Gary J. Aguirre
Aguirre Law, APC
501 W. Broadway, Suite 800
San Diego, CA 92101
Tel: 619-400-4960
Fax: 619-501-7072

www.aguirrelawapc.com

Exhibit 3

Gary Aguirre

From: Tim Dillon [tdillon@dghmalaw.com]
Sent: Friday, May 13, 2016 3:43 PM
To: Gary Aguirre
Cc: deanl@sec.gov; berryj@sec.gov; phildysonlaw@gmail.com; tfates@allenmatkins.com; eric@hougenlaw.com; kalins@sec.gov
Subject: Re: SEC v. Schooler

No objection.

Sent from my iPhone

On May 13, 2016, at 2:18 PM, Gary Aguirre <gary@aguirrelawapc.com> wrote:

> Counsel:
>
> I am attaching an *ex parte* motion to file opposition to the Receiver's proposed plan and Investors' alternative plan. I am delaying the filing of the ex parte motion until 5:00 p.m. so you may advise me whether you object to the granting of the motion delayed.
>
> Sincerely,
>
> Gary J. Aguirre
> Aguirre Law, APC
> 501 W. Broadway, Suite 800
> San Diego, CA 92101
> Tel: 619-400-4960
> Fax: 619-501-7072
>
> www.aguirrelawapc.com
>
> This E-Mail is intended only for the use of the individuals to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. Unintended transmission shall not constitute waiver of the attorney-client or any other privilege. If you have received this communication in error, please do not distribute it and notify us immediately by email to maria@aguirrelawapc.com.
>
> <2016-5-13 Ex parte App.pdf>
>
> <2016-5-13 Karp Decl..pdf>
>
> <2016-5-13 Opposition & Plan.pdf>

Exhibit 2

Gary Aguirre

From: Philip H. Dyson [phildysonlaw@gmail.com]
Sent: Friday, May 13, 2016 2:31 PM
To: Gary Aguirre; deanl@sec.gov; berryj@sec.gov; tfates@allenmatkins.com; eric@hougenlaw.com; kalins@sec.gov; 'Tim Dillon'
Subject: RE: SEC v. Schooler

I have no opposition.

PHILIP H. DYSON
Attorney At Law
8461 La Mesa Boulevard
La Mesa, CA 91942
Tel 619.462.3311
Fax 619.462.3382
phil@phildysonlaw.com
www.phildysonlaw.com

From: Gary Aguirre [mailto:gary@aguirrelawapc.com]
Sent: Friday, May 13, 2016 2:19 PM
To: deanl@sec.gov; berryj@sec.gov; phildysonlaw@gmail.com; tfates@allenmatkins.com; eric@hougenlaw.com; kalins@sec.gov; Tim Dillon (tdillon@dghmalaw.com) <tdillon@dghmalaw.com>
Subject: SEC v. Schooler

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San Diego, CA 92101
Tel: 619-400-4960
Fax: 619-501-7072

www.aguirrelawapc.com

Exhibit 1

Gary Aguirre

From: Gary Aguirre
Sent: Friday, May 13, 2016 2:19 PM
To: 'deanl@sec.gov'; 'berryj@sec.gov'; 'phildysonlaw@gmail.com'; 'tfates@allenmatkins.com'; 'eric@hougenlaw.com'; 'kalins@sec.gov'; Tim Dillon (tdillon@dghmalaw.com)
Subject: SEC v. Schooler
Attachments: 2016-5-13 Ex parte App.pdf; 2016-5-13 Karp Decl..pdf; 2016-5-13 Opposition & Plan.pdf

Counsel:

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Sincerely,

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Fax: 619-501-7072

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Gary J. Aguirre (SBN 38927)
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501 W. Broadway, Ste. 800
San Diego, CA 92101
Tel: 619-400-4960
Fax: 619-501-7072
Email: Gary@aguirrelawfirm.com
Attorney for Investors Susan Graham, et al.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.

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

DECLARATION OF DAVID KARP IN SUPPORT OF INVESTORS' OPPOSITION TO RECEIVER'S COURT-ORDERED PROPOSAL REGARDING GENERAL PARTNERSHIPS AS SUPPLEMENTED AND PROPOSED ALTERNATIVE PLAN

Date: May 20, 2016
Time: 1:30 p.m.
Ctrm: 2D
Judge: Hon. Gonzalo P. Curiel

I, David Karp, declare:

1. I am an attorney licensed to practice in the State of Arizona. 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 have invested approximately $230,000 in 10 partnerships formed by First Financial Planning Corporation, doing business as Western Financial Planning ("Western"). Other than in my capacity as an investor, I have never had any business or personal connection or relationship with Louis Schooler, Western, or anyone affiliated with them.

3. I have been the acting chair of the *ad hoc* investors committee ("Committee") which was informally created to select counsel to represent investors in this case. The Committee includes only investors who are among Investors represented by Aguirre Law, APC and asked to be members of the Committee.

4. On April 26, 2016, Dennis Gilman created a survey in surveymonkey.com, the same service used by the Receiver in his surveys, and sent an email with the link to the survey to investors in all the GP groups for which we had an email address. A true and correct copy of Mr. Gilman's email with the link to the survey is attached hereto and incorporated by reference as Exhibit 1. I participated with Mr. Gilman in drafting Exhibit 1. We conducted the survey to verify the Receiver's and SEC's assertion that only 8 to 10% of investors share our viewpoints. To the best of my knowledge, Exhibit 1 was the only communication with investors regarding the survey, except for responses to emails by Scott Gessner described below. To the best of my knowledge, the statements contained in Exhibit 1 are true and accurate. I have confirmed with Mr. Gilman that at least 22% of the emails sent were returned as undeliverable. There is no way of knowing how many emails were actually delivered to investors.

5. The survey consisted of three questions and requested the investor's name and email address:

1. Do you want your General Partnerships (GPs) Removed from Receivership?
   - o Yes
   - o No
2. Do you want to decide when to sell the properties owned by your General Partnerships (GPs), or would you like the Receiver to be able to decide on his own without your consent?
   - o Investors vote to decide when to sell properties owned by their GPs
   - o The Receiver should decide when to sell properties without consent from the investors.
3. Would you like the Receiver to provide a detailed accounting of how the Receiver has spent Western's and the General Partnerships (GPs) money during the Receivership even if this step may cause you to receive back twenty dollars ($20) less from the future sale of all of your GP interests combined?
   - o Yes
   - o No
4. Please provide your Investor Name or Entity (e.g., John Doe, or JD LLC)
5. Please provide your email address.

A true and correct copy of the survey from the surveymonkey.com website is attached hereto and incorporated by reference as Exhibit 2.

6. As of noon on May 10, 2016, the number of submitted votes through surveymonkey.com was 1,104. They break down as follows:

Question	Total	Yes	% Yes	No	% No
1. Investors want GPs removed from Receivership	1,096	1023	93.34%	73	6.66%
2. Investors to decide when to sell GPs[1]	1,097	1,055	96.17%	42	3.83%
3. Investors want an accounting	1,098	1,065	96.99%	33	3.01%

7. I adjusted the votes received per the reasons stated below so they could be tabulated:

[1] For simplicity, a vote for "investors to decide when to sell GPs" is defined here as a "yes" for question 2. A vote for the Receiver to decide when to sell GPs without investor consent is defined here as a "no" for question 2.

A. Votes discarded because no name or email provided:
   - Six "yes" for all three questions;
   - One "no" for all three questions.
   - One "no" on the removing GPs from Receivership but "yes" on the other two questions.

B. Forty-seven (47) votes were discarded because the same investor voted the same way multiple times:[2] (44 "yes" for all three questions and three "no" for all three questions).

C. Added three votes that were emailed to Dennis Gilman voting "yes" for all three questions.

D. Added one "yes" vote for all three questions because husband and wife were separate investors and weren't initially aware they could vote once each. (This may have occurred more than once, but I have no way to know unless it was brought to my attention.)

After the above adjustments, the final survey results are as follows:

Question	Total	Yes	% Yes	No	% No
1. Investors 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%

8. Approximately 70% of Tim Dillon's clients voted in the survey. In checking their responses, I could not find any investor in this group that voted "no" to any question.

9. I reviewed the May 2, 2016, letter Scott Gessner submitted to the Court (Dkt. No. 1282), which lists 26 investors who,[3] according to Mr. Gessner, "voiced opposition to Mr. Gilman's positions and specifically to removal of GPs from receivership."

[2] Several investors incorrectly thought they had to vote once per each GP investment.
[3] Though Mr. Gessner's letter listed 28 investors, two investors were listed twice.

10. In order that our survey be as accurate as possible, I took the steps stated below to include the 26 investors Mr. Gessner identified in his May 2, 2016, letter (Dkt. No. 1282) as voicing "opposition to the removal of GPs from the receivership." In that regard, I took the following steps:

A. I reviewed the survey data to see how many of those investors on Mr. Gessner's list voted in the survey. I found six of the 26 investors in Mr. Gessner's list had voted in the survey. Two of the six voted "yes" for all questions, contrary to the statement in Mr. Gessner's letter. I emailed the two investors to confirm their vote matched their wishes and to give them an opportunity to change their vote. A true and correct copy of my email is attached hereto and incorporated by reference as Exhibit 3. Neither investor responded to change the vote. Three of the other four investors voted as Mr. Gessner would have expected. The fourth investor voted to remain in receivership, but voted "yes" on the other two questions.

B. I also emailed the 20 investors on Mr. Gessner's list who had not voted in the survey and encouraged them to vote so their voices would be heard. A true and correct copy of my email is attached hereto and incorporated by reference as Exhibit 4. Two of the 20 investors emailed me back directly. As a result of my email to the 20 investors, ten more investors on Mr. Gessner's list voted. The vote totals for the 16 investors on Mr. Gessner's list who voted were: (i) three votes to remove the GPs from receivership and 13 against; (ii) five votes for investors to decide when to sell GPs and ten votes for the Receiver to decide and one abstention; (iii) nine votes for an accounting and seven votes against it. All of these votes have been included in the tables in paragraphs 6 and 7 above.

C. I have not filed the actual results of the survey with the Court because of privacy concerns, but my counsel can provide them to the Court if requested.

11. I have been aware of Mr. Gessner's active support for the SEC and the Receiver since I received his first email on August 13, 2014, which was sent to me and the other partners in Rail Road Partners. Since then, I have received Mr. Gessner's emails to partners in various partnerships. In his emails, Mr. Gessner is supportive of the SEC and the Receiver and discourages investors from retaining counsel. Aside from Mr. Gessner's group, I know of no other organized group over the past two years that is supportive of the SEC and the Receiver.

12. In response to Mr. Gilman's email (Exhibit 1), Mr. Gessner circulated an email among some investors containing misleading statements that the Court had "already heard and dismissed [Investors'] motions." At the same time, Mr. Gessner stated in his email that Mr. Gilman's email contained "misinformation." Mr. Gessner persisted with this statement, even though I informed him with my email of April 28, 2016, that his statement was inaccurate and the motions he claimed were denied without prejudice are actually scheduled for hearing. A true and correct copy of Mr. Gessner's email and my reply are attached hereto and incorporated by reference as Exhibit 5. Mr. Gessner says in his email that "The email below was forwarded to me since I was not included in the mailing list." This is misleading: Mr. Gessner was not included in the mailing list, but I confirmed by email with Mr. Gilman that he sent a copy of the email to Mr. Gessner on the same day, April 27, 2016. A true and correct copy of Mr. Gilman's email to Mr. Gessner is attached hereto and incorporated by reference as Exhibit 6.

13. In other emails, Mr. Gessner has also told investors that (A) "Most properties are not being sold now. Only those with cash flow issues"; and (B) "as the result of the disgorgement order, Western's assets become our assets. So in essence you are depleting our assets by taking legal action against the receiver (emphasis in original)."
A true and correct copy of these emails is attached hereto and incorporated by reference as Exhibits 7 and 8 respectively. Exhibit 7 also includes my reply to all investors clarifying Mr. Gessner's misstatements. I believe each of these statements by Mr. Gessner is inaccurate and has misled investors. According to the Receiver's plan (Dkt. No. 1264),

result of the disgorgement order, Western's assets become our assets. So in essence you are depleting our assets by taking legal action against the receiver (emphasis in original)." A true and correct copy of these emails is attached hereto and incorporated by reference as Exhibits 7 and 8 respectively. Exhibit 7 also includes my reply to all investors clarifying Mr. Gessner's misstatements. I believe each of these statements by Mr. Gessner is inaccurate and has misled investors. According to the Receiver's plan (Dkt. No. 1264), 31 of the 36 properties must now be moved to the "orderly sale" process because one of more of the GPs that own them cannot pay its operational fees. The Court's final judgment of February 23, 2016, directed that all funds recovered through this case be paid to the SEC. Dkt. No. 1190 at 5, 1-5. The Receiver's motion of February 4, 2016, also states: "In terms of investor recoveries, Western's assets are already in receivership and it is unknown how much will be collected from Schooler. Therefore, the primary sources of investor recoveries will likely be the assets of the Receivership Entities (the GPs and Western)." Dkt. No. 1181-1 at 8, 10-13.

14. Attached hereto and incorporated by reference as Exhibit 9 is the email Alex Haua sent to the Receiver on May 7, 2016. Mr. Haua provided me a copy of said email on May 8, 2016.

15. Attached hereto and incorporated by reference as Exhibit 10 is a true and correct copy of the Statement and Agreement of Partnership of Wild Horse Partners and the Partner's Representations in Wild horse Partners. It is my understanding the wording in these documents for the other GPs is substantially the same or similar, with the exception of unique facts relating the each GP, e.g., the name of the GP.

Executed this 13th day of May 2016, at Tucson, Arizona.

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

David Karp

Exhibits Table of Contents

Exhibit 1

From: Dennis Gilman REDACTED
Date: April 26, 2016 at 6:10:54 PM PDT
To: ...

Dear Investor - **THIS EMAIL IS IMPORTANT AND TIME SENSITIVE.**

On May 6, approximately 350 investors will ask the court to allow all investors, including you, to vote on whether to remove their General Partnerships (GP) from the receivership.

After you have read this email, please click on this link (https://www.surveymonkey.com/r/M627SYB) to vote on the following three questions:

1. Do you want your GPs removed from Receivership?
2. Do you want to decide when to sell the properties owned by your GPs or would you like the Receiver to be able to decide on his own without your consent?
3. Would you like the Receiver to provide a detailed accounting of how the Receiver has spent Western's and the GPs' money during the Receivership, even if this step may cause you to receive back twenty dollars less from the future sale of your all of your GP interests combined?

We will be collecting an initial vote tabulation the morning of Friday April 29, 2016, so please vote as soon as possible, though we will keep voting open at least through the weekend. Because we are sending this email to all our GP groups, you will receive this email once for each GP investment you own. Please only complete one survey per investor. For example, if you are invested jointly with your spouse, you are one investor. If your and your spouse's IRAs each are invested in a GP, you are two investors. If you are invested as an LLC, that is an additional investor. The system will only let you complete one survey per IP address. If you have multiple investors in your household and are unable to complete an additional survey, please email me.

Here is a short explanation regarding each question:

1. The Receiver and SEC have claimed that because only approximately 10% of all investors have retained counsel, the remaining 90% agree with the GPs remaining in Receivership until the Receiver has implemented its plans to sell all the properties as quickly as possible and pool all the assets to be shared

equally by all investors in proportion to their overall investment in all GPs combined. Do you agree with the GPs remaining in Receivership until the Receiver has implemented its plans to sell all the properties as quickly as possible?

2. You should understand that the Receiver believes he can sell the properties owned by the GPs without the consent or approval of partners who own the partnership and even over their objection. He is trying to do that now with the Jamul Valley property.

   The Receiver values our properties in total at just under $24M. Our experts have valued all our properties combined at between just under $32 million and just under $46 million, not including any future appreciation as described in the next paragraph.

   Our experts have also indicated that properties owned by 7 Las Vegas GPs are likely to appreciate significantly over the next few years. The Receiver has proposed to sell those and all other properties as quickly as possible without consideration for future appreciation.

3. The 350 investors have asked the court to require the Receiver to provide a detailed accounting of how it has spent Western and GP funds throughout the Receivership, or if they did not keep such records, to pay for an audit at the Receiver's expense to provide the detailed accounting to discern the information that SEC procedures mandate are kept.

   We believe there are gaps and irregularities in the Receiver's financial statements and records and that the Receiver's records appear to be grossly incomplete and inaccurate. We have been unable to discern from where the money to pay the Receiver has come, though the Receiver has insisted it only has used Western's assets and not any GP assets to pay its fees. In 2014, the Receiver accelerated loans from the GPs to Western, increasing the liquidity drain of some GPs while increasing Western's cash flow. The accounting will help us confirm how the Receiver used the additional cash flow for Western. For more information on the accounting concerns, please see the attached excerpt from a 4/22/16 motion submitted to the court.

Regards,
Dennis Gilman

Exhibit 2

Vote To Remove General Partnerships from Receivership

1. Do you want your General Partnerships (GPs) Removed from Receivership

- [ ] Yes
- [ ] No

2. Do you want to decide when to sell the properties owned by your General Partnerships (GPs), or would you like the Receiver to be able to decide on his own without your consent?

- [ ] Investors vote to decide when to sell properties owned by their GPs.
- [ ] The Receiver should decide when to sell properties without consent from the investors.

3. Would you like the Receiver to provide a detailed accounting of how the Receiver has spent Western's and the General Partnerships (GPs) money during the Receivership - even if this step may cause you to receive back twenty dollars ($20) less from the future sale of all of your GP interests combined?

- [ ] Yes
- [ ] No

4. Please provide your Investor Name or Entity (e.g., John Doe, or JD LLC).

5. Please provide you email address

Done

Exhibit 3

Subject: investor survey--question
Date: Sat, 7 May 2016 11:37:05 -0700
From: Dave Karp Redacted
To: 'Dave Karp' Redacted

You are receiving this email because Scott Gessner submitted a letter to the court saying that you contacted him and "voiced opposition to Mr. Gilman's positions and specifically to removal of GPs from receivership" AND because you voted in the exact opposite way on the investor survey. I am writing to confirm that your vote in the survey represents your wishes.

You voted as follows:

- Yes--that you want your GP(s) removed from Receivership
- Investors vote to decide when to sell properties owned by your GPs
- Yes--to the accounting

If you voted for the wrong choice, please let me know immediately and I'll update it accordingly.

Warm regards,
Dave

Exhibit 4

Subject: SEC v. Schooler investor survey
Date: Sat, 7 May 2016 11:56:18 -0700
From: Dave Karp Redacted
To: 'Dave Karp' Redacted

You are receiving this email because Scott Gessner submitted a letter to the court saying that you contacted him and "voiced opposition to Mr. Gilman's positions and specifically to removal of GPs from receivership" AND because you did not vote in the investor survey.

Contrary to what some might think, the survey's purpose is to gauge the will of investors, not to gather the opinions of only those who disagree with the Receiver. When Dennis Gilman confirmed that Scott Gessner didn't receive the email (because as Dennis told me, he removed Scott from the email lists about two years ago after Scott had sent him a physically threatening email), I told Dennis to send the survey to Scott as well so that he could vote.

Even if you disagree with those of us investors who created the survey, we want your voice to be heard. Several of the investors Scott mentioned in his letters voted, though you did not. (If you believe you already voted, please let me know ASAP, as a few investors listed their GP but not their name.)

Please find the survey link below. I encourage you to vote in the in the next day or two so that we can include your voice in the results.

(https://www.surveymonkey.com/r/M627SYB)

Warm regards,
Dave

Exhibit 5

Subject: Re: Pyramid Highway 177
Date: Thu, 28 Apr 2016 08:40:51 -0700
From: Dave Karp Redacted
To: S Gessner Redacted
CC: Redacted

Redacted

Investors,

I am writing to correct factual errors and misleading statements in Scott Gessner's email from yesterday morning.

If you look at the excerpts from the motion attached to the original email to investors, you will see at the top that it was filed electronically last Thursday (April 21) for a hearing June 3, 2016. The Court has not heard nor dismissed this motion.

On April 5, 2016, the court denied "without prejudice" several motions attorneys Mr. Aguirre and Mr. Dillion had filed. Denied without prejudice means they could be refiled, and usually occurs due to procedural reasons. These motions were not heard and denied on their merits as Scott's email implies. The motions have since been refiled, and you can read the refiling on the Receiver's website. The court has not "heard" any of these motions. They are set to be argued on May 6, 2016. Scott's statement is misleading and unfair.

Scott's statement related to the August 2014 tally is misleading as well. While only 6 GPs had a majority of investors who voted for removal, a substantial plurality in each GP voted for removal. In fact, only 3 GPs had more than 5% voting to remain in Receivership. The average GP vote was 42% for removal, 1.3% to remain in Receivership, with the rest not responding, a very different result than Scott's email implies. That vote was done on short notice to meet the court's tight deadline. Some votes were submitted after those totals were submitted.

Everything in the email Dennis sent (which I wrote) contains facts and information that has already been submitted to the Court in motions. We have a factual basis for everything in the email. Any exaggerations or misleading information would kill our credibility with the judge.

The vote is compiled by Survey Monkey directly. No one can manipulate the vote.

The bottom line--there's no strong-arming here. If you agree with Scott and prefer to remain in Receivership, please vote that way. If you disagree, vote that way. But it's time investors had a voice. Make yours heard. Vote.

Dave

On 4/27/2016 1:14 PM, S Gessner wrote:

Fellow Investors,

The email below was forwarded to me since I was not included in the mailing list.

Mr. Gilman's latest email blast (below) lists motions that his minority group of investors (350 out of >3000 investors) made to the court, but then fails to mention that the court has already heard and dismissed those motions. His characterization of the receiver's positions and that of the SEC may contain errors as well.

These tactics mimic those used last August 2014 that resulted in only ~6 out of 84 GPs achieving a simple majority of interests in favor of removal from receivership.

Polls that are conducted on the heels of email blasts that contain misleading information tend to be biased. In my opinion, these efforts increase administration costs and provide no benefit. Since the intent is to influence the court, it's important for the court to be made aware of and consider the tactics and misinformation used to sway investors into taking a position.

Investors - if you oppose the actions of the Gilman group, please send me an email so that I might compile a list of those opposed to the Gilman efforts to share with the court.

Sincerely,

Scott Gessner

Begin forwarded message:

From: Dennis Gilman <DPGilman@clindm-llc.com>
Date: April 26, 2016 at 6:10:54 PM PDT
To: ...

Dear Investor - **THIS EMAIL IS IMPORTANT AND TIME SENSITIVE.**

On May 6, approximately 350 investors will ask the court to allow all investors, including you, to vote on whether to remove their General Partnerships (GP) from the receivership.

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3. Would you like the Receiver to provide a detailed accounting of how the Receiver has spent Western's and the GPs' money during the Receivership, even if this step may cause you to receive back twenty dollars less from the future sale of your all of your GP interests combined?

We will be collecting an initial vote tabulation the morning of Friday April 29, 2016, so please vote as soon as possible, though we will keep voting open at least through the weekend. Because we are sending this email to all our GP groups, you will receive this email once for each GP investment you own. Please only complete one survey per investor. For example, if you are invested jointly with your spouse, you are one investor. If your and your spouse's IRAs each are invested in a GP, you are two investors. If you are invested as an LLC, that is an additional investor. The

system will only let you complete one survey per IP address. If you have multiple investors in your household and are unable to complete an additional survey, please email me.

Here is a short explanation regarding each question:

1. The Receiver and SEC have claimed that because only approximately 10% of all investors have retained counsel, the remaining 90% agree with the GPs remaining in Receivership until the Receiver has implemented its plans to sell all the properties as quickly as possible and pool all the assets to be shared equally by all investors in proportion to their overall investment in all GPs combined. Do you agree with the GPs remaining in Receivership until the Receiver has implemented its plans to sell all the properties as quickly as possible?

2. You should understand that the Receiver believes he can sell the properties owned by the GPs without the consent or approval of partners who own the partnership and even over their objection. He is trying to do that now with the Jamul Valley property.

The Receiver values our properties in total at just under $24M. Our experts have valued all our properties combined at between just under $32 million and just under $46 million, not including any future appreciation as described in the next paragraph.

Our experts have also indicated that properties owned by 7 Las Vegas GPs are likely to appreciate significantly over the next few years. The Receiver has proposed to sell those and all other properties as quickly as possible without consideration for future appreciation.

3. The 350 investors have asked the court to require the Receiver to provide a detailed accounting of how it has spent Western and GP funds throughout the Receivership, or if they did not keep such records, to pay for an audit at the Receiver's expense to provide the detailed accounting to discern the information that SEC procedures mandate are kept.

We believe there are gaps and irregularities in the Receiver's financial statements and records and that the Receiver's records appear to be grossly incomplete and inaccurate. We have been unable to discern from where the money to pay the Receiver has come, though the Receiver has insisted it only has used Western's assets and not any GP assets to pay its fees. In 2014, the Receiver accelerated loans from the GPs to Western, increasing the liquidity drain of some GPs while increasing

Western's cash flow. The accounting will help us confirm how the Receiver used the additional cash flow for Western. For more information on the accounting concerns, please see the attached excerpt from a 4/22/16 motion submitted to the court.

Regards,

Dennis Gilman

Exhibit 6

From: Dennis Gilman
Sent: Wednesday, April 27, 2016 11:48 AM
To: 'S Gessner'
Subject: email

Mr. Gessner,
As you'll remember, I told the Judge directly in the fall of 2014 I thought you were a very disagreeable person who had threatened me via email. Therefore, I chose not to include you in my emails. However, I have been advised I should by "nice" and send you my current one. So here is my email, with attachment, sent yesterday:

Dear Investor - **THIS EMAIL IS IMPORTANT AND TIME SENSITIVE.**

On May 6, approximately 350 investors will ask the court to allow all investors, including you, to vote on whether to remove their General Partnerships (GP) from the receivership.

After you have read this email, please click on this link (https://www.surveymonkey.com/r/M627SYB) to vote on the following three questions:

1. Do you want your GPs removed from Receivership?
2. Do you want to decide when to sell the properties owned by your GPs or would you like the Receiver to be able to decide on his own without your consent?
3. Would you like the Receiver to provide a detailed accounting of how the Receiver has spent Western's and the GPs' money during the Receivership, even if this step may cause you to receive back twenty dollars less from the future sale of your all of your GP interests combined?

We will be collecting an initial vote tabulation the morning of Friday April 29, 2016, so please vote as soon as possible, though we will keep voting open at least through the weekend. Because we are sending this email to all our GP groups, you will receive this email once for each GP investment you own. Please only complete one survey per investor. For example, if you are invested jointly with your spouse, you are one investor. If your and your spouse's IRAs each are invested in a GP, you are two investors. If you are invested as an LLC, that is an additional investor. The system will only let you complete one survey per IP address. If you have multiple investors in your household and are unable to complete an additional survey, please email me.

Here is a short explanation regarding each question:

1. The Receiver and SEC have claimed that because only approximately 10% of all investors have retained counsel, the remaining 90% agree with the GPs remaining in Receivership until the Receiver has implemented its plans to sell all the properties as quickly as possible and pool all the assets to be shared equally by all investors in proportion to their overall investment in all GPs combined. Do you agree with the GPs remaining in Receivership until the Receiver has implemented its plans to sell all the properties as quickly as possible?

2. You should understand that the Receiver believes he can sell the properties owned by the GPs without the consent or approval of partners who own the partnership and even over their objection. He is trying to do that now with the Jamul Valley property.

   The Receiver values our properties in total at just under $24M. Our experts have valued all our properties combined at between just under $32 million and just under $46 million, not including any future appreciation as described in the next paragraph.

   Our experts have also indicated that properties owned by 7 Las Vegas GPs are likely to appreciate significantly over the next few years. The Receiver has proposed to sell those and all other properties as quickly as possible without consideration for future appreciation.

3. The 350 investors have asked the court to require the Receiver to provide a detailed accounting of how it has spent Western and GP funds throughout the Receivership, or if they did not keep such records, to pay for an audit at the Receiver's expense to provide the detailed accounting to discern the information that SEC procedures mandate are kept.

   We believe there are gaps and irregularities in the Receiver's financial statements and records and that the Receiver's records appear to be grossly incomplete and inaccurate. We have been unable to discern from where the money to pay the Receiver has come, though the Receiver has insisted it only has used Western's assets and not any GP assets to pay its fees. In 2014, the Receiver accelerated loans from the GPs to Western, increasing the liquidity drain of some GPs while increasing Western's cash flow. The accounting will

help us confirm how the Receiver used the additional cash flow for Western. For more information on the accounting concerns, please see the attached excerpt from a 4/22/16 motion submitted to the court.

Regards,
Dennis Gilman

GPs

Exhibit 7

Subject: Re: Fwd: Pyramid Highway 177
Date: Thu, 28 Apr 2016 19:30:08 -0700
From: Dave Karp Redacted
To: S Gessner Redacted
CC: Redacted

Investors,

Again I need to clarify additional misstatements.

First, Scott left off the Reno property valuations, another area of significant difference (between $3.5M and $10.2M). While the experts we hired and the Receiver arrived at similar valuations for some properties, the total valuations are off by between $8M and $22M as I identified in the original email. And this difference does not consider the future appreciation expected on some of the Las Vegas properties, which would make the gap much wider. Scott seems to be the only person I know that thinks $8M to $22M plus or potentially nearly doubling your return is insignificant. Yes, the valuations we received are less than the total sum investors invested in the properties, but that is not the point. It's about maximizing what we can get.

Scott has trumpeted going after Schooler and obtaining disgorgement funds. Below he says "that's where the real money is." This seems to be news to the Receiver, who has told the court that the money investors will receive will come primarily from the properties: "Therefore, the primary source of investor recoveries will likely be the assets of the Receivership Entities (the GPs and Western)." (See p.8 of http://www.ethreeadvisors.com/downloads/SECvLVS/2016-02-04%201181-1%20PsAs%20-%20Mtn%20for%20Authority%20to%20Conduct%20Sale%20of%20GP%20Props.pdf). The Receiver should know since he got Schooler's financial statements in September 2012.

Many of us suspect there will be little to nothing to collect from disgorgement, and some fear the SEC already knows this. I would love to hear the SEC state it expects to receive millions in disgorgement funds from Schooler.

Scott says that only properties with cash flow issues are being sold. That's not true. The Receiver is trying to get authorization to sell all 23 properties, including those that offer the best opportunity for appreciation.

Lastly, Scott says there is no evidence to support the premise that our experts' values are more reliable than the Receiver's. Actually, Scott has that backward. The Receiver has provided no evidence to support the 2015 valuations and the 2013 appraisals showed little to defend the valuations.

Dave

On 4/28/2016 11:25 AM, S Gessner wrote:
FYI

---------- Forwarded message ----------
From: **S Gessner** Redacted
Date: Thu, Apr 28, 2016 at 11:24 AM

Subject: Re: Pyramid Highway 177
To: Redacted

Richard,

Most properties are not being sold now. Only those with cash flow issues.

Please consider that after all the hyperbolic attacks on the Receiver's appraisals, Gilman provided estimates to the Steamboat Partners on Saturday, April 23, 2016 12:13 PM (attached) that suggest the Receiver was almost spot on. I went back to court docs (also attached) for the total net investment in each property.

The conclusion: Except for possibly the Las Vegas Properties the additional returns suggested by Gilman's estimates are pennies on the dollar over the Receivers and still represent significant losses.

Las Vegas Properties: $14,910,000 (Receiver) vs $17,724,129–$22,950,022 (Gilman's)

The Net GP Investment was $11,250,782.
Receiver estimate = $1.33/$ invested.
Gilman estimate = 1.58 - 2.04/$ invested.

Positive returns: Gilman estimates 19%- 53% more.

Santa Fe Properties: $820,000 (R) vs $942,000 – $1,130,400 (G)

Net GP Investment was: 7,914,452.
Receiver estimate: $0.10/$ invested
Gilman estimate: $0.12 - $0.14/j$ invested

Negative returns. Insignificant difference.

Yuma Properties: $507,620 (R) vs $540,000 – $650,000 (G)

Net GP Investment: $17,449,617
Receiver: $0.029/$invested
Gilman: $0.03 - 0.037/$invested

Significant negative returns. Insignificant difference.

San Diego Properties: $1,963,923 (R) vs $3,586,905 - $5,380,356 (G)

Net GP Investment: $16,314,298
Reciever: $0.12/$ invested
Gilman: $0.22 - 0.33/$ invested

Negative returns. Gilman estimate 10-20cents more per $ invested.

Of course, this assumes Gilman's estimates are more reliable than the Receivers; however there is no evidence to support that belief. And considering past representations, a reasonable person must at least question the reliability of his current claims.

Scott

Exhibit 8

Subject: Re: Pueblo Partners
Date: Tue, 15 Dec 2015 14:07:58 -0800
From: S Gessner Redacted
To: Dave Karp Redacted dennis Gilman Redacted
CC: Redacted

>,

Redacted

Dennis/Dave,

Could you answer a few questions before I support legal action against the receiver who is mandated by the court to preserve the value of our assets?

1. Why are you hiring an attorney to remove the GPs (that a Federal Court has decided are securities) from receivership instead of ensuring maximum disgorgement of Schooler's assets? According to Western/Schooler's documents, the GPs were purchased for between 1/5 to 1/10 what we paid; whereas the disgorgement order is closer to the full amount ~$365MM?

2. Legal action against the receiver will necessitate a defense by the receiver. That costs money, which will be paid for by Western's assets. You realize, that as the result of the disgorgement order, Western's assets become our assets. So in essence you are depleting our assets by taking legal action against the receiver. I can understand Schooler doing this out of spite, but I can't understand why a fellow investor would want to do this.

3. Instead of spending money on an attorney, wouldn't it be cheaper to pay outstanding notes and mortgages on those properties that are underwater, so that brokers can be hired and the properties marketed?

4. If Mr. Aguirre believes "we" have a case, what is that case? After all, if we're to throw good money after bad, we should know the plan to understand the risk:reward.

5. How do you justify a minority interest taking legal action, when the governing documents require a majority of interests voting to take action on behalf of the GP? Aren't you violating the terms of the Agreement?

I'm unable to understand your position.

- Do you think that Schooler did not defraud investors?
- Do you believe Western's business model - purchase land at market value or higher then mark it up 5-10X and resell it to unsophisticated investors - was sound?
- Do you believe most if not all of the GPs will return a profit in a reasonable period of time if taken out of receivership?
- Do you believe the SEC, court and receiver are running a racket to defraud Investors and NOT Western/Schooler?
- Do you believe no one will sue the GPs once they are out of receivership? (they're protected as long as they're in).

If so, a majority of investors (the silent majority) do not seem to share your perspective.

I urge anyone who is considering sending money to these people to first be satisfied with the answers to these questions.

Sincerely,

Scott Gessner
Investor in Gold Ridge, Pineview, Railroad, Falcon Heights and Pueblo

Exhibit 9

From: alexmikale Redacted
To: WFP <WFP@ethreeadvisors.com>
Sent: Sat, May 7, 2016 9:10 am
Subject: Re: WFPC Case Update and Hearing for May 20th

Mr. Hebrank,

I am part of the "pooled" group, which is being represented by attorney Tim Dillon. Please do not assume that, simply because we were "legally forced" into this group, that we support your plan! We believe that you have **NOT** acted in our best interest, and I don't think I've heard any investors support anything that you've done thus far. I think it's best that you strike the last paragraph from your message to investors.

Alex Haua
Investor

-----Original Message-----
From: WFP Receiver <WFP@ethreeadvisors.com>
To: alexmikale Redacted
Sent: Fri, May 6, 2016 5:17 pm
Subject: WFPC Case Update and Hearing for May 20th

E3 Advisors

Experienced. Efficient. Effective.

CASE UPDATE

Rescheduled Hearing Date:
Please note that the hearing scheduled for May 6, 2016 has been rescheduled to May 20, 2016 at 1:30.

There are several matters set to be considered at this hearing, including the Receiver's motion seeking 1) Authority to Conduct Orderly Sale of General Partnership Properties; 2) Approval of Plan of Distributing Receivership Assets; and 3) Approval of Procedures for the Administration of Claims. The Motion can be found on our **website**.

We strongly encourage you to read this motion as it contains specific financial and other information for each property and GP. The motion also discusses two alternate plans for distributing receivership estate assets for the Court's consideration. The projected distributions investors will received under

the two alternate distribution plans is provided on Exhibit D to the motion.

Two groups of investors have hired legal counsel. The primary difference between the two groups is their support for or opposition to the Receiver's proposed distribution plan. Their filings in response to the Receiver's motion (and other filings) can also be found on our website.

Thomas C. Hebrank
Court Appointed Receiver

Update your subscription settings

Want to know more about CASL? Here's the full text of the law. MailChimp offers an informational page for individuals and businesses.

Si vous voulez en savoir plus sur la LCAP, voici le texte intégral de la loi. MailChimp offre une page d'information pour les particuliers et les entreprises.

Thanks for your help!
Merci pour votre aide!

Our mailing address is:
E3 Advisors, Inc.
401 W A Street
San Diego, CA 92101

Exhibit 10

STATEMENT AND AGREEMENT OF PARTNERSHIP

OF

WILD HORSE PARTNERS

TABLE OF CONTENTS

STATEMENT AND AGREEMENT OF PARTNERSHIP OF

WILD HORSE PARTNERS

The undersigned parties voluntarily associate themselves to form a General Partnership pursuant to the terms and conditions set forth in this Agreement. This General Partnership Agreement is effective as of _____, _____.

1. NATURE OF PARTNERSHIP

1.1. Name of Partnership. The name of the Partnership shall be Wild Horse Partners.

1.2. Statement of Partnership. The Partnership shall promptly cause this Statement and Agreement to be recorded in San Diego County, California and in each county in Nevada in which the Partnership owns or contemplates owning real property or any interest in real property.

1.3. Fictitious Business Name Statement. The Signatory Partner shall sign, concurrently with the execution of this Agreement, a Fictitious Business Name Statement, for the Partnership under the name of Wild Horse Partners, and shall cause the Certificate to be filed with the County Clerk of San Diego County.

1.4. Description of Partnership Business. The Partnership is formed for the primary purpose of acquiring, maintaining and holding unimproved real property (referred to herein as the "Partnership Property") for investment purposes. The Partnership Property may be encumbered by deed(s) of trust securing promissory note(s) (referred to herein as the "Acquisition Note(s)") given by, or assumed by (including "subject to") the Partnership. The Partnership shall enter into a Co-Tenancy Agreement with one (1) other general partnership. Each Co-Tenant shall hold an undivided one-half (1/2) interest in real property.

1.5. Term of Partnership. The Partnership shall commence upon the execution of this Agreement and shall continue until terminated as hereinafter provided. The Partnership shall not terminate automatically upon the admission, withdrawal, incapacity, death, bankruptcy or insolvency of a Partner.

1.6. Place of Business. The principal place of business of the Partnership shall be 5186 Carroll Canyon Road, San Diego, California, 92121 and/or at such other place or places as may from time to time be designated by the Partnership.

2. FINANCIAL

2.1. Contribution to Capital. The names and addresses of all Partners, the initial number of their Partnership Units, and their initial percentage of ownership interest in the Partnership represented by those units are listed in Exhibit "A," attached hereto and incorporated as though fully set forth at length herein.

2.1.1. Upon execution of this Agreement, each Partner shall contribute $1.00 to the capital of the Partnership for each Unit purchased, payable as follows:

(i) $ 1.00 in cash upon execution of this Agreement (such Partners are referred to herein as the "All Cash Partners"); or

(ii) $ 0.32 in cash and $ 0.68 by delivery of a full recourse promissory note ("Promissory Note") payable in one hundred twenty (120) equal monthly installments ("such Partners are referred to herein as the "Leveraged Partners"). Interest payments on any Leveraged Partner's Promissory Note shall not be considered to be capital contributed to the Partnership.

2.1.2. Each Partner who executes a Promissory Note in favor of the Partnership hereby grants to the Partnership a security interest in such Partner's ownership interest in the Partnership to further secure payment of such Partner's Promissory Note(s). Such Partner shall execute all documents necessary to perfect the Partnership's security interest in all of such Partner's Partnership Units. Those documents include, but are not limited to, the documents described in the Article titled "Security Agreement".

2.1.3. Each Partner hereby authorizes the Partnership to obtain, at the Partner's expense, a consumer credit report from any consumer credit reporting agency. Each Partner hereby instructs such consumer credit reporting agencies to issue a consumer credit report on such Partner to the Partnership.

2.1.4. Each Partner hereby authorizes the Partnership to establish a VISA® and MasterCard® credit card acceptance account, so that a Partner's additional capital contributions for operational purposes, as set forth in the Section titled Additional Contributions of Capital, and the entire balance owing, but not the monthly payments, on such Partner's Promissory Note, if any, shall be payable by VISA® or MasterCard®.

2.2. Additional Contributions to Capital.

2.2.1. Except for the "required amounts" described in the immediately following subsection, no Partner shall be allowed to make a voluntary contribution to capital without the written consent of the Partnership.

2.2.2. Each Partner must, as an additional capital contribution, contribute to the Partnership such Partner's pro-rata share of such amounts as are necessary to enable the Partnership to make all payments required in connection with the ownership of the Partnership property and/or the conduct of the Partnership business (hereinafter called the "required amounts"), including, but not limited to, taxes, interest, principal payments on any note secured by a mortgage on such property, insurance premiums, payments which, in the reasonable judgment of the Partners, are necessary for the preservation and maintenance of Partnership property and all amounts which are necessary to enable the Partnership to pay salaries or any legal, accounting or other fees. Partners shall receive an additional Unit for each additional dollar ($1.00) of capital contributed to the Partnership.

Each Partner's pro rata share of the required amounts shall be determined by a fraction, the numerator of which is each respective Partner's number of Units owned and denominator of which is the number of Units owned by all Partners. The numbers of such Units shall be determined by reference to the most recent Exhibit "A" of this Agreement as it may be modified to reflect additional capital contributions, or in the most recent supplemental agreement executed pursuant to the Section titled "New Partners."

2.2.3. At least 15 days preceding the due date of any required amounts under subsection 2 of this Section, the Signatory Partner shall notify each Partner in writing, setting forth in such notice the amount of the payments due, the due date and such Partner's pro rata share thereof. Each Partner shall remit to the Partnership, in care of the Signatory Partner, such Partner's share of such payment.

2.2.4. The failure of any Partner to contribute, in the manner and on or before the due date herein specified, an amount equal to such Partner's entire pro rata share of the required amounts described in this Section shall be deemed a "default." Upon the occurrence of any default, if such default is not cured within thirty (30) days after written notice of such default is given to the defaulting Partner, the Partnership shall have the option of pursuing any and all rights and remedies available, including, but not limited to, any of the actions described in the Article titled "Default" of this Agreement.

2.2.5. In the event that a default, as defined in this Section, is not cured within ninety (90) days after written notice of such default is given to the defaulting Partner, each Partner hereby authorizes the Partnership to report such default to appropriate consumer credit reporting agencies.

2.3. Withdrawal of Capital. No portion of the capital contributed to the Partnership may be withdrawn at any time without the written consent of the Partnership. Absent the consent of all Partners, any such withdrawal must be in the same ratio as the Partners share in ownership of the Partnership, as set forth in the most recent Exhibit "A" of this Agreement.

2.4. Interest on Capital. No Partner shall be entitled to interest on capital contributed to the Partnership.

2.5. Books of Account. Complete and accurate accounts of all transactions of the Partnership shall be kept by an agent of the Partnership to be designated by the Signatory Partner.

2.6. Inspection of Books. The books of account and other records of the Partnership shall, at all times, be kept at 5186 Carroll Canyon Road, San Diego, California, 92121, or at such other place or places as may from time to time be designated by the Partnership. At all reasonable times, any of the Partners shall have access to, and may inspect and copy, any of the Partnership records or books.

2.7. Method of Accounting. The books of account of the Partnership shall be on a cash basis.

2.8. Fiscal Year. The fiscal year of the Partnership shall end on the 31st day of December each year.

2.9. Definitions. The terms "net profits" and "net losses" as used in this Agreement shall mean the net profits and net losses of the Partnership as determined by cash basis of accounting for each accounting period.

2.10. Profits and Losses. The net profits and net losses of the Partnership shall increase or decrease, as the case may be, the Partners' capital accounts in the same ratio as their ownership interest in the Partnership, as set forth in Exhibit "A" of this Agreement. Each Partner's ownership interest in the Partnership shall be based on the amount of capital contributed to the Partnership by such Partner compared to the total amount of capital contributed to the Partnership.

2.11. Distributions. Distributions shall decrease the Partners' capital accounts in the same ratio as the Partners' ownership interest in the Partnership, as set forth in the most recent Exhibit "A" of this Agreement. The Partnership is unlikely to make any distributions before the sale of its real property.

2.12. Capital Accounts, Units Owned. There shall be maintained for each Partner a capital account. Initially, the capital account of each Partner shall consist of his contribution to the initial capital contributed to the Partnership as set forth in Exhibit "A." Any additional capital contributions made pursuant to this Agreement shall be a credit to the contributing Partner's capital account. Capital accounts shall also be increased or decreased due to profits, losses, or distributions, as stated in this Agreement. The capital accounts described in this Section shall be maintained for tax accounting purposes only. These capital account calculations are distinct, separate, and do not apply to the method of determining each Partner's capital contributed to the Partnership as reflected in the most recent Exhibit "A".

2.13. Bank Accounts. All funds of the Partnership shall be deposited in accounts in the name of the Partnership at such bank or banks as may from time to time be selected by the Signatory Partner. Checks written on any Partnership account may be signed by the Signatory Partner or an agent of the Signatory Partner.

3. SECURITY AGREEMENT

3.1. Collateral. Each Partner hereby grants to the Partnership a security interest in such Partner's ownership interest in the Partnership (referred to herein as the "Collateral") to further secure (i) all of such Partner's obligations under this Agreement and (ii) payment of such Partner's Promissory Note(s), if any.

3.1.1. The security interest hereby created shall attach immediately upon execution of this agreement by Debtor and shall secure the payment and performance of (i) the terms of the Statement and Agreement of Partnership and (ii) the Promissory Note, if any.

3.1.2. The Parties shall execute any Financing Statement(s) required to perfect the security interest created by this Agreement. Such Financing Statement(s) shall be on a form or forms approved by the California Secretary of State. The Partnership shall pay the filing fee required by the California Secretary of State.

4. PARTNERS

4.1. Definition. As used in this Agreement, the term "Partners" shall mean the original Partners named in the most recent Exhibit "A" attached hereto, any successor in interest to the original Partners' respective ownership interests in the Partnership and any new Partners admitted to this Partnership. No person(s) shall be admitted to this Partnership unless such person is an original Partner or a successor in interest to an original Partner.

4.2. Signatory Partner. Each Partner hereby agrees that _____ _____ shall serve as the "Signatory Partner."

4.2.1. The Signatory Partner is hereby empowered to:

(i) sign documents on behalf of the Partnership at any time during the term of the Partnership, including, but not limited to, the Purchase Agreement by which the Partnership will acquire the Partnership Property and all related documents acquisition and financing of the Partnership Property, including, but not limited to, related note(s) and deed(s) of trust;

(ii) hire a secretary to administer notices and tax bills, and to pay said secretary $100.00 per month from Partnership funds;

(iii) hire a collection agent to administer collection and disbursement of funds;

(iv) hire any persons or entities, as an employee and/or an independent contractor, as C.P.A., accountant, computer consultant and/or bookkeeper to do all partnership accounting, bookkeeping and preparation of year end tax returns. The Signatory Partner may authorize payment to all such persons fees in the approximate annual total amount of $7,500.00 from Partnership funds;

(v) approve and execute any documents that grant access for ingress and egress to the Partnership Property.

(vi) obtain a liability insurance policy covering the Partnership Property and pay the premium for such policy from Partnership funds; and

(vii) approve and execute the Purchase Agreement and Co-Tenancy Agreement on behalf of the Partnership.

4.2.2. Any person, including, but not limited to, title companies, lenders, escrow companies, purchasers, and trustees, may rely upon written documents signed by any Signatory Partner, including, but not limited to, escrow instructions, notes, deed(s) of trust, grant deeds, checks and contracts.

4.2.3. Any Signatory Partner may (i) be removed as Signatory Partner by the affirmative vote of a majority in interest of the capital contributed to the Partnership; or (ii) resign at any time. In either such event, a new Signatory Partner shall be elected by the General Partners.

4.3. Tax Matters Partner. Subject to the Section titled "General Partner's Right to Control the Partnership," the Signatory Partner shall serve as the Tax Matters Partner ("TMP") for the Partnership, pursuant to Sections 6221-6231 of the Internal Revenue Code of 1954, as amended ("Code").

4.3.1. The powers and responsibilities of the TMP shall include, but are not limited to, the following:

(i) The TMP will be responsible for notifying the Internal Revenue Service of Partners' names and current addresses to ensure proper notification of all Partners in the event of an administrative proceeding;

(ii) The TMP will keep Partners informed of all administrative and judicial proceedings to the extent required by the Treasury Regulations;

(iii) The TMP will act on behalf of the Partnership in negotiating tax settlement agreements and/or requesting administrative adjustments (however, this provision does not restrict or otherwise limit the rights of individual Partners to participate in such proceedings as provided in the Code);

(iv) In accordance with the Code, the TMP will have the exclusive right to appeal any final Partnership administrative adjustment within the first ninety (90) days after the mailing of such notice (in the event that such appeal is not made within the 90 day period, individual Partners may then appeal on behalf of the Partnership during the immediately succeeding sixty (60) day period);

(v) The TMP may, by writing, extend the period for tax assessment with respect to Partnership items, and such an extension will be binding on all Partners; and

(vi) All other powers and responsibilities which may be required to effectively perform the duties of the TMP pursuant to the Code and Treasury Regulations.

4.3.2. These provisions appointing the Signatory Partner as the TMP are not intended to preempt or to otherwise limit the individual rights of other Partners, as permitted under the Code. The TMP shall be reimbursed for all reasonable expenses incurred in performing the TMP duties, including, but not limited to, reasonable expenses incurred in administrative or judicial proceedings.

4.4. Retirement Plan Owner. Anything in this Agreement to the contrary notwithstanding, if an IRA or other qualified retirement plan (collectively referred to herein as an "IRA") is a Partner, the IRA owner may make any additional capital contribution required of the IRA. In that event, the IRA owner shall become a Partner and own, in an individual capacity, an interest in the Partnership equal to the capital contributed to the Partnership by the IRA owner. Unless the IRA owner is already an individual Partner, the books and records of the Partnership shall reflect the admission of the IRA owner as a new individual Partner separate and distinct from the IRA Partner. The Partnership and the new IRA owner Partner shall comply with all provisions of the Section titled "New Partners" except for the written approval of a majority vote of the Partnership.

When an IRA owner makes a contribution to the capital contributed to the Partnership, in lieu of the IRA Partner doing so, the IRA Partner shall not be in default. The rights and procedures described in this section are available only to IRA Partners and IRA owners. Nothing described in this section shall be deemed to be a sale or a transfer of an interest in the Partnership

4.5. New Partners. Except as otherwise provided in this Agreement, new Partners may be admitted to this Partnership only upon the approval in writing of a majority in interest of the capital contributed to the Partnership. In any case, a supplemental agreement, in terms satisfactory to the Partnership, shall be executed by each new Partner setting forth:

4.5.1. The amount of the Partnership capital and allocation thereof among the Partners;

4.5.2. The percentages in which the Partnership profit and loss shall be thereafter shared or borne; and

4.5.3. A statement that all Partners shall be bound by this Partnership Agreement as amended by the supplemental agreement.

5. RIGHTS AND DUTIES OF PARTNERS

5.1. General Partners' Right to Control the Partnership.

5.1.1. Notwithstanding the provisions of the Section titled "Signatory Partner," each Partner (other than the Non-Voting Partners defined below) shall participate in the control, management, and direction of the business of the Partnership.

5.1.2. All Partnership decisions shall be made in accordance with the vote of a majority of the interests in the capital contributed to the Partnership owned by Partners entitled to vote. For purposes of this Agreement, the term "majority in interest of the Capital contributed to the Partnership" shall mean a vote of more than 50% of the capital contributed to the Partnership (excluding the capital interests of the Non-Voting Partners), each Unit being entitled to one (1) vote. Partnership decisions may be made at meetings of the Partners or by written assent of the Partners.

5.1.3. Louis V. Schooler, Western Financial Planning Corporation and any and all persons or entities entering into a sale or exchange of any property with the Partnership or receiving compensation of any kind from either Louis V. Schooler and/or Western Financial Planning Corporation shall be "Non-Voting Partners." Non-Voting Partners shall not be entitled to any of the voting privileges described in this Agreement. However, Non-Voting Partners shall be entitled to all other rights and privileges granted to all other General Partners by the terms of this Agreement.

5.2. Written Assent of Partners. Any Partner may request that an issue be decided by written assent of the Partners. The Signatory Partner shall send notice of such issue to all Partners at the addresses listed in the most recent Exhibit "A" attached hereto. If the Signatory Partner receives from the Partners within three(3) months the necessary majority vote in writing, a Partnership decision shall be deemed to be made.

5.3. Time Devoted to the Partnership. None of the Partners shall be bound to devote all of his business time to the affairs of the Partnership. Each shall devote so much of his time to the Partnership business as is necessary or advisable and may, during the continuance of this Agreement, engage in any activity for his own profit or advantage, without the consent of the other Partners, including activities which are in competition with this Partnership.

5.4. All Cash Partners. It is agreed by all Partners that the All Cash Partners shall have no personal liability for any Acquisition Notes. The Partnership is relying on the payments from the Promissory Note delivered by each Leveraged Partner to make the payments required by any Acquisition Note.

5.5. Reimbursement of Expenses. If the Partnership incurs any liability because of the act of any Partner not contemplated by this Agreement, such Partner shall reimburse the Partnership on demand for all costs, expenses, attorneys' fees and liabilities arising in connection therewith. The Partnership shall reimburse the Signatory Partner for expenses incurred on behalf of the Partnership in good faith in accordance with this Agreement.

6. **DEFAULT**

6.1. Events of Default. Each Partner shall be in default under this Agreement and under Division 9 of the Uniform Commercial Code of California upon occurrence of any of the following events:

6.1.1. The failure of a Partner to make any capital contribution as called for pursuant to the Article titled "Financial";

6.1.2. The failure of a Partner to pay any installment described an such Partner's Promissory Note(s), if any, when due;

6.1.3. If a Partner shall fail to promptly pay or perform, when due, any obligation secured by this Agreement or the security interest created by this Agreement;

6.1.4. If there is any misstatement or false statement or representation in connection with this Agreement.

6.1.5. If a Partner shall fail to keep or observe any warranty or covenant of such Partner contained in this Agreement or any other agreement existing between such Partner and the Partnership or fail to comply with or perform any of such Partner's obligations, agreements or affirmations under or emanating from this Agreement or the evidence of obligation.

6.2. Rights and Remedies. Upon the occurrence of any default, if such default is not cured within thirty (30) days after written notice of such default is given to the defaulting Partner, the Partnership shall have the option of pursuing any and all (i) rights and remedies afforded a secured party by the chapter on "Default" of Division 9 of the Uniform Commercial Code of California and (ii) other rights and remedies available, including, but not limited to, the following:

6.2.1. If the default is monetary or nonmonetary, WFP or any of its affiliated entities may purchase the entire Partnership interest of such defaulting Partner at a purchase price equal to fifty percent (50%) of the defaulting Partner's "reduced capital account." For purposes of this agreement, reduced capital account shall be determined by subtracting each of the following items from the defaulting Partner to the Partnership, the full amount of the default and accrued interest, expenses, costs, finance charges, and fees caused by damages resulting from the default. WFP or its affiliated entity shall also assume the defaulting Partner's Promissory Note(s), if any.

6.2.2. If WFP or one of its affiliated entities does not elect to purchase the defaulting Partner's interest, the Partnership may do so on the terms described above. If the Partnership elects to purchase the Partnership interest of a defaulting Partner, the Partnership shall also elect to: (i) disburse such Partnership interest to the remaining Partners in proportion to the remaining Partners' then current interest in the Partnership capital; or (ii) sell such Partnership interest.

6.2.3. If the Partnership does not elect to purchase the defaulting Partner's interest other Partners may do so on the terms described above. If two or more Partners do not wish to purchase the defaulting Partner's interest, a single Partner may do so, and if no Partners wish to purchase it, a third party may do so. Any purchase by Partners, a single Partner or a third party will be conditioned upon payment directly to the Partnership of that portion of the purchase price equal to the amount of the default, plus

accrued interest, expenses, costs, finance charges and fees caused by damages resulting from the default. The remaining portion of the purchase price shall be payable to the defaulting Partner pursuant to subsection 1 of this Section. If the sale is to a third party, it shall be subject to the right of first refusal provisions of the Section titled "Right of First Refusal on Sale or Transfer of Partnership Interest" hereof, except that the notice period may be reduced from thirty (30) to seven (7) days at the option of the Partnership. No public notice of sale or public bidding shall be required. As a condition to any purchase of the defaulting Partner's interest, the purchaser shall assume all of the defaulting Partner's liability on any Promissory Notes, personal promissory notes, guarantees or other obligations in connection with the Partnership.

6.2.4. In the event that the defaulting Partner's interest is not purchased under the provisions of this Section, and the default is not cured within one hundred twenty (120) days, then WFP or any of its affiliated entities may cure the default. In the event of such a cure of a default by WFP or any of its affiliated entities, all Units attributable to the payment for such default shall accrue to the curing entity.

6.2.5. If the default relates to the Partner's obligations under such Partner's Promissory Note, the Partnership shall have the right (but not the obligation) to commence any and all legal proceedings to enforce its rights under the defaulting Partner's Promissory Note(s) and/or this Agreement; and

(i) All unpaid installments of such defaulting Partner's Promissory Note(s) shall then become due and payable; and

(ii) The unpaid installments of such defaulting Partner's Promissory Note(s) shall continue to bear interest at the highest lawful rate.

6.2.6. In connection with it's exercise of any right or remedy pursuant to the Security Agreement contained herein, the Partnership may demand reimbursement for any loss, cost or expense, including, but not limited to, expenses incurred in collecting sums payable by a Partner on such Partner's obligation secured by this Agreement or otherwise, in checking, handling and collection of the Collateral, or in preparation and enforcement of any agreement relating to the Collateral.

6.2.7. The Partnership may assign its rights under the Security Agreement contained herein and the security interest created hereby. Should the Partnership do so, the Partnership's assignee shall be entitled, upon written notice of the assignment being given by the Partnership to the Partner to all performance required of such Partner by this Agreement and all payments and monies secured by this Agreement

6.2.8. The defaulting Partner shall have no vote during the pendency of any default, and such defaulting Partner's ownership interest in the capital contributed to the Partnership shall not be counted for purposes of determining the requisite majority vote.

6.2.9. The defaulting Partner shall not thereafter be allocated or receive any distributions or allocations of profits or losses of the Partnership, unless and until such default is completely cured prior to sale of such Partner's Partnership interest. After notice of default from the Signatory Partner, the allocation or distribution to which such Partner shall be entitled shall be allocated or distributed to the remaining Partners in accordance with their respective interests in Partnership allocations and distributions, as set forth in the Sections titled "Profits and Losses," "Distributions" and "Capital Accounts" of this

Agreement, for the entire period during which such default shall have continued until a sale of the defaulting Partner's interest.

6.2.10. The defaulting Partner hereby appoints the nondefaulting Partners, or any of them, as attorney-in-fact to execute such documents as may be necessary or desirable in order to transfer or encumber his Partnership interest in the manner selected by the Partnership. If the Partnership interest is sold, the defaulting Partner shall have no right, title or interest in or to the Partnership, its assets or the income therefrom.

6.2.11. To the extent that the rights and remedies provided by the California Commercial Code are in conflict with this Agreement, the terms of this Agreement shall control.

6.2.12. The failure or delay of the Partnership to exercise any right, power or remedy shall not operate as a waiver thereof, but all rights, powers or remedies shall continue in full force and effect until all of the Partner's obligations are fully paid and performed.

6.2.13. All of the Partnership's rights and remedies under this Agreement are cumulative in nature and none are exclusive.

7. TERMINATION OF PARTNERSHIP RELATION

7.1. Duration of Partnership. The Partnership shall begin as of the date of this Agreement and shall continue until the first to occur of the following events:

7.1.1. The expiration of twenty-five years from the date of this Agreement;

7.1.2. The sale of all of the Partnership assets; or

7.1.3. The decision of a majority of the interests in the capital contributed to the Partnership.

7.2. Transfer of a Partnership Interest.

7.2.1. A Partner may not sell, transfer, assign or subject to a security interest such Partner's interest in the Partnership or any part thereof to any party other than WFP, except as provided herein. A Partner's interest may be made subject to a security interest held by WFP, so long as that interest is subordinate to the rights of the Partnership with regard to the security interest created in this Agreement. Any assignment or other transfer contrary to this provision shall be void and of no effect.

7.2.2. Any sale, assignment or transfer shall be made by written instrument satisfactory in form to the Signatory Partner, accompanied by such assurance of the genuineness and effectiveness of each signature as may reasonably be required by the Signatory Partner. Before any assignment or other transfer is made, the transferor and/or transferee shall reimburse the Partnership for all expenses it has incurred, including, but not limited to, attorneys' fees.

7.3. Right of First Refusal on Sale or Transfer of Partnership Interest.

7.3.1. Except as otherwise provided in this Agreement, no one may sell or transfer their interest in the Partnership or any portion thereof. Any one desiring to sell their interest shall first offer (the "Transfer Offer") to sell such interest to the remaining Partners in proportion to the remaining Partners' then current interests in Partnership capital at a price equal to the balance of the selling Partner's capital account. The purchase price, in an amount up to the amount of the unpaid principal balance (plus accrued unpaid interest) of the selling Partner's Promissory Note, shall be paid by assumption of such note by the purchasing Partners. The balance of the purchase price shall be paid in five equal annual installments bearing interest at the rate of three and one-half (3.5%) per annum, payable annually. (Each buying Partner shall give the selling Partner a promissory note equal to such buying Partner's pro rata share of the unpaid balance.) The selling Partner shall put the Transfer Offer in writing and give the other Partners a minimum of thirty (30) days from the date of making the Transfer Offer in which to accept or reject said offer.

7.3.2. If any Partners do not elect to purchase their pro rata share of the interest offered for sale, the other Partners may purchase the share not taken in the proportion which their respective interests in the Partnership capital bear to each other. The Transfer Offer shall be deemed rejected in its entirety unless the acceptance of the various Partners applies to the entire interest offered for sale. If the Transfer Offer is accepted in its entirety, the Partner or Partners accepting the Transfer Offer shall have an additional sixty (60) days in which to raise the funds necessary to meet the terms of the offer. If no other Partner purchases the interest offered for sale, the selling Partner may sell such interest to any other bona fide purchaser upon the terms described in this Section. If the selling Partner is unable to sell such interest to a bona fide purchaser upon such terms and desires to sell such interest upon other terms, the selling Partner must first offer to sell such interest to the remaining Partners, in the manner hereinabove described, upon such other terms. In any event, the selling Partner may not sell such interest for a purchase price that exceeds the selling Partner's capital account (described in the Section titled "Capital Accounts").

7.3.3. Any Partner may transfer its entire Partnership interest to WFP or any of its affiliated entities without obtaining the written approval ("Transfer Approval") of a majority in interest of the capital contributed to the Partnership and without making a Transfer Offer.

7.3.4. WFP or any of its affiliated entities may transfer all or any portion of its Partnership Interest to a third party without Transfer Approval and without making a Transfer Offer.

7.3.5. Any Partner may transfer all or any part of his/her Partnership interest by gift, without Transfer Approval and without making a Transfer Offer only if such gift is made to either the Partner's spouse, a member of the Partner's family, persons adopted by a member of the Partner's family, or to a trust, of which such Partner is trustee, for the benefit of one or more members of the Partner's family. The phrase "member of the Partner's family" is defined to include only the lineal descendants of the Partner's ancestors.

7.4. Dissolution. When any dissolution of the Partnership under this Agreement or applicable law occurs, the continuing operation of the Partnership's business shall be confined to those activities reasonably necessary to wind up the Partnership's affairs, discharge its obligations, and preserve and distribute its assets. Notice of dissolution shall be published as required by California statute.

7.5. Liquidation of the Partnership.

7.5.1. Within a reasonable time after the dissolution of the Partnership and the termination of its business, the real property and all other assets then owned by the Partnership (other than the Partners' Promissory Notes owed to the Partnership) shall be sold and the proceeds thereof shall be applied in the following order and priority:

(i) The expenses of liquidation and debts of the Partnership, other than debts owing to the Partners, shall be paid.

(ii) Such debts as are owing to the Partners, including unpaid fees, loans and advances made to the Partnership shall be paid.

(iii) The balance in each Partner's capital account shall be paid after it has been increased or decreased for any profit or loss as shall have accrued from the date of last posting to these accounts. For purposes of this subsection, unless a Partner has paid the unpaid principal balance and all accrued interest of such Partner's Promissory Note(s) prior to the date of distribution pursuant to this subsection, the Partnership shall deduct the total unpaid principal balance and all accrued interest of such Promissory Note(s) from the amount of the distribution due such Partner pursuant to this subsection. Such deduction shall be deemed to be a cash distribution to such Partner in the amount of the unpaid principal balance, plus accrued unpaid interest, of such Partner's Promissory Note(s).

7.5.2. Any gain or loss arising out of the disposition of Partnership assets during the course of liquidation shall be increased or decreased to the Partners in the same proportions as profits and losses were distributed prior to liquidation. A negative balance in the capital account of any Partner, after all the debts of the Partnership are paid and the posting of profits is completed, shall constitute an obligation from that Partner to the other Partners, to be paid forthwith, upon demand. At the election of a majority in interest of the capital contributed to the Partnership, any promissory note or other obligation payable to the Partnership (other than a Partner's Promissory Note) may be distributed to Partners "in kind" and administered through a collection agency, rather than selling the note at a discount.

7.6. Right to Sell and Compensation Therefor. Should the Partnership elect to sell any Partnership real property, the Partnership hereby grants to WFP, as additional compensation for its organizational services, the right to represent the Partnership as its Broker for the sale of said property. WFP may also assign its rights and/or delegate its duties as Broker to an affiliate. WFP, or an affiliate, shall receive, as compensation for consummating any sale, an amount equal to ten percent (10%) of the selling price of any unimproved real property and six percent (6%) of the selling price of any improved real property. For purposes of this section, "improved real property" shall mean real property with a building(s) on it. This exclusive right shall expire as of midnight on December 31, 2029.

8. SPECIAL POWER OF ATTORNEY

8.1. Appointment of Signatory Partner.

8.1.1. Each Partner hereby makes, constitutes and appoints the Signatory Partner his/her true and lawful attorney, in his/her name, place and stead, from time to time:

(i) To make all agreements amending this Agreement, as now and hereafter amended, that may be appropriate to reflect:

(a) A change of the name or the location of the principal place of business of the Partnership.

(b) The disposal by any Partner of his/her interest in the Partnership in any manner permitted by the Agreement, and any return of the capital contribution of a Partner (or any part thereof) provided for by the Agreement.

(c) A person becoming a Partner of the Partnership as permitted by the Agreement.

(ii) To make such certificates, instruments and documents as may be required by, or may be appropriate under, the laws of any state or other jurisdiction in which the Partnership is doing or intends to do business, in connection with the use of the name of the Partnership by the Partnership.

(iii) To make such certificates, instruments and documents as may be required of the Partners or as may be appropriate for the Partners to make, by the laws of any state or other jurisdiction, to reflect:

(a) A change of address of said Partners.

(b) Any changes in or amendments of the Agreement, or pertaining to the Partnership, of any kind referred to in subsection 1 of this Section.

(c) Any other changes in or amendments of the Agreement, but only if and when the consent of a majority in interest or other required percentage of the Partners has been obtained.

(iv) To convey (as defined in Section 1510.5(2) of the California Corporations Code) title to real property, standing in the Partnership name, by a conveyance executed in the Partnership name.

8.1.2. Each of such agreements, certificates, instruments and documents shall be in such form as the Signatory Partner and the legal counsel for the Partnership shall deem appropriate. The powers hereby conferred to make agreements, certificates, instruments and documents shall be deemed to include the powers to sign, execute, acknowledge, swear to, verify, deliver, file, record and publish the same.

8.1.3. Each Partner authorizes the Signatory Partner to take any further action which the Signatory Partner shall consider necessary or convenient in connection with any of the foregoing, hereby giving the Signatory Partner full power and authority to do and perform each and every act and thing whatsoever requisite, necessary or convenient to be done in and about the foregoing as fully as each Partner might or could do if personally present, and hereby ratifying and confirming all that the Signatory Partner shall lawfully do or cause to be done by virtue hereof.

8.2. Irrevocable. The power of attorney granted by this article shall be deemed coupled with an interest and shall not be affected by the subsequent incapacity or death of the principal, or the assignment of all or any part of his/her interest as a Partner until the transferee or assignee shall execute and acknowledge a grant of a written Power of Attorney and the Agreement as then constituted.

8.3. Subject to this Agreement. The power of attorney granted by this Article is subject to the terms of this Agreement.

9. GENERAL PROVISIONS

9.1. No Waiver. Failure, at any time(s), to require strict performance by a Partner of any of the provisions, warranties, terms and conditions contained in the Security Agreement or any other agreement, document or instrument now or hereafter executed by such Partner and delivered to the Partnership shall not waive, affect or diminish any right of the Partnership to demand strict compliance and performance therewith and with respect to any other provision, warranties, terms and/or conditions contained in such agreement, documents, and instruments. Any waiver of any default or breach shall not waive or affect any other default or breach, whether prior or subsequent thereto, and whether the same or of a different type.

9.2. Representations. The representations, warranties, covenants, agreements and indemnities set forth in or made pursuant to this Agreement, or in any instrument, certificate, opinion, or other writing provided for in it, shall remain operative, shall be deemed made upon execution of this Agreement and shall not be merged therein.

9.3. Examination. Each party has relied upon its own examination of the entire Agreement, and the warranties, representations, and covenants expressly contained in the Agreement itself. The failure or refusal of either party to inspect the Agreement or other documents, or to obtain legal advice relevant to this transaction, constitutes a waiver of any objection, contention, or claim that might have been based upon such reading, inspection or advice.

9.4. Employees. The fact that a Partner or a member of his family is employed by, or is directly or indirectly interested in or connected with any firm or corporation employed by the Partnership to render or perform a service, or from whom or which the Partnership may purchase real property, shall not prohibit the Partnership from executing a purchase agreement with or employing any such person, firm or corporation or from otherwise dealing with him or it in transactions entered into in good faith.

9.5. Notices. Any and all notices between the parties hereto, provided for or permitted under this Agreement or by law, shall be in writing and shall be deemed duly served when personally delivered to a Partner, or, in lieu of such personal service, when deposited in the United States mail, certified, postage prepaid, addressed to such Partner at his address as set forth in the most recent Exhibit "A" of this Agreement, or to such other place as may from time to time be specified in a notice, given pursuant to this Section, as the address for service of notice on such Partner.

9.6. Gender and Number. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person, persons, entity or entities may require.

9.7. Investment Interest. Each Partner represents and warrants to the other Partners that such Partner is sufficiently experienced in real estate investment and business matters to recognize that this Partnership is newly organized and has no history of operation and is a speculative venture. Each Partner further recognizes that there is no public market for the Partnership interests being purchased and that it may not be possible to liquidate an investment in the Partnership in case of an emergency because the transferability of Partnership interests is restricted. Each Partner further recognizes that there are substantial risks in this investment and it is possible that such Partner may lose the total amount of said investment. Each Partner further recognizes that projections, with respect to any project, furnished by any other partner are estimates based on data procured from third parties and should not be deemed predictions or guarantees of the results of the project. Each Partner represents and warrants that such Partner is investing for such Partner's own investment account, without intentions of further selling or distributing the investment, except to a trust for the benefit of family members.

9.8. Litigation. In the event any party commences litigation for the judicial interpretation, enforcement or rescission hereof or any action relating to (i) this Agreement; (ii) the Partnership; or (iii) Partnership affairs, the prevailing party shall be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred. The "prevailing party" means the party determined by the Court to have most nearly prevailed, even if such party did not prevail in all matters; not necessarily the one in whose favor a judgment is rendered.

9.9. Document Execution. Each party hereto agrees to execute, with acknowledgement or affidavit if required, any and all documents and writings which may be necessary or expedient in the creation of this Partnership and the achievement of its purposes.

9.10. Representative Capacity. Anything herein to the contrary notwithstanding, during any period that any Partnership interest herein is subject to administration in an estate, guardianship or conservatorship, such interest shall be ignored in determining the consents or agreements required for the taking of any action by the Partnership, it being intended that the difficulty in obtaining consents or agreements from any person acting in such representative capacity shall not interfere with or impede the conduct of Partnership affairs.

9.11. Indemnity. If, as a result of a Partner's commission of an act not authorized by or in breach of this Agreement (such Partner is referred to herein as the "Breaching Partner"), any other Partner or the Partnership is made a party to any obligation or otherwise incurs any loss, damages or expenses, the Breaching Partner shall indemnify, hold harmless, defend and reimburse the Partnership or other Partner for any and all of such loss, damages and expenses incurred, including attorneys' fees. The interest of the Breaching Partner in this Partnership may be charged therefor.

9.12. Counterparts. This Agreement, or any amendment thereto, may be executed in multiple counterparts, each of which shall be deemed an original Statement and Agreement of Partnership, and all of which shall constitute one Statement and Agreement of Partnership, by each of the Partners hereto on the dates respectively indicated in the acknowledgments of said Partners, notwithstanding that all of the Partners are not signatories to the original or the same counterpart. The Partners hereby authorize the Signatory Partner to remove the signature pages of this instrument from any counterpart copy and attach all such signature pages to a single instrument so that the signatures of all Partners will be physically attached to the same document.

9.13. Joint Ownership. For all purposes hereunder, in those cases where two or more persons are indicated as one Partner, holding such Partnership interest as tenants in common, joint tenants or as community property, the following shall apply:

9.13.1. To the extent required by law, such persons shall each be considered as Partners hereunder, each shall be deemed to have contributed equally to the capital contribution indicated in the most recent Exhibit "A" opposite their respective names. Each shall be deemed to have an initial capital interest consisting of an equal share of the capital contribution as set forth opposite their respective names. However, as to any additional capital contribution required by the Section titled "Additional Contributions to Capital," if the entire amount required from all joint owners is not contributed, all joint owners shall be deemed to be in default.

9.13.2. For purposes of voting upon or consenting to any actions or matters, as provided herein or by law, the vote or consent of any such person shall, unless all such persons are present and voting or indicate otherwise in writing, be deemed to vote or consent of all such persons. In the event that all are present and voting or submit written consents or refusals, then each shall vote an interest equivalent to an equal share of the interest which may be voted by all.

9.13.3. Upon the death of any such person and the passing of the decedent's interest, by any means, to the survivor of such persons, such passing is hereby established as a passing carrying with it the right to be a substituted Partner as to the decedent's interest, and such survivor shall become a substituted Partner as to the decedent's interest by virtue of this provision and without the requirement of consent of any other Partner.

9.13.4. Any proposed transfer pursuant to the Section titled "Right of First Refusal on Sale or Transfer of Partnership Interest" hereof, shall, if made by any such persons as the offering Partner, be of their joint interest herein, or, if made by just one of such persons, be of only their share of their joint interest herein, and the remaining shares shall thereafter for all purposes hereunder, belong solely to the other(s) of such persons.

9.13.5. An election made by any such person to acquire a Partnership interest offered by another under Section "Right of First Refusal on Sale or Transfer of Partnership Interest" hereof, shall bind both all persons.

9.13.6. Any notices given to any such persons shall, unless the Partnership is otherwise advised in writing, be deemed notice to all persons.

9.14. Construction. The language in this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any of the Partners hereto.

9.15. Governing Law. This Agreement, and any dispute arising hereunder, shall be construed and enforced in accordance with, and be governed by, California law. Each Partner hereto agrees that proper jurisdiction and venue for any suit to interpret or enforce any term or provision of this Agreement shall be in San Diego County, California.

9.16. Amendment. This Partnership Agreement may be amended upon the written consent of a majority of the interests in the capital contributed to the Partnership. Neither the Partners nor the

Partnership shall amend this Agreement in a way that diminishes the rights or increases the obligations of any Non-Voting Partner (described in Section 5.1.3.).

9.17. Binding on Successors. All provisions of this Agreement shall extend to and bind, or inure to the benefit not only of the Partners, but to each and every one of their heirs, executors, representatives, successors, and assigns.

9.18. Captions. Titles and captions in this Agreement are inserted for convenience of reference only and do not define, describe, amplify or limit the scope of the intent of this Agreement or any of the terms hereof.

9.19. Unenforceable Provisions. If any sentence or section of this Agreement is declared by a court of competent jurisdiction to be void or unenforceable, the remaining provisions shall nevertheless be carried into effect.

9.20. Entire Agreement. This Agreement contains the entire agreement between the Partners relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

This Agreement has been executed at San Diego County, California, as of the day and year first above written.

PARTNERS

_____ _____

State of California)
)ss.
County of)

The undersigned, each for himself or herself, being duly sworn, deposes and says that:

I am a partner in the partnership named in the above statement of partnership, and that I have read the foregoing statement of partnership and know the contents thereof. I hereby declare that all of the facts stated in the foregoing statement of partnership are true.

I declare, under penalty of perjury, that the above is true and correct and that this declaration was executed as of _____, _____, at _____, California.

_____

_____

_____

_____

SUBSCRIBED AND SWORN to before me this _____ day of _____, _____.

_____
Notary Public in and for said County and State

State of California)
)ss.
County of)

On _____, _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

(SEAL)

WITNESS my hand and official seal.

_____
Notary Public

State of California)
)ss.
County of)

On _____, _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

(SEAL)

WITNESS my hand and official seal.

_____
Notary Public

PARTNER'S REPRESENTATIONS

In connection with my desire to acquire an ownership interest (referred to herein as the "Partnership Interest" in Wild Horse Partners, a California general partnership, referred to herein as the "Partnership," I hereby make the following representations and warranties:

1. I am at least eighteen (18) years of age.

2. I have such knowledge and experience in financial matters and I am capable of evaluating the merits and risks of the investment in the Partnership. Furthermore, I am able to bear the economic risk if my investment in the Partnership ultimately should be determined to be worthless.

3. This Partnership Interest is being acquired for my own account, for investment purposes and without any present intention of distributing or selling such interest.

4. I have adequate means of providing for my current needs and possible personal contingencies, and have no need for liquidity of my investment in the Partnership.

5. I can bear the economic risk of losing my entire investment in the Partnership.

6. I am aware that the Partnership has no financial or operating history and that the Partnership Interests are speculative investments. I understand that this investment involves a high degree of risk and I could lose my entire investment in the Partnership.

7. I understand that transferability of my Partnership Interest is restricted and I cannot expect to be readily able to liquidate this investment in case of an emergency. Before deciding to invest in the Partnership, I gave substantial consideration to all factors relevant to my personal situation, including, but not limited to, the age, health, income, savings and foreseeable obligations of each of the members of my family. That process has convinced me that despite the *long term* nature of this partnership investment, my investment in the Partnership is warranted.

8. In determining the advisability of this investment, I am not relying on any representations by any partner, or other person as to the present or the projected future value of any real property that may be acquired by the Partnership, or any other projection of any kind or nature which might be related to the value of any real property acquired.

9. I understand that neither this investment opportunity nor the Partnership Agreement have been submitted to or reviewed by any governmental agency.

10. I understand that: (i) the Partnership, although still in formation, has entered into a contract to purchase certain real property (the "Partnership Property"); (ii) before and during formation, all capital contributions will be passed through the Partnership to the Seller of such real property pursuant to the contract; and (iii) if the Partnership does not complete formation, the contract will be terminated and all money refunded.

11. I do not look to the efforts of any other partner, nor to any person, corporation, or entity for the management, development, maintenance or farming of the Partnership Property in order to make a profit. I look solely to the potential appreciation in value of the Partnership Property over the years for any profit I may derive from this transaction.

12. I have received copies of the Statement and Agreement of Partnership of Wild Horse Partners and any Appendices or Exhibits thereto (including, but not limited to, the Purchase Agreement for the Partnership Property and the related note(s) and deed(s) of trust) all of which documents are collectively referred to herein as the "Partnership Agreement." Along with the Partnership Agreement documents, I have also received a copy of "Seller's Real Property Disclosure Form" and "Information Statement Disclosing Homeowner's rights and Obligations."

I have carefully reviewed the Partnership Agreement; and I understand it. I have been given the opportunity to make any further inquiries concerning the proposed operations of the Partnership. I understand that by signing the Partnership Agreement, I am authorizing the Signatory Partner to sign the Purchase Agreement and all other documents related to the acquisition of the Partnership Property and the financing thereof, including, but not limited to, the documents described above and related note(s) and deed(s) of trust, on behalf of the Partnership.

13. I understand that each partner's original capital contribution depends upon the number of Units purchased. Investors may purchase Units with a capital contribution of all cash or cash and a promissory note (the "Note") executed in favor of the Partnership.

14. I understand that if I elect to purchase Units with cash and a Note, I will be charged a monthly collection fee in the approximate amount of Five Dollars ($5.00) in addition to the monthly payment called for in the Note.

15. I have read the Sections titled "Contributions to Capital" and "Additional Contributions to Capital" of the Partnership Agreement and am aware that additional capital contributions will have to be made from time to time during the life of the Partnership. I am also aware that if I fail to make any required additional capital contributions or Promissory Note payments, my Partnership Interest may be purchased by the Partnership, or by other partners, for substantially less than the sum of all capital I have contributed. I acknowledge and agree that any delinquency of ninety (90) days or more in payment of Partnership capital contributions may be reported to credit reporting agencies. Partnership capital contributions will be billed to the Partners and collected starting with the quarter following the close of escrow for acquisition of the Partnership Property. I understand that I may make additional capital contribution payments by VISA® and MasterCard®, direct payment (ACH Debits) automatically taken from my checking account quarterly, or pay by check annually for which I will pay a $3.50 check processing fee.

Initials _____ _____

16. If my Partnership Interest is owned by an IRA or retirement plan, I have read and understand the pertinent provisions of the Partnership Agreement and these Partnership Representations with regard to my IRA or retirement plan. I understand that I have the option to have the IRA or retirement plan make the capital contribution payment (for which I will need to sign an Investment Direction to allow the contribution to be made), or that I may choose to pay the capital contribution myself outside of the IRA or retirement plan.

Initials _____ _____

17. In the event that my Partnership share is purchased with funds from an IRA or other retirement plan, I have consulted with my trustee or financial advisor with regard to the economic and tax effects any such capital contribution may have on the IRA or retirement plan. I will continue to do so before each future capital contribution. I understand that special care needs to be taken to comply with all statutory limitations on contributions.

18. I understand that when a Leveraged Partner's cash payment is made from that Partner's IRA or other retirement plan, in order to comply with IRS regulations, the portion of that Partner's interest represented by the cash payment made from the IRA or retirement plan shall not be encumbered as security for the Promissory Note.

19. I understand that the Partnership Property shall generate a negative cash flow which may necessitate assessments of the partners by the Partnership.

20. I understand that I may incur additional obligations resulting from the Partnership's acquisition of real property. Such additional obligations may include, but are not limited to, tax assessments, interest expenses, liability insurance and other expenses. Furthermore, I realize I have no assurance that there will be no increase in taxes, real property assessments, insurance premiums, and/or other additional payments.

21. I understand that as part of the initial capitalization of the Partnership, approximately One Hundred Twenty-Nine Thousand Five Hundred Ninety-Five and 84/100 Dollars ($129,595.84) will be allocated as a fund available to meet Partnership expenses as they arise. This money will be held in an account, in the name of the Partnership, as a Partnership asset.

22. I understand that the partners referred to as "All Cash Partners" in the Partnership Agreement shall have ***no*** personal liability for any note secured by a deed of trust encumbering the Partnership Property.

23. I understand that by executing the Statement and Agreement of Partnership of Wild Horse Partners (i) I shall be encumbering my general partnership interest by creating a security interest in favor of the Partnership, and (ii) in the event of a default under the terms of the Partnership Agreement or the Note, if any, the Partnership's rights and remedies (as the Secured Party) shall include, but not be limited to, foreclosure of its security interest and sale of my general partnership interest.

24. I understand that the Partnership will enter into a Co-Tenancy Agreement with one (1) other general partnership. Each co-tenant will own an undivided one-half (1/2) interest in real property.

25. I understand that neither the seller nor any other partner is responsible for any damage done to the property by wind, washes, flood, land slippage, earthquakes, subterranean conditions, and other natural hazards.

26. I am aware that any real property (the "Partnership Property") owned by the Partnership is presently undeveloped. I understand that easements encumber the Partnership Property to provide: (i) access to other parcels of land and (ii) installation and maintenance of utilities to other land.

27. I have received a summary of a Feasibility Study of certain land, known as Pyrenees Estates. This Feasibility Study was prepared by FPE Engineering and Planning and is dated February 25, 2002. Pyrenees Estates contains sixty-two (62) parcels of land. The Partnership Property is an undivided one-half interest in twenty (20) of those sixty-two (62) parcels of Pyrenees Estates. The summary of the Feasibility Study discusses a number of important areas impacting the prospects for future development (and thereby the value) of the Partnership Property. A complete Technical Feasibility Study, which includes an ALTA survey that plots the location of easements referred to above and various other encumbrances on the Partnership Property. I understand that the complete Feasibility Study, and all documentation referred to in the summary, is available for my review at any time.

28. I understand that neither the seller nor any other partner is responsible for law changes or any governmental actions, including, but not limited to, ballot initiatives and regulations, planning, zoning, improvements required,

or the lack of such actions. I also understand that such governmental actions can increase or decrease the value of the Partnership Property.

29. I understand that the acreage of the Partnership Property is computed on a gross acreage basis. Therefore, if roads (or other easements) are placed on the Partnership Property, then the usable acreage of the Partnership Property will decrease.

30. I am aware that the tax aspects of an investment in the Partnership are not susceptible to absolute prediction. New developments in rulings of the Internal Revenue Service, audit adjustments, court decisions or legislative changes may have an adverse effect on one or more of the tax consequences of investing in the Partnership.

31. I understand the Partnership intends to claim the organizational fee paid to Western Financial Planning Corporation as a deduction for federal income tax purposes. I understand there can be no assurance that such deduction will not be contested or disallowed by the IRS or that the IRS will not challenge the amount of such deduction or the period or year in which it may be claimed.

32. I have been advised to consult with my own attorneys regarding legal matters concerning the Partnership, and to consult with my own tax advisors regarding the tax consequences of participating in the Partnership.

33. I represent that Western Financial Planning Corporation has not given me tax advice and/or opinions regarding this investment but has merely administrated organization of the Partnership. I am relying on my own advisors for legal and tax counsel.

34. I am aware that attorney Russell M. Goldberg represents Western Financial Planning and Louis V. Schooler in various legal matters, including the drafting of various documents relating to this investment. I understand no fiduciary duty exists between Mr. Goldberg and me.

35. I am aware that Mark P. Mandell has been retained by Western Financial Planning and Louis V. Schooler solely as a business consultant in various matters, including this transaction and other business transactions. I understand no fiduciary duty exists between Mr. Mandell and me.

36. I am aware that First Financial Planning Corporation is a Nevada corporation doing business in California as Western Financial Planning Corporation.

37. I understand that Louis V. Schooler and Western Financial Planning Corporation are licensed real estate brokers in California and Nevada. Neither one of them represents me or any Partner in this transaction.

38. I understand that Louis V. Schooler, Western Financial Planning Corporation and any and all persons or entities receiving compensation of any kind from either Louis V. Schooler and/or Western Financial Planning Corporation shall be considered "Non-Voting Partners" and shall not be entitled to any of the voting privileges described in the Section titled "General Partner's Right to Control the Partnership" of the Statement and Agreement of Partnership. However, Non-Voting Partners shall be afforded all other rights and privileges granted to all other General Partners under the terms and conditions of such Agreement.

39. I am aware that I have granted to Western Financial Planning Corporation the right of first refusal to purchase my Partnership Interest in the event that I desire to sell my Partnership Interest.

40. I have been fully informed that E.B.S. Land Company, Western Financial Planning Corporation, First Financial Planning Corporation and/or Louis V. Schooler, as owner or seller or both, will be making a very

substantial profit in the sale of the real property to the Partnership. Therefore, as between those entities and myself there exists a conflict of interest and *no* fiduciary relationship.

41. I am aware that Western Financial Planning Corporation shall receive Two Hundred Thousand Ten and 48/00 Dollars ($200,010.48) from Partnership funds as consideration for its services in organizing the Partnership.

42. It never has been represented, guaranteed, or warranted to me by E.B.S. Land Company, Western Financial Planning Corporation, First Financial Planning Corporation, Louis V. Schooler, their agents, or employees, any broker, or any other persons expressly or by implication, that:

42.1. I will be required to remain as owner of my Partnership Interest only until some approximate or exact length of time;

42.2. I will receive any approximate or exact amount of return or other type of consideration, profit or loss (including tax write-offs and/or tax benefits) as a result of this venture; or

42.3. The past performance or experience of E.B.S. Land Company, Western Financial Planning Corporation, First Financial Planning Corporation, Louis V. Schooler, their partners, salesmen, associates, agents, or employees, or any securities broker or finder, or of any other person, will in any way indicate the predictability of results of the ownership of the Partnership Interest or of the overall Partnership venture.

43. I understand the meaning and legal consequences of the representations and warranties contained herein. I shall indemnify and hold harmless the Partnership and each partner thereof and any of their agents or employees (each of which is generically referred to as an "Indemnitee") harmless from any or all liabilities, claims, demands, and expenses of any nature including, but not limited to, court costs and attorneys fees, resulting directly or indirectly or partially or entirely from:

43.1. A breach of any representation or warranty contained in this document; and/or

43.2. An Indemnitee's reliance upon any false, incomplete or inaccurate representation contained herein.

44. The foregoing representations and warranties are true and correct as of the date hereof and shall be true and correct as of the date of delivery of my payment for the Partnership Interest to the Partnership and shall survive such delivery. If in any respect such representations and warranties shall not be true and correct prior to delivery of such payment, I shall give written notice of such fact to the Partnership with a copy to the Signatory Partner specifying which representations and warranties are not true and correct and the reasons therefor.

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IT IS HEREBY ACKNOWLEDGED THAT I, _____ _____, HAVE READ THIS DOCUMENT IN ITS ENTIRETY, UNDERSTAND IT FULLY AND AGREE WITH THE PROVISIONS CONTAINED HEREIN.

EXECUTED at _____, _____, as of _____, _____.

_____
Partner's Signature

_____
Partner's Name (Printed)

Social Security #_____

_____
Partner's Signature

_____
Partner's Name (Printed)

Social Security #_____

_____
Address

Telephone Number (_____)_____

Attachment 1

ATTACHMENT 1

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, Daryl R. Mabley, 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, Elizabeth Q. Mabley, Eric W. 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 Froning, Judy Knapp, Karen Coyne, Karen J. Coyne IRA, Karen Wilhoite, Karie J. Wright, Kimberly Dankworth, Kirsh Family Trust UTD, Kristie 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, Loretta J. Diehl, 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,

ATTACHMENT 1

Nick Ruddick, 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, Susan Graham, Tamara and Chris Nowacki, jointly, Tamara Nowacki, IRA, Terry Adkinson, 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. Diehl, William R. Rattan Rev. Trust, William V. and Carol J. Dascomb Trust, Carmen Slabby, Lawrance Slabby, Kristine Mikulka IRA, Thomas Goff IRA, Goff/Mikulka Trust, and Virginia Kelly, James S. Dolgas, Penco Engineering, Inc. Profit Sharing Pension Fund, George Jurica, George Jurica IRA, and James S. Dolgas.