



October 1, 2015

Dayton II Information Packet

- Storey County Partners (2005) – 25%
- Comstock Partners (2005) – 25%
- Silver City Partners (2005) – 25%
- Nevada View Partners (2005) – 25%

Dear Investor:

This information packet is being provided to you pursuant to an order of the District Court in the pending case between the Securities and Exchange Commission ("SEC"), Louis Schooler, and First Financial Planning Corporation d/b/a Western Financial Planning Corporation ("Western"). The relevant order, which is dated March 4, 2015, and is entitled Order Keeping General Partnerships Under Receivership ("Order"), is available at the Receiver's website, www.ethreadvisors.com (use the SEC Case Docs tab). You are encouraged to review the order carefully.

This packet is intended to provide you with information about the District Court case, the Receiver's findings, and the financial condition of your General Partnership ("GP"). Specifically, the Order instructs the Receiver to provide you with the following information:

I. SEC ALLEGATIONS

The following is a summary of the allegations made by the SEC in the case:

On September 4, 2012, the SEC filed a complaint against Louis Schooler and Western, alleging they committed fraud and failed to register securities in violation of the federal securities laws.

A. Fraud Allegations

The SEC alleges Mr. Schooler orchestrated an offering fraud that involved buying raw, undeveloped land and using his company, Western, to sell the land to investors for far more than it was worth, without properly disclosing its true value. The SEC alleges Mr. Schooler marked up the land and sold it to investors at a price that was several times higher than what he paid for it (in some cases, 500% higher or more) without disclosing to investors the price he paid.

The SEC also alleges Mr. Schooler led investors to believe they received a good price for the land Western offered. His sales force allegedly used real estate "comps" that appeared to show that similar land was worth even more than what investors were paying for Western's land.

However, the SEC alleges the "comps" were not truly comparable because they often included entitlements, zoning, water rights, and other features that Western's land did not have.

In addition to misrepresenting the value of the land to investors, the SEC alleges Mr. Schooler concealed the fact the land Western offered to investors was often subject to mortgages Western had taken out to pay for the land. The SEC also alleges Mr. Schooler did not disclose the land was not owned outright nor the risk that the seller could foreclose upon the property if Western ceased making mortgage payments.

B. Registration Violations

The SEC alleges Western sold its land to investors through GPs that it structured, organized, and managed from inception through the time of an eventual land sale. Investors, many of whom were allegedly unsophisticated in business affairs, purchased units in a GP, and the GP purchased land from Western. The SEC alleges the GP units are securities because investors were completely dependent on Schooler and Western to manage their investment. Because Schooler and Western failed to register their securities offerings with the SEC, the SEC alleges they violated the securities registration provisions. On April 25, 2014, the District Court decided that the GP units sold to investors are securities.

II. RECEIVER'S FINDINGS

A. Original Purchase Prices of GP Properties, Funds Raised By Western, and Appraised Values of GP Properties

Western bought the Dayton II land in December 2003 for a purchase price of \$1,800,000. In 2005, Western formed 4 underlying partnerships, each with a 25% undivided interest in the property. Western raised \$8,994,800 when it sold the land to investors, or \$7,194,800 (400%) more than it paid for the land. Western transferred \$7,071,980 of the excess proceeds to itself after the initial fundings.

The Receiver obtained an updated appraisal in August 2015 that valued the property at \$190,000. An outside appraisal obtained by the Receiver in 2013 valued the property at \$100,000. This is all outlined in the chart below.

	Western Land Purchase Price	Amount Raised From Investors	Excess Proceeds Raised by Western	Excess Proceeds %	2015 Appraised Value
Storey County Partners	\$450,000	\$2,150,000	\$1,700,000	378%	\$47,500
Comstock Partners	\$450,000	\$2,214,500	\$1,764,500	392%	\$47,500
Silver City Partners	\$450,000	\$2,280,900	\$1,830,900	407%	\$47,500
Nevada View Partners	\$450,000	\$2,349,400	\$1,899,400	422%	\$47,500
	\$1,800,000	\$8,994,800	\$7,194,800	400%	\$190,000

B. How the Difference Between the Original Purchase Prices and the Money Raised Was Spent by Western

Western did not keep separate accounts for the funds it obtained from each GP. All funds it obtained from the GPs for selling land went to the same primary bank account. Therefore, there is no way to know exactly how the funds Western obtained for selling the Dayton II land were used, as opposed to funds obtained from selling other land. However, the Receiver did an analysis of how funds were spent by Western for the time period 2005 - 2012. Based upon average amounts spent during that period by category, the \$7,194,800 in excess proceeds received by Western is estimated to have been spent as follows:

	Average % Paid	Estimated Amount Paid
Payments to Schooler	21%	\$1,539,065
Sales Commissions	15%	\$1,112,813
Payroll - Other	17%	\$1,256,079
Operating Expenses	21%	\$1,513,639
Western Investments in GPs	9%	\$653,089
Income Taxes	6%	\$404,398
Payments to Related Parties	6%	\$414,451
Payments to Escrow Companies	4%	\$301,265
	100%	\$7,194,800

Additional information on the Receiver's findings concerning the financial affairs of Western and the GPs can be found on the Receiver's website, www.ethreadvisors.com (use the SEC Case Docs tab), including Part One and Part Two of the Receiver's Forensic Accounting Report.

III. CURRENT FINANCIAL STATUS OF DAYTON II GPs

Listed below are the current and projected cash balances for the Dayton II GPs.

	Cash as of 1/1/2015	Est 2015 & 2016 Receipts	Est 2015 & 2016 Expenses	Estimated Cash as of 12/31/2016	Percentage of Operational Bills Paid Since 2013
Storey County Partners	\$71,412	\$3,687	(\$9,238)	\$65,861	N/A
Comstock Partners	\$45,477	\$27,964	(\$15,057)	\$58,384	N/A
Silver City Partners	\$34,526	\$9,943	(\$23,202)	\$21,267	N/A
Nevada View Partners	\$9,935	\$16,402	(\$36,853)	(\$10,516)	21%
	\$161,350	\$57,996	(\$84,350)	\$134,996	21%

The receipts primarily consist of investor note payments made by investors who financed a portion of their investments. Expenses consist primarily of administrative costs, tax preparation, property taxes, insurance, and loan payments due to Western for financed investments (all of which are paid off in 2015). Attached as Exhibit "A" are actual and estimated receipts and disbursements for 2014, 2015 and 2016 for each GP.

Nevada View Partners is the only Dayton II GP that requires a capital call in order to fund ongoing operations. You will note that it is projected to have a cash deficit of (\$12,483) at the end of 2015, and (\$10,516) at the end of 2016. Accordingly, a capital call will be sent out shortly to the investors in Nevada View Partners to fund this projected deficiency.

Since 2013, the investors in Nevada View Partners have only funded 21% of their operational billings, meaning that the investors in this GP are not providing enough cash to pay GP expenses. It is important to understand that, because of the co-tenancy structure for Dayton II, in which each of the four GPs own a percentage of the same land, the financial status of each GP can potentially affect the other GPs. If, for example, one GP in the group becomes unable to pay its operating expenses such as property taxes, the other GPs may be adversely effected by the late charges and/or penalties incurred for the land as a whole.

Per the Court's order, if the investors in Nevada View Partners do not raise sufficient funds in this capital call, investors in the remaining 3 GPs (Storey County, Comstock and Silver City) will be given the opportunity to cover the shortfall in capital needed to pay expenses. Nevada View Partners investors can also voluntarily contribute additional capital to the Nevada View GP, with a corresponding increase in their ownership interest. Should sufficient capital not be raised through these means, the Dayton II property may be sold, subject to Court approval of the sale terms.

IV. ESTIMATED CURRENT VALUE OF INVESTMENT

Listed below is the estimated cash proceeds that would be received from a sale of the property, based on its 2015 appraised value. The estimated net sale proceeds are based on the existing 2015 appraised value (less cost of sale). GP notes payable are amounts due to Western for investors who financed a portion of their investment. The underlying mortgages on Dayton II have now been paid off. A sale based on these assumptions would net \$166,572 for the 4 GPs that comprise the Dayton II property.

	Estimated Net Sale Proceeds	GP Notes Payable to Western	Outstanding Balance on Mortgages	Estimated Cash Proceeds to GPs from Sale
Storey County Partners	\$44,175	\$0	\$0	\$44,175
Comstock Partners	\$44,175	\$0	\$0	\$44,175
Silver City Partners	\$44,175	\$0	\$0	\$44,175
Nevada View Partners	\$44,175	(\$10,128)	\$0	\$34,047
	\$176,700	(\$10,128)	\$0	\$166,572

Sincerely,

A handwritten signature in blue ink that reads "Thomas C Hebrank". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Thomas C. Hebrank, CPA, CIRA
Receiver

EXHIBIT “A”

Storey County

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	37,430	71,412	68,992
Receipts			
Investor Operational Contributions	-	1,325	-
2013 Cleared Deposits	221		
Misc. Receipts	-	-	-
Investor Note Payments	1,325	1,181	1,181
Total Receipts	43,851	2,506	1,181
Disbursements			
Administrator Fees	1,200	1,300 ¹	1,200
K-1 Preparation	745	1,916 ²	1,400
Property Taxes/Bond Payments	25	311	311
Insurance	250	250	250
Office Supplies	149	150	150
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000 ³	1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	7,501	- ⁴	-
Total Disbursements	9,869	4,927	4,311
Ending Cash Balance	71,412	68,992	65,862
Amount to be Billed			-

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

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

³ This amount is included for budgetary reasons but is not expensed if not used.

⁴ This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

Comstock

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	29,244	45,477	49,037
Receipts			
Investor Operational Contributions	-	-	-
2013 Cleared Deposits	(540)		
Misc. Receipts	-	-	-
Investor Note Payments	14,802	13,982	13,982
Total Receipts	43,851	13,982	13,982
Disbursements			
Administrator Fees	1,300	1,300	¹ 1,200
K-1 Preparation	745	2,065	² 1,400
Property Taxes/Bond Payments	25	311	311
Insurance	500	500	500
Office Supplies	207	225	225
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	³ 1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	24,842	5,021	⁴ -
Total Disbursements	27,618	10,421	4,636
Ending Cash Balance	45,477	49,037	58,383
Amount to be Billed			-

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³ This amount is included for budgetary reasons but is not expensed if not used.

⁴ This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

Silver City

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	26,758	34,526	25,628
Receipts			
Investor Operational Contributions	-	-	-
2013 Cleared Deposits	-	-	-
Misc. Receipts	-	113	-
Investor Note Payments	28,851	9,830	-
Total Receipts	43,851	9,943	-
Disbursements			
Administrator Fees	1,300	1,575 ¹	1,200
K-1 Preparation	745	1,971 ²	1,400
Property Taxes/Bond Payments	25	311	311
Insurance	250	250	250
Office Supplies	188	200	200
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,319 ³	1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	33,575	13,215 ⁴	-
Total Disbursements	36,083	18,841	4,361
Ending Cash Balance	34,526	25,628	21,267
Amount to be Billed			-

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

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⁴ This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

Nevada View

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	19,444	9,935	(12,483)
Receipts			
Investor Operational Contributions	16,285	3,546	-
2013 Cleared Deposits	891		
Misc. Reciepts	-	-	-
Investor Note Payments	28,217	6,428	6,428
Total Receipts	43,851	9,974	6,428
Disbursements			
Administrator Fees	1,300	1,300	¹ 1,200
K-1 Preparation	745	1,905	² 1,400
Property Taxes/Bond Payments	25	311	311
Insurance	250	250	250
Office Supplies	278	300	300
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	³ 1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	50,762	27,326	⁴ -
Total Disbursements	53,360	32,392	4,461
Ending Cash Balance	9,935	(12,483)	(10,516)
Amount to be Billed			10,516

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

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

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