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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

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

17 Defendants.
18

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

**RECEIVER'S RESPONSE TO
BRIEFS FILED BY GENERAL
PARTNERSHIPS**

Date: October 10, 2014
Time: 1:30 p.m.
Ctrm.: 2D
Judge: Hon. Gonzalo P. Curiel

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1 Thomas C. Hebrank ("Receiver"), Court-appointed receiver for First Financial
2 Planning Corporation d/b/a Western Financial Planning Corporation ("Western"),
3 and its subsidiaries and other specifically-listed entities (collectively, the
4 "Receivership Entities"), submits this response to the briefs filed by the General
5 Partnerships ("GPs") in response to the Court's July 22, 2014 Order on *Sua Sponte*
6 Reconsideration of August 16, 2013 Order to Release General Partnerships from
7 Receivership ("Reconsideration Order").

8 I. INTRODUCTION

9 The purpose of the October 10, 2014 hearing and opportunity for GPs to file
10 briefs in advance of the hearing is to give the GPs an opportunity to be heard
11 "[b]efore the Court vacates the portion of its August 16, 2013 Modification Order
12 releasing the GPs from the receivership" Dkt. No. 629, p. 7. Accordingly, the
13 Reconsideration Order provides detailed instructions for each GP, if it chooses, to
14 prepare and submit a brief in response to the Court's decision. *Id.* The process
15 established in the order requires investors in each GP to communicate with each
16 other, determine their consensus position, and draft a brief (including a statement of
17 whether the GP wants to be heard at the October 10, 2014 hearing). The order
18 further requires GPs to circulate the brief to their investors, give investors who
19 disagree the opportunity to prepare a statement of their specific points of
20 disagreement, attach such statement (if any) to the brief, attach a list of the investors
21 who sign on to the brief, and file the brief on or before September 12, 2014. If a GP
22 elects not to file a brief, but wants to be heard at the October 10, 2014 hearing, it is
23 instructed to file a notice of intention to appear at the hearing.

24 Unfortunately, the process was not permitted to run as the Court intended.
25 Instead, a group of investors opposed to the receivership met outside the courtroom
26 immediately after the July 18, 2014 hearing, *i.e.* before the Reconsideration Order
27 was entered. This group disregarded the Court's instructions and, in consultation
28 with Louis Schooler's counsel, set out to influence investors and control the content

1 of GP briefs through a campaign of e-mails, ballots, and a template brief. By
2 circulating a ballot designed to delegate decision-making authority to itself, the
3 purported committee was able to remove the majority of investors from the process
4 of preparing briefs and control the content of briefs that were filed. Not
5 surprisingly, the briefs basically reiterate arguments previously made by
6 Mr. Schooler and his counsel. The Court has already considered those arguments
7 and rejected them, correctly finding that the receivership is necessary to protect the
8 GPs, preserve the value of their assets, and provide for a fair and equitable
9 distribution at the appropriate time.

10 Ultimately, what the outcome shows is that investors continue to be
11 influenced and misled by Mr. Schooler and those close to him and, as a result, the
12 purported committee was able to circumvent the Court's process for preparing GP
13 briefs. Investors appear to be either (a) accepting of what Mr. Schooler and those
14 close to him tell them and therefore opposed to the receivership, (b) in favor staying
15 in the receivership, (c) confused, indifferent, and/or disengaged from their
16 investment, (d) afraid to speak out in opposition to the purported committee, or
17 (e) unable to be reached due to a lack of current contact information. Of the 86 GPs,
18 29 did not file a brief, and of the 57 GPs that did, almost all filed a brief either the
19 same or substantially the same as the template provided by the purported committee,
20 without circulating the brief to their investors for comment. Investors who spoke
21 out in disagreement with the purported committee were ignored.

22 For these reasons and the reasons stated in the Reconsideration Order, the
23 GPs are much better off with the protections afforded to them by the Court's orders
24 and the Receiver in place to ensure amounts due are collected, bills are paid,
25 important legal and operational issues are properly and timely addressed, and the
26 value of GP assets is protected. As discussed below, if the Court confirms its
27 decision to vacate the portion of the August 16, 2013 Modification Order releasing
28 the GPs from the receivership, the Receiver intends to solicit listing agreements

1 from qualified, licensed brokers in the local area surrounding each GP property,
2 with input from investors, and seek Court approval of such listings as well as
3 procedures designed to generate the highest and best prices for GP properties.

4 II. FACTS ABOUT GP BRIEFS

5 Of the 86 GPs, 57 filed a brief in response to the Reconsideration Order and
6 seven filed only a notice of intention to appear. None of the 57 briefs attach a list of
7 investors who sign on to the brief and only one includes a dissenting opinion from
8 an investor. Only 15 include a list of the investors who completed the ballot created
9 by the purported committee and voted in favor of taking "legal steps" to have their
10 GP removed from the receivership. For those 15 GPs, based on the information
11 provided in their briefs, the average percentage of investors who completed the
12 ballot was only about 35-40%.¹ Further, many investors who voted are not eligible
13 to vote due to their failure to pay their notes and/or operational bills. For example,
14 almost all of the 35 investors who voted in Twin Plant (per the Twin Plant brief) are
15 ineligible to vote (60 of the 92 investors in Twin Plant are delinquent on their notes
16 and/or operational bills).

17 Regarding the October 10, 2014 hearing, seven of the 57 GPs do not request
18 to be heard, meaning that, including the seven who filed only a notice of intention to
19 appear, a total of 57 GPs request to be heard for 15 minutes each. Despite the
20 Court's instructions that each GP submit only one brief, many GPs filed more than
21 one brief, some indicating that two or three different investors from the same GP
22 wish to speak at the hearing. *See* Dkt. Nos. 675, 689 (ABL Partners); Dkt.
23 Nos. 672, 709 (Bratton View Partners); Dkt. Nos. 669, 729 (Gold Ridge Partners);
24 Dkt. Nos. 722, 752 (Grand View Partners); Dkt. Nos. 684, 690, 721 (Greenview
25 Partners); Dkt. Nos. 666, 758 (Hidden Hills Partners); Dkt. Nos. 668, 699, 707

26
27 ¹ The Receiver requested a full report on the votes from the Partnership
28 Administrators, but the information was not provided. In addition, the 15 GP
briefs that include voting results do not all include a full list of investors who
voted, often listing only the yay votes.

1 (High Desert Partners); Dkt. Nos. 696, 711 (Honey Springs Partners); Dkt.
2 Nos. 754, 755 (International Partners); Dkt. Nos. 745, 748 (Mountain View
3 Partners); Dkt. Nos. 697, 706 (Nevada View Partners); Dkt. Nos. 673, 734 (Night
4 Hawk Partners); Dkt. Nos. 678, 695, 726 (Osprey Partners); Dkt. Nos. 680, 756
5 (Reno Partners); Dkt. Nos. 708, 736 (Reno Vista Partners); Dkt. Nos. 728, 751 (Sky
6 View Partners).

7 III. PREPARATION OF GP BRIEFS

8 As discussed above, the Reconsideration Order established a process for
9 investors in each GP to communicate with one another, collaborate in preparing a
10 brief, circulate the brief and allow investors with differing positions to state their
11 points of disagreement, and file the brief, including the opposing statements, if any,
12 and a list of investors who sign on to the brief. The purported committee, however,
13 did not allow this to happen.

14 In the weeks following the July 18, 2014 hearing, Dennis Gilman, a member
15 of the purported committee, sent a series of e-mails to the investor lists for each GP,
16 including GPs in which he has no interest. The e-mails use emotionally-charged
17 rhetoric, including that the Receiver and the Court have a "stranglehold" on "your
18 investments," that investors are "under the thumb of the Receiver," and that "with a
19 little luck and your quick response, we will get the Receiver and Court off our
20 backs." *See* Exhibit A. Dr. Gilman's e-mails also state things like "[g]iven the large
21 number of responses I have received to date from the investors, I am confident the
22 vote will be clearly overwhelming in favor of removing our investments from the
23 control of the Receiver." *Id.* Dr. Gilman's e-mails make reference to working with
24 Mr. Schooler and his attorneys, including that Dr. Gilman has consulted "with
25 several attorneys close to the case" and directing investors to Mr. Schooler's website
26 to obtain "a template for the brief." *Id.*

27 One investor commented on Dennis Gilman's e-mail campaign in his
28 statement of opposition. Dkt. No. 767 ("During the past month there has been a

1 concerted email campaign designed to mislead Partners of Falcon Heights and other
 2 GPs."). This investor advised that after he voiced his disagreement with
 3 Dr. Gilman's positions, he was excluded from future e-mails sent by Dr. Gilman to
 4 the investors in his GP.²

5 The purported committee then created a ballot and got an investor in each GP
 6 to request that the Partnership Administrators circulate the ballot to the investors in
 7 their GP. The Partnership Administrators did so without notifying or consulting the
 8 Receiver. The ballots, however, were circulated only by e-mail. If the Partnership
 9 Administrators did not have a current e-mail address for an investor, that investor
 10 did not receive a ballot.³

11 The ballots, which were sent out in mid-August, ask investors to vote on the
 12 following two issues:

13 1. Request the above partnership to take the legal steps
 14 necessary to remove the partnership from control of the
 Receiver.

15 () YES, I CAST ALL OF MY UNIT VOTES IN
 16 FAVOR OF REQUESTING THE PARTNERSHIP TO
 TAKE THE LEGAL STEPS NECESSARY TO
 17 REMOVE THE GENERAL PARTNERSHIP FROM THE
 RECEIVERSHIP

18 () NO, I CAST ALL OF MY UNIT VOTES TO
 19 KEEP THE GENERAL PARTNERSHIP IN THE
 RECEIVERSHIP.

20 2. Request that each investor in our general partnership
 21 agree to an assessment of not more than Thirty Dollars
 (\$30.00) per investor to enable our general partnership to
 22 retain legal services related to the removal of the
 receivership.

24 ² Dr. Gilman should not have access to investor e-mail addresses for GPs in which
 25 he has no interest. Such information was provided to him by the Partnership
 Administrators without the Receiver's knowledge.

26 ³ Defendants argue that only e-mailing ballots to investors is acceptable because
 27 the Receiver only e-mailed notice of the Reconsideration Order to investors. The
 Court, however, specifically instructed the Receiver to e-mail the
 28 Reconsideration Order to investors, post it on the receivership website, and mail
 it to the address of record for each GP. Dkt. No. 629, p. 9. The Receiver
 disseminated the Reconsideration Order as instructed.

1 () YES, I CAST ALL OF MY UNIT VOTES IN
2 FAVOR OF ASSESSING EACH INVESTOR IN THE
3 GENERAL PARTNERSHIP NOT MORE THAN
4 THIRTY DOLLARS (\$30.00) FOR RETAINING LEGAL
5 SERVICES RELATED TO THE REMOVAL OF THE
6 RECEIVERSHIP.

7 () NO, I WILL RETAIN MY OWN ATTORNEY.

8 *See Exhibit B.* The ballots state that all votes must be returned to the Partnership
9 Administrators by August 31, 2014. *Id.*

10 Accordingly, the purported committee intentionally shifted the focus from
11 investors collaborating with others in their GP and preparing a brief (as the Court
12 intended) to a vote on whether to take unspecified "legal steps" to remove the GPs
13 from the receivership. The ballots were designed to remove investors from
14 participating in preparing their GP's brief and delegate broad authority to the
15 purported committee. The ballots were circulated without briefs so investors would
16 vote without seeing the brief to be filed by their GP.

17 In early September, after the deadline for votes to be cast, Dr. Gilman
18 circulated a template brief to the investor e-mail lists for each GP with detailed
19 instructions on which words and titles to change so the brief would look like it was
20 prepared independently by each GP. *See Exhibit C.* The vast majority of briefs
21 filed by the GPs are either verbatim or substantially the same as the template
22 provided by Dr. Gilman.

23 Investors who objected to the actions of the purported committee were either
24 ignored or excluded from future communications. One investor was contacted by
25 Dr. Gilman with information the investor believed was incorrect and biased. The
26 investor stated his disagreement with Dr. Gilman's position. As a result, Dr. Gilman
27 excluded him from future e-mail communications to investors. *See Dkt. No. 767.*
28 Other investors prepared statements of opposition or disagreement, although they
had not been given an opportunity to review the brief to be filed by their GPs.
These investors' communications were ignored and, despite the Court's instructions,

1 their statements were not included with the GP briefs. *See* Exhibit D (Rainbow
2 Partners' investor statement of disagreement not included with Dkt. No. 757
3 Rainbow Partners' brief); Dkt. Nos. 757, 762, 766, 767 (investor statements of
4 disagreement not included with GP briefs and filed separately by investors). One
5 investor states that her "no" vote on the ballot was not reported to the Court in her
6 GP's brief. Dkt. No. 766, p. 3. As one investor explained:

7 An unbiased approach to managing ourselves would have
8 involved polling the Partners after providing all relevant
9 factual information then allowing discussion. Instead, a
10 small group initiated a biased, manipulative and
11 misleading email campaign to remove the GPs from
12 receivership. Claims were made that the GPs were paying
13 exorbitant fees to the Receiver for example. Anyone who
14 voiced opposition, or introduced facts that undermine their
15 narrative were removed from email copy lists and became
16 effectively removed from the discussion. In other words,
17 they no longer had a voice. These tactics illustrate the
18 inability of the GPs to manage themselves.

19 Dkt. Nos. 762, 767.

20 Indeed, only one GP brief attached an investor dissenting opinion, despite the
21 fact that at least six other GPs had investors who actively voiced their disagreement
22 with the purported committee's actions. One Rainbow Partners investor submitted a
23 statement of disagreement to the Partnership Administrators to be included with the
24 Rainbow Partners' brief. When he complained about the lack of a response from the
25 Partnership Administrators, they referred him to Dr. Gilman, who has no interest in
26 Rainbow Partners. When Rainbow Partners filed its brief, the investor's statement,
27 which is attached hereto as Exhibit D, was not attached. Dkt. No. 757.

28 As a result, the Court has before it a series of largely form briefs based on a
29 template prepared by a handful of investors in consultation with Mr. Schooler and
30 his lawyers. The investor votes which supposedly support the briefs were cast
31 without an opportunity to review the briefs. Moreover, investors for whom the
32 Partnership Administrators do not have current e-mail addresses were excluded from
33 voting and investors who disagreed with the positions asserted by the purported

1 committee were excluded from e-mail communications and ignored. Their
2 statements of opposition were not attached to the briefs despite the Court's specific
3 instructions. In summary, the process set up by the Court for the preparation of GP
4 briefs was disregarded and circumvented by the purported committee which set out
5 to influence investors and control the content of GP briefs.

6 IV. SUBSTANCE OF GP BRIEFS

7 Not surprisingly, the GP briefs largely reiterate arguments previously made
8 by Mr. Schooler and his counsel. Those arguments have been considered and
9 rejected by the Court and need not be rehashed here. Among other things, the Court
10 properly found that (a) Western played an important role in the management,
11 finances, and operations of GPs (including with regard to potential sales of GP
12 properties), (b) the receivership is necessary to perform the same important
13 functions, and (c) keeping the GPs in receivership will promote the orderly and
14 efficient administration of GPs properties for the benefit of investors. Dkt. No. 629,
15 pp. 5-7.

16 Due in large part to the efforts to influence investors by Mr. Schooler and the
17 purported committee, many investors are still operating under the same basic
18 misconceptions about the receivership. These misconceptions include:

- 19 • **The receivership is costing GPs lots of money.** This is false. The
20 receivership costs the GPs nothing – all fees and costs of the
21 receivership are paid from Western's assets. In particular, investors
22 seem to believe that because the operational bills they have received
23 during the receivership are larger than they were in the past, the funds
24 must be going to pay the Receiver. In fact, the operational bills are
25 larger because the Court ordered the Receiver to collect loans Western
26 made to the GPs to cover past shortfalls in operational funds, *i.e.*
27 amounts Western loaned to the GPs when they did not have sufficient
28 funds to pay their own bills.

- 1 • **The Receiver intends to sell GP properties at "fire sale" prices.**

2 Again, this is false. Until the Court authorizes him to, the Receiver has
3 no intention to sell GP properties. As discussed below, the Receiver
4 intends to solicit listing agreements from qualified, licensed brokers in
5 the local area surrounding each GP property, with input from investors,
6 and seek Court approval of such listings as well as procedures designed
7 to generate the highest and best prices for GP properties. None of this
8 will begin, however, unless and until the Court has approved the
9 process.

- 10 • **GP properties cannot be sold while GPs are in the receivership.** To
11 the contrary, district courts have broad power and discretion to approve
12 sales of receivership estate assets. The Court has already approved
13 sales of gold coins, automobiles, and office furniture and equipment.

14 Although investors have been confused and misled, it is clear from their
15 filings and communications that, at a fundamental level, they want to recover what
16 they can from their investments and move on with their lives. *See* Dkt. No. 709, p. 1
17 ("the investor's primary goal is to sell the property at a reasonable price in order to
18 generate a reasonable return on the investment."); Dkt. No. 736 (expressing desire
19 that property be sold "with the primary aim of benefitting partners financially" and
20 "that the Court ensure the just and equitable treatment of investors" in the
21 distribution of sale proceeds). This is understandable considering (i) the amount of
22 time their savings have been tied up in the GPs (in some cases, as long as 33 years),
23 (ii) the uncertainty regarding appreciation of GP properties in relation to their
24 ongoing carry costs, (iii) the significant financial challenges and risks in operating
25 the GPs, including the failure of many investors to pay their notes and operational
26 bills, (iv) the significant challenges, delay, and expenses in conducting GP and co-
27 tenant GP votes and obtaining unanimous votes in favor of broker listing agreements

28

1 and sales, and (v) the strong emotions some investors carry regarding who is right
2 and who is wrong with respect to this case.

3 The misconceptions among investors leads many of them to believe
4 recovering the fair value of their investments cannot be achieved while in
5 receivership. One of the fundamental purposes of receivership, however, is to
6 protect and maximize the recovery from assets. Through an orderly sale process
7 designed to ensure the highest and best prices for GP properties are obtained,
8 investors can avoid the perilous process of their GPs and co-tenant GPs struggling to
9 collect amounts due from investors, trying to avoid defaults and foreclosures, taking
10 repeated votes (if enough eligible votes can even be obtained) necessary to engage
11 brokers, list properties, evaluate offers, negotiate purchase and sale agreements, and
12 close sale transactions, all the while continuing to pay notes and operational bills
13 while this lengthy process plays out, potentially over several years. Moreover, in
14 order for GPs to sell properties on their own at least one investor in each GP would
15 have to be prepared to take the initiative, contact brokers, present information to
16 investors in an unbiased way, and would need the experience and knowledge of real
17 estate transactions necessary to assist investors in evaluating proposed listing
18 agreements, purchase offers, and terms and conditions of the transaction. There is
19 no evidence indicating this is the case.

20 On the other hand, an orderly sale process approved by the Court to ensure
21 the highest and best prices are obtained will allow investors to recover the fair value
22 of their property interests, retain the right to share in the distribution of Western's
23 assets (and, depending on the outcome of the case, potentially amounts disgorged by
24 Mr. Schooler), and move on with their lives.

25 **V. TIMEFRAME PROVIDED IN RECONSIDERATION ORDER**

26 In the briefs filed by Checkered Flag, Honey Springs, Lyons Valley, and Via
27 188, Dr. Gilman complains about the amount of time GPs had to collect votes (July
28 22 to September 12). Dkt. Nos. 704, 710, 711, 716. This 52-day period (56 if you

1 start from when the purported committee first met)⁴ is not an unduly short period of
2 time. If GPs were forced to make independent decisions about important financial
3 issues, such as addressing a lack of sufficient funds to pay insurance premiums or
4 property taxes, or about potential sales, such as engaging a broker, terms of the
5 listing agreement, purchase offers, counter-offers, disclosures, inspections, escrow
6 instructions, and terms and conditions of sale transactions, they would need to make
7 prompt decisions on key issues or potentially suffer further losses and/or lose out on
8 sale opportunities. Dr. Gilman's complaints are an admission the GPs cannot make
9 key decisions in a reasonably prompt manner, which is confirmed by the low
10 percentage of investors who completed ballots. Further, in this instance, investors
11 were voting not as a block of co-tenants that must vote unanimously on broker and
12 sale-related issues, but as single GPs, requiring less coordination.

13 **VI. BRIEF OF RENO VISTA PARTNERS**

14 Reno Vista Partners is one of very few GPs that did not use the template brief
15 provided by Dr. Gilman. Reno Vista, or at least investor Ann LeClaire of Reno
16 Vista, took the time to review the documents on the receivership website and present
17 well thought out questions and concerns. Dkt. No. 736. The Reno Vista brief asks
18 about the appraisal of its property interest, which it correctly notes was an estimate
19 subject to further revision by the appraiser. Dkt. No. 203, Ex. A. To answer Reno
20 Vista's question, the appraiser did later confirm its estimate without making any
21 changes, so the estimate listed in the Receiver's Real Estate Valuation Report is the
22 appraiser's actual appraised value for the property as of the time the report was
23 filed. Reno Vista goes on to say it would like the Court to ensure "just and equitable
24 treatment of Reno Vista general partners" including "that sale of the property is
25 motivated by and conducted with the primary aim of benefitting the partners
26

27 _____
28 ⁴ By their own admission, Dr. Gilman and the purported committee met at the
courthouse directly after the July 18, 2014 hearing and began planning their
response to the Reconsideration Order at that time.

1 financially to the greatest extent possible” Dkt. No. 736, p. 2. The Receiver
2 agrees the primary objectives of the receivership should be to obtain the highest and
3 best prices for GP properties and provide for a fair and equitable distribution to
4 investors.

5 **VII. SALE PROCEDURES MOTION**

6 Assuming the Court confirms its decision to vacate the portion of the
7 August 16, 2013 Modification Order releasing the GPs from the receivership, the
8 Receiver intends to solicit listing agreements from qualified, licensed brokers in the
9 local area surrounding each GP property, with input from investors, and file a
10 motion seeking Court approval of such listing agreements as well as procedures
11 designed to generate the highest and best prices for GP properties. However, none
12 of the steps necessary to begin marketing GP properties for sale will be taken until
13 such procedures have been approved.

14 **VIII. CONCLUSION**

15 WHEREFORE, the Receiver requests the Court affirm its decision in the
16 Reconsideration Order and vacate the portion of the August 16, 2013 Modification
17 Order releasing the GPs from the receivership.

18
19 Dated: September 26, 2014

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

20
21 By: /s/ Ted Fates

TED FATES
Attorneys for Receiver
THOMAS C. HEBRANK

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EXHIBIT A

EXHIBIT A

----- Original Message -----

Subject:Big Ranch Partners

Date:Mon, 4 Aug 2014 13:02:21 -0700

From:Dennis Gilman <DPGilman@clindm-llc.com>

Dear investor,

If you have not previously received emails from me concerning your investments and the stranglehold held on them by the Receiver and Court, please review the attached word files dated 070214, 071904 and 072214. I am now, hopefully, using a more updated email list.

The purpose of this email is to give you a "heads up" to look for a ballot coming your way from the Administrative Secretary for your GP in the very near future. When you receive it, please act upon it immediately following the directions you receive with the ballot.

In my last email, I told you a small group was formed after the last court hearing on July 18 in San Diego. This group of seven investors volunteered to explore the avenues available to remove our

investments from the control of the Receiver, and to communicate these means to our fellow investors. The group was voted to proceed to work in this regard by approximately 35 investors who met in the hall outside the court after the hearing. Understand, this "committee" has no official authority to do anything, but is formed as an informal group to seek the means to remove our partnerships from the control of the Receiver and Court, and to communicate the same to our fellow investors.

Again, let me repeat what I have conveyed to the investors before: unless we remove our properties from control of the Receiver we cannot proceed to sell the properties, or to do anything else with them. Therefore, the committee's focus has only one purpose: to identify the steps necessary to remove the General Partnerships from the receivership imposed by the Court; we will not attempt any action in any other direction.

So where are we? On July 30, the above Committee met in San Diego to review the court order of July 18 and to discuss how to act upon the Court's order. Essentially, the court set a hearing on October 10, 2014 at which time the GPs will be permitted to respond to the Court's decision to keep the GPs in the receivership. The Court ordered that "Each GP may file a single brief...in response to the Court's decision to keep the GPs in the receivership." So, we are now in the process of balloting each GP to see if the individual GPs want to stay under the control of the Receiver, or be removed from the control of the Receiver.

In order to initiate the above ballot, it is our understanding that at least one investor from each GP must make a request directly to the Administrative Secretary for the GP, in this case Alice Jacobson. This being the case, we have started the ball in motion by submitting a request to Ms. Jacobson from each of the Committee members for the properties in which they are invested. Their names and properties are listed below. Other investors are beginning to step forward for their respective GPs and make the request to the Administrative Secretary. The ballot will ask only one thing as follows (or in similar language):

YES, I CAST ALL OF MY UNIT VOTES IN FAVOR OF REQUESTING THE PARTNERSHIP TO TAKE THE LEGAL STEPS NECESSARY TO REMOVE THE GENERAL PARTNERSHIP FROM THE RECEIVERSHIP

NO, I CAST ALL OF MY UNIT VOTES TO KEEP THE GENERAL PARTNERSHIP IN THE RECEIVERSHIP.

Given the large number of responses I have received to date from the investors, I am confident the vote will be clearly overwhelming in favor of removing our investments from the control of the Receiver. If the vote is as predicted, a brief will be submitted to the court for each GP by the deadline of September 12, 2014. The brief will make the argument as to why the GPs should not be retained under the control of the Receiver, our vote tally, and whether or not we want to be heard in open court at the October 10, 2014 hearing. A pdf file of the court ruling is attached.

Understand, some investors are certain to vote to stay in the receivership (Vote NO). In this case, according to the Court Order: "If an individual investor within a particular GP disagrees with his or her GP's official response to the Court's decision, the individual's point of disagreement shall be included in a separate section of his or her GP's official response. ..." So, if you want to stay under the thumb of the Receiver, you will be able to voice your preference.

Now we come to the question of obtaining legal counsel for the purpose of filing the brief. You'll note the name of Greg Post on the list of Committee names below. He is an attorney who has already

filed a brief on behalf of one partnership prior to the July 18 hearing, and, therefore, is intimately familiar with the SEC case against Louis Schooler and Western Financial Planning Corporation. Further, he is an investor in two properties, and, he has already written a draft brief to be submitted to the Court by September 12 on behalf of the GPs voting "yes" in the majority. He is also known by the lawyers defending the Defendants in the original case, Louis Schooler and Western Financial. In our opinion, we submit to you that it will be virtually impossible, in the time available, to find an attorney agreeable to the majority of folks in any partnership, and for that attorney to come up to speed on two years of Court documents, and to write a brief for each GP. Therefore, the Committee strongly proposes we move forward with Greg Post. If you disagree, vote "No" to stay in receivership.

This now brings us to the attorney costs. After substantial discussions with Greg Post and reviewing the work he has already completed, we estimate the cost to each investor in each partnership will not exceed \$30.00 each. We do not think it will be necessary to pay any monies up front; the GPs will be billed directly – much like any other expense. Folks, have any of you heard of lawyer costs being this reasonable? And the \$30.00 is our maximum estimate.

As of the date of this email, I have not received any notice from the Receiver concerning the results of the July 18th hearing. Have you? This doesn't surprise me, since any delay by the Receiver to keep the investor in the dark works to his advantage. The shorter the time to act will make it unlikely the GPs will be able to notify the Court of its wishes. But, we have a plan and we are executing it. With a little luck and your quick response, we will get the Receiver and Court off our backs.

Stay tuned for updates. If you don't want to receive my emails, let me know.

Dennis P. Gilman, Ph.D.

Committee

Bill Loeber (Poway): Big Ranch, Twin Plant, Hidden Hills

Elena Luz Gomez (San Diego): Twin Plant, Suntec

Chris Boore (Poway) : Vista Del Sur, Pueblo, Pyramid Highway 177, Falcon Heights, Silver City

Bruce Case (Fountain Valley): Antelop Springs, Storey County, Rose Vista, Ocotillo View

Greg Post: Road Runner, Silver City

Peter Kuilema (Temecula): Nighthawk Partners, Dayton#2

Dennis Gilman (Sparks, NV): Lyons Valley, Honey Springs Partners, VIA 188, Checkered Flags

-----Original Message-----

From: Dennis Gilman <DPGilman@clindm-llc.com>

Sent: Wed, Aug 6, 2014 7:00 pm

Subject: Gold Ridge Partners

Dear investor,

If you have not previously received emails from me concerning your investments and the stranglehold held on them by the Receiver and Court, please review the attached word files dated 070214, 071904 and 072214. I am now, hopefully, using a more updated email list.

The purpose of this email is to give you a "heads up" to look for a ballot coming your way from the Administrative Secretary for your GP in the very near future. When you receive it, please act upon it immediately following the directions you receive with the ballot.

In my last email, I told you a small group was formed after the last court hearing on July 18 in San Diego. This group of seven investors volunteered to explore the avenues available to remove our investments from the control of the Receiver, and to communicate these means to our fellow investors. The group was voted to proceed to work in this regard by approximately 35 investors who met in the hall outside the court after the hearing. Understand, this "committee" has no official authority to do anything, but is formed as an informal group to seek the means to remove our partnerships from the control of the Receiver and Court, and to communicate the same to our fellow investors.

Again, let me repeat what I have conveyed to the investors before: unless we remove our properties from control of the Receiver we cannot proceed to sell the properties, or to do anything else with them. Therefore, the committee's focus has only one purpose: to identify the steps necessary to remove the General Partnerships from the receivership imposed by the Court; we will not attempt any action in any other direction.

So where are we? On July 30, the above Committee met in San Diego to review the court order of July 18 and to discuss how to act upon the Court's order. Essentially, the court set a hearing on October 10, 2014 at which time the GPs will be permitted to respond to the Court's decision to keep the GPs in the receivership. The Court ordered that "Each GP may file a single brief...in response to the Court's decision to keep the GPs in the receivership." So, we are now in the process of balloting each GP to see if the individual GPs want to stay under the control of the Receiver, or be removed from the control of the Receiver.

In order to initiate the above ballot, it is our understanding that at least one investor from each GP must make a request directly to the Administrative Secretary for the GP, in this case Alice Jacobson. This being the case, we have started the ball in motion by submitting a request to Ms. Jacobson from each of the Committee members for the properties in which they are invested. Their names and properties are listed below. Other investors are beginning to step forward for their respective GPs and make the request to the Administrative Secretary. The ballot will ask only one thing as follows (or in similar language):

YES, I CAST ALL OF MY UNIT VOTES IN FAVOR OF REQUESTING THE PARTNERSHIP TO TAKE THE LEGAL STEPS NECESSARY TO REMOVE THE GENERAL PARTNERSHIP FROM THE RECEIVERSHIP

NO, I CAST ALL OF MY UNIT VOTES TO KEEP THE GENERAL PARTNERSHIP IN THE RECEIVERSHIP.

Given the large number of responses I have received to date from the investors, I am confident the vote will be clearly overwhelming in favor of removing our investments from the control of the Receiver. If the vote is as predicted, a brief will be submitted to the court for each GP by the deadline of September 12, 2014. The brief will make the argument as to why the GPs should not be retained under the control of the Receiver, our vote tally, and whether or not we want to be heard in open court at the October 10, 2014 hearing. A pdf file of the court ruling is attached.

Understand, some investors are certain to vote to stay in the receivership (Vote NO). In this case, according to the Court Order: "If an individual investor within a particular GP disagrees with his or her GP's official response to the Court's decision, the individual's point of disagreement shall be included in a separate section of his or her GP's official response. ..." So, if you want to stay under the thumb of the Receiver, you will be able to voice your preference.

Now we come to the question of obtaining legal counsel for the purpose of filing the brief. You'll note the name of Greg Post on the list of Committee names below. He is an attorney who has already filed a brief on behalf of one partnership prior to the July 18 hearing, and, therefore, is intimately familiar with the SEC case against Louis Schooler and Western Financial Planning Corporation. Further, he is an investor in two properties, and, he has already written a draft brief to be submitted to the Court by September 12 on behalf of the GPs voting "yes" in the majority. He is also known by the lawyers defending the Defendants in the original case, Louis Schooler and Western Financial. In our opinion, we submit to you that it will be virtually impossible, in the time available, to find an attorney agreeable to the majority of folks in any partnership, and for that attorney to come up to speed on two years of Court documents, and to write a brief for each GP. Therefore, the Committee strongly proposes we move forward with Greg Post. If you disagree, vote "No" to stay in receivership.

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Stay tuned for updates. If you don't want to receive my emails, let me know.

Dennis P. Gilman, Ph.D.

Committee

Bill Loeber (Poway): Big Ranch, Twin Plant, Hidden Hills

Elena Luz Gomez (San Diego): Twin Plant, Suntec

Chris Boore (Poway) : Vista Del Sur, Pueblo, Pyramid Highway 177, Falcon Heights, Silver City

Bruce Case (Fountain Valley): Antelop Springs, Storey County, Rose Vista, Ocotillo View

Greg Post: Road Runner, Silver City

Peter Kuilema (Temecula): Nighthawk Partners, Dayton#2

Dennis Gilman (Sparks, NV): Lyons Valley, Honey Springs Partners, VIA 188, Checkered Flags

--

Scott Gessner

ph: (760) 633-1348

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EXHIBIT B

EXHIBIT B

----- Forwarded message -----

From: **Beverly Schuler** <bev@wcas.sdcoxmail.com>

Date: Tue, Aug 12, 2014 at 4:56 PM

Subject: Gold Ridge Partners - Ballot for Removal of Receiver

To: Lawrence and Jane Abts Contacts Email <abtsla@cox.net>, Lawrence and Jane Abts Spouses Email <jane.smith@mssoftware.com>, Juan C and Evelyn Araiza Alternate Email <jca_enterprise@yahoo.com>, Juan C and Evelyn Araiza Contacts Email <evelynaraiza@yahoo.com>, Thomas W and Patricia Averell Contacts Email <pattynpoway@sbcglobal.net>, Edward and Nancy Babas Alternate Email <nbabas@paynefears.com>, Edward and Nancy Babas Contacts Email <babas@pcf-lawyers.com>, Arkady and Susanna Bablumyan Alternate Email <spetrosyan@ucsd.edu>, Arkady and Susanna Bablumyan Contacts Email <sysaboetrisuab@yahoo.com>, Arkady and Susanna Bablumyan Spouses Email <susanpetrosian@yahoo.com>, John and Dara Bertagni Contacts Email <jjbdmb@cox.net>, John and Dara Bertagni Spouses Email <darabetagni@hotmail.com>, Sven & Laura Blomberg Contacts Email <sven.blomberg@post.ca.gov>, Sylvia F and Mark Borovay Contacts Email <sborovay@hotmail.com>, Edward H and Irene Brabant Contacts Email <ehbrabant@gmail.com>, Edward H and Irene Brabant Spouses Email <irenebrabant@yahoo.com>, Bruce T and Kathryn L Burton Contacts Email <bruceburton3@gmail.com>, Kathleen P Cavanaugh Contacts Email <Kathy499@aol.com>, Vee Comstock Contacts Email <veefever@gmail.com>, "David R and Sandra S. Cox Contacts Email" <drcox@san.rr.com>, "David R and Sandra S. Cox Spouses Email" <sandycox@san.rr.com>, Thomas N Engler Contacts Email <tengler@cox.net>, Kenneth and Norma Garland Alternate Email <garlandken@gmail.com>, Scott L and Dawn Gessner Contacts Email <sgessner@gmail.com>, David L and Tina Marie Guidotti Contacts Email <guidotti@san.rr.com>, David L and Tina Marie Guidotti Spouses Email <tguidotti@san.rr.com>, Richard and Shelley A Hall Contacts Email <randshall@cox.net>, Taylor A Hanan Contacts Email <smhanan@cox.net>, Roy D and Valeda Honig Contacts Email <mhonig@cox.net>, Dennis R and Cynthia Stellar Howe Contacts Email <dennylifecoach@sbcglobal.net>, Ty Lyons and Dona Hufford Alternate Email <ty@abscommercial.net>, Ty Lyons and Dona Hufford Contacts Email <tyhufford@gmail.com>, Susan Hutchinson Contacts Email <drhutchinson@ocmigraine.org>, Mary and Jeffrey Ingertson Contacts Email <mingertson@cox.net>, Mary and Jeffrey Ingertson Spouses Email <jingertson@cox.net>, Tomasz M and

Monika Jagielinski Alternate Email <jagielinski@cummingsallison.com>, Tomasz M and Monika Jagielinski Contacts Email <tomaszj02@gmail.com>, Linda R Jalving Alternate Email <linda@jewelsbythesea.biz>, Linda R Jalving Contacts Email <ljalving@san.rr.com>, Jr Contacts Email <davidjunker4@hotmail.com>, Jr Spouses Email <david.junker@invitrogen.com>, Lari Kacoon Contacts Email <london.lari@gmail.com>, Daniel J and Judith E Knapp Contacts Email <jknapp@lacorps.org>, Craig C Koehler Contacts Email <darthvader@san.rr.com>, Richard W and Julia A Koeneke Alternate Email <rich.koeneke@gmail.com>, Charles T and Chih-I Lee Contacts Email <81.charles.lee@gmail.com>, Pauline Lessman Contacts Email <plessman@roadrunner.com>, Lucy & Steve LoCicero Contacts Email <stevenlucy@cox.net>, Steven and Michelle Madsen Contacts Email <madsen_steven@hotmail.com>, Steven and Michelle Madsen Spouses Email <michelle.madsen@pepperdine.edu>, William and Susan Milano Contacts Email <lagunatik@aol.com>, Tammy L Miller Contacts Email <tamster927@cox.net>, John H and Sue Moore Contacts Email <jmooresales@gmail.com>, G Scott and Janet Andrechak O'Connell Contacts Email <janscottmikedave@aol.com>, Scott R and Janyce Oulton Alternate Email <scott.r.oulton@usdoj.gov>, Scott R and Janyce Oulton Contacts Email <sroulton@hotmail.com>, David F and Stephanie Pfafman Contacts Email <pfafman@hdmg.net>, Stephen D and Danielle Polsinelli Contacts Email <spolsinelli@roadrunner.com>, Roberto and Christina Puga Contacts Email <rpuga@projectnavigator.com>, Indar M and Shashikala Rai Contacts Email <indar.rai@navy.mil>, Indar M and Shashikala Rai Spouses Email <Shashikrai@hotmail.com>, Arthur V and Kristie Rocco Contacts Email <artrocco@cox.net>, Arthur V and Kristie Rocco Spouses Email <klr232@cox.net>, James P and Mora Riera Russ Contacts Email <james@mikeruss.org>, Richard J and Celeste F Sanders Contacts Email <richard@billabong-usa.com>, Curtis J and Christine Sathre III Contacts Email <curtissathre@cox.net>, Curtis J and Christine Sathre III Spouses Email <cris_sathre@yahoo.com>, James W and Carolyn M Schropp Contacts Email <byldin@aol.com>, Darren and Shelly Scott Contacts Email <darren@johnjorycorp.com>, Darren and Shelly Scott Spouses Email <shelly@equitytec.com>, Jesus and Rosa Silva Contacts Email <california_eu@hotmail.com>, Sanjay and Vandana Singh Contacts Email <singhsanjay@hotmail.com>, David M Sloan Contacts Email <dsaxsloan@gmail.com>, Patricia A Smikle Contacts Email <assani@hotmail.com>, Edwin and Analee Kredel Speer Contacts Email <analeek@aol.com>, Brian D and Shanna Sterck Contacts Email <bsterck@southlandtechnology.com>, Everardo and Iliana Trujillo Contacts Email <everardo.trujillo@gmail.com>, James and Rachel Warren Contacts Email <warrenjp24@gmail.com>, Nancy E Way Contacts Email <nway@cox.net>, Western Financial Planning Corp Contacts Email <louisschooler@gmail.com>, Sarita & Johns E Mihaly Alternate Email <sarita@moonlighthairdesign.com>, Sarita & Johns E Mihaly Contacts Email <sarita@michelani.com>, "W. Clinton and Karen Wilhoite Alternate Email" <clint.wilhoite@ulalaunch.com>, "W. Clinton and Karen Wilhoite Contacts Email" <ckwilhoite@yahoo.com>, Gary L and Joyce Williams Contacts Email <gary@bytebuilder.com>, Jason and Theresa Wurl Contacts Email <jmwurl@mac.com>

Dear Gold Ridge Partners,

We have received requests from one of your co-partners to have the control of the Partnership removed from receivership (E3 Advisors).

Attached is a ballot for you to cast your vote.

Also attached is an Exhibit A which shows your percents of ownership in the investment. If you see your name more than once, please make copies for each percent of ownership. Please vote for each option, sign and return.

Please act upon it immediately and have your response back to us by no later than

August 31, 2014. This is so that all votes can be counted and ready for submission to the courts by Sept 12, 2014.

Thank you,

Beverly Schuler

email: bev@wcas.sdcoxmail.com

Alice Jacobson

email: alice@wcas.sdcoxmail.com

FAX: [\(769\) 295-4632](tel:(769)295-4632)

West Coast Administrative Services

270 N. El Camino Real #F533

Encinitas, CA 92024

--

Scott Gessner

ph: (760) 633-1348

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you are not the intended recipient, you are hereby notified that any use, dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the message and deleting it from your system. E mail may be susceptible to data corruption, interception and unauthorized amendment, and we do not accept liability for any such occurrence or the consequences of it.

GOLD RIDGE PARTNERS,
A California General Partnership

BALLOT
REMOVAL OF RECEIVER PLACED UPON
GENERAL PARTNERSHIP

(Please Print)

NAME: _____

ADDRESS: _____

PHONE: _____ EMAIL: _____

This ballot is requesting your immediate vote on the following issues:

- 1. Request the above partnership to take the legal steps necessary to remove the partnership from control of the Receiver.
- () YES, I CAST ALL OF MY UNIT VOTES IN FAVOR OF REQUESTING THE PARTNERSHIP TO TAKE THE LEGAL STEPS NECESSARY TO REMOVE THE GENERAL PARTNERSHIP FROM THE RECEIVERSHIP
- () NO, I CAST ALL OF MY UNIT VOTES TO KEEP THE GENERAL PARTNERSHIP IN THE RECEIVERSHIP.
- 2. Request that each investor in our general partnership agree to an assessment of not more than Thirty Dollars (\$30.00) per investor to enable our general partnership to retain legal services related to the removal of the receivership.
- () YES, I CAST ALL OF MY UNIT VOTES IN FAVOR OF ASSESSING EACH INVESTOR IN THE GENERAL PARTNERSHIP NOT MORE THAN THIRTY DOLLARS (\$30.00) FOR RETAINING LEGAL SERVICES RELATED TO THE REMOVAL OF THE RECEIVERSHIP.
- () NO, I WILL RETAIN MY OWN ATTORNEY.

Date: _____ Print Name: _____ Signature: _____

Date: _____ Print Name: _____ Signature: _____

In order for your vote to count you must return your ballot on or before: AUGUST 31, 2014
Return your completed ballot either by:

Scan the ballot & EMAIL it to: Alice@wcas.sdcoxmail.com or Bev@wcas.sdcoxmail.com, OR
FAX the completed ballot to: 760-295-4632, OR
MAIL the completed ballot to: West Coast Administrative Service
270 North El Camino Real, #F 533, Encinitas, CA 92024

EXHIBIT C

EXHIBIT C

> From: Dennis Gilman <DPGilman@clindm-llc.com>

> To: "abtsla@cox.net" <abtsla@cox.net>, "evelynaraiza@yahoo.com" <evelynaraiza@yahoo.com>, "pattynpoway@sbcglobal.net" <pattynpoway@sbcglobal.net>, "babas@pcf-lawyers.com" <babas@pcf-lawyers.com>, "sysaboetrisuab@yahoo.com" <sysaboetrisuab@yahoo.com>, "jjbdmb@cox.net" <jjbdmb@cox.net>, "sven.blomberg@post.ca.gov" <sven.blomberg@post.ca.gov>, "sborovay@hotmail.com" <sborovay@hotmail.com>, "ehbrabant@gmail.com" <ehbrabant@gmail.com>, "bruceburton3@gmail.com" <bruceburton3@gmail.com>, "Kathy499@aol.com" <Kathy499@aol.com>, "veefever@gmail.com" <veefever@gmail.com>, "drcox@san.rr.com" <drcox@san.rr.com>, "tengler@cox.net" <tengler@cox.net>, "guidotti@san.rr.com" <guidotti@san.rr.com>, "randshall@cox.net" <randshall@cox.net>, "smhanan@cox.net" <smhanan@cox.net>, "mhonig@cox.net" <mhonig@cox.net>, "dennylifecoach@sbcglobal.net" <dennylifecoach@sbcglobal.net>, "tyhufford@gmail.com" <tyhufford@gmail.com>, "drhutchinson@ocmigraine.org" <drhutchinson@ocmigraine.org>, "mingertson@cox.net" <mingertson@cox.net>, "tomaszj02@gmail.com" <tomaszj02@gmail.com>, "ljalving@san.rr.com" <ljalving@san.rr.com>, "davidjunker4@hotmail.com" <davidjunker4@hotmail.com>, "london.lari@gmail.com" <london.lari@gmail.com>, "jknapp@lacorps.org" <jknapp@lacorps.org>, "darthvader@san.rr.com" <darthvader@san.rr.com>, "rich.koeneke@gmail.com" <rich.koeneke@gmail.com>, "81.charles.lee@gmail.com" <81.charles.lee@gmail.com>, "plessman@roadrunner.com" <plessman@roadrunner.com>, "stevenlucy@cox.net" <stevenlucy@cox.net>, "madsen_steven@hotmail.com" <madsen_steven@hotmail.com>, "lagunatik@aol.com" <lagunatik@aol.com>, "tamster927@cox.net" <tamster927@cox.net>, "jmooresales@gmail.com" <jmooresales@gmail.com>, "janscottmikedave@aol.com" <janscottmikedave@aol.com>, "sroulton@hotmail.com" <sroulton@hotmail.com>, "pfafman@hdmg.net" <pfafman@hdmg.net>, "spolsinelli@roadrunner.com" <spolsinelli@roadrunner.com>, "rpuga@projectnavigator.com" <rpuga@projectnavigator.com>, "indar.rai@navy.mil" <indar.rai@navy.mil>, "artrocco@cox.net" <artrocco@cox.net>, "james@mikeruss.org" <james@mikeruss.org>, "richard@billabong-usa.com" <richard@billabong-usa.com>, "curtissathre@cox.net" <curtissathre@cox.net>, "byldin@aol.com" <byldin@aol.com>, "darren@johnjorycorp.com"

<darren@johnjorycorp.com>, "california_eu@hotmail.com"
<california_eu@hotmail.com>, "singhsanjay@hotmail.com"
<singhsanjay@hotmail.com>, "dsaxsloan@gmail.com" <dsaxsloan@gmail.com>,
"assani@hotmail.com" <assani@hotmail.com>, "analeek@aol.com"
<analeek@aol.com>, "bsterck@southlandtechnology.com"
<bsterck@southlandtechnology.com>, "everardo.trujillo@gmail.com"
<everardo.trujillo@gmail.com>, "warrenjp24@gmail.com" <warrenjp24@gmail.com>,
"nway@cox.net" <nway@cox.net>, "louisschooler@gmail.com"
<louisschooler@gmail.com>, "sarita@michelani.com" <sarita@michelani.com>,
"ckwilhoite@yahoo.com" <ckwilhoite@yahoo.com>, "gary@byte-builder.com"
<gary@byte-builder.com>, "jmwurl@mac.com" <jmwurl@mac.com>,
"jane.smith@mssoftware.com" <jane.smith@mssoftware.com>,
"susanpetrosian@yahoo.com" <susanpetrosian@yahoo.com>,
"darabetagni@hotmail.com" <darabetagni@hotmail.com>, "irenebrabant@yahoo.com"
<irenebrabant@yahoo.com>, "sandycox@san.rr.com" <sandycox@san.rr.com>,
"tguidotti@san.rr.com" <tguidotti@san.rr.com>, "jingertson@cox.net"
<jingertson@cox.net>, "david.junker@invitrogen.com"
<david.junker@invitrogen.com>, "michelle.madsen@pepperdine.edu"
<michelle.madsen@pepperdine.edu>, "Shashikrai@hotmail.com"
<Shashikrai@hotmail.com>, "cris_sathre@yahoo.com" <cris_sathre@yahoo.com>,
"shelly@equitytec.com" <shelly@equitytec.com>, "jca_enterprise@yahoo.com"
<jca_enterprise@yahoo.com>, "nbabas@paynefears.com" <nbabas@paynefears.com>,
"spetrosyan@ucsd.edu" <spetrosyan@ucsd.edu>, "garlandken@gmail.com"
<garlandken@gmail.com>, "ty@abscommercial.net" <ty@abscommercial.net>,
"jagielinskit@cumminsallison.com" <jagielinskit@cumminsallison.com>,
"linda@jewlsbythesea.biz" <linda@jewlsbythesea.biz>, "rich.koeneke@gmail.com"
<rich.koeneke@gmail.com>, "scott.r.oulton@usdoj.gov"
<scott.r.oulton@usdoj.gov>, "sarita@moonlighthairdesign.com"
<sarita@moonlighthairdesign.com>, "clint.wilhoite@ulalaunch.com"
<clint.wilhoite@ulalaunch.com>

> Date: Tue, 2 Sep 2014 16:47:09 -0700

> Subject: RE: Gold Ridge Partners

>

> Dear Investor:

>

> This email is a bit long, and there are many parts to it - so please be patient as you work through the various parts. As promised, this email gives you a sample brief which can be filed out on behalf of your GP, and a template of an Intent to Appear if your GP does not want to file a brief. For each document, you will find the specific instructions at the end of this email.

>

> First, some review:

>

>

> * the Court Order of July 22, 2014, specifically stated each GP may file a single brief, not to exceed 15 pages, in response to the Court's decision to keep the GPs in receivership;

>

> * the brief, as described in the Court Order, will be the GP's "official response;"

>

> * but, the brief can include a separate section with points of disagreement if anyone in the GP wants to voice his/her dissension with the GP's "official response;"

>

> * in addition, the GP may file a Notice of Intention to Appear at the October 10, 2014 if the GP does not wish to file a brief.

>

> Now, what is the GP's official response? The Court's order did not specifically define the "official response," other than to state it was to be a response to the Court's decision to keep the GPs in receivership. And the Receiver, in his email to you on or around August 4th, only said the individual investor was to "Please read and consider the Order carefully." Our rationale has been that the official response of each GP can only be learned through a vote of the investors in each GP, and that has been exactly what we have been working to achieve, as you know.

>

> So where are we? At this time, the ballots are being collected and tallied for each GP, and we hope to have the results to you this week, or very early next week at the latest. This now presents us with a problem as follows:

>

> The first document attached is the Due Process Brief tailored for the non-attorney. Please note as you read it that it is written assuming your GP voted in the affirmative (YES) to remove the Receiver. But - and here is the difficult aspect we are dealing with - you are not going to know how your GP voted until later this week or next. So, how should the draft brief be treated? All indications from the many emails I have received from the investors is that the partnerships are voting positively to remove the Receiver from control of our properties - I understand there are relatively few NO votes; therefore, the brief has been written from the positive perspective to remove the Receiver. If your GP votes in the negative (to keep the Receiver in control of your GP), the brief must to be rewritten from the point of view to agree with the Court and keep the Receiver in Control of your GP. In either case, we are not going to know the "official response" of your GP until later this week or next.

>

> So, whoever files the brief for his/her GP must wait for the official response, as determined by the GP's vote. If the vote of his/her GP is positive to remove the Receiver, the draft brief is ready as is, or can be modified further and submitted. If there is disagreement in your GP, the voices of disagreement must submit their "points of disagreement" in a separate section of the official brief. A separate brief - according to the Court Order of July 22nd - is not permitted.

>

> Now, who is to file the brief? I can only help you with this in the following manner: the committee is compiling names from each GP who have stepped forward and have stated they want to submit a brief on behalf of their GP. The members of the committee itself have all agreed to represent their GPs, so the GPs listed below are covered by the committee members. We hope to have names for the rest of the properties this week, and I will contact these people - they, hopefully, will contact you.

>

> Also, please note the attached brief is written for the non-attorney - in that it contains no citations of case law. Therefore, if there are any lawyers out there who can put together a brief for their GP, please let us know. Time is very short and you are going to have to act on your own very quickly, if you want to do this. The attorney, Greg Post, will file briefs on behalf of one or more of his GPs from the attorney perspective.

>

> Remember, a GP does not necessarily need to file a brief. The Court Order of July 22nd made it clear a GP could be heard in open court at the October 10th hearing without filing a brief, by filing a Notice of Intention to Appear at the hearing. The second attached template allows you to do this. Again, the committee members have volunteered to appear on behalf of their GPs, and we are compiling names of others who have said they will speak for their GPs.

>

> The advantage of filing an Intent to Appear without filing a brief is obvious in that you have time to learn of your GPs vote and put together a short talk - not to exceed 15 minutes according to the Court Order - prior to October 10th. But whether you file a brief or only an Intent to Appear, you must be absolutely be sure you will appear on the appointed court date of October 10, 2014.

>

> In conclusion, I know many of you will want to send emails with many questions. I, however, apologize to you in advance for not responding to very many of them. We have done the best we can with the short time the Court has given us, and I'm sure there would have been other ways of tackling the issue of the Receiver if we had had more time. We have done what we can given the resources we have at our disposal.

- >
- > Sincerely,
- >
- > Dennis P. Gilman
- >
- >
- > The Committee proposes to represent the following properties:
- >
- > Dennis Gilman: Lyons Valley, Honey Springs, VIA 188, Checkered Flags;
- >
- > Bill Loeber: Big Ranch, Hidden Hills;
- >
- > Elena Luz Gomez: Twin Plant, Sun-tec;
- >
- > Chris Boore: Vista Del Sur, Pueblo, Pyramid Hwy 177, Falcon Heights,
- > Silver City;
- >
- > Gregory Post: Road Runners, Silver City;
- >
- > Peter Kuilema: Night Hawk, Dayton View;
- >
- > Bruce Case: Antelope Springs, Storey County, Rose Vista, Ocotillo
- > View;
- >
- >
- > Instructions for filing the attached Due Process Brief:
- >
- > The template attached is in Word and is on paper numbered down the left side. This numbered paper is already a part of the Word document and will print out with the notice after it is completed. This numbered paper MUST be used when submitting documents to the Court.
- >
- > Step 1: Please make the following modifications to make the brief your personal brief.
- > Page 1
- > Line 1: Delete "John Q. Investor" and insert your name.
- > Line 2: Delete "123 Anywhere" and "San Diego, CA 92101" and insert your street address, your city, state, and zip.
- > Line 3: Delete the phone "619-555-1212<tel:619-555-1212>" and insert your phone number.
- >
- > Line 6: Insert the name of your partnership.
- > Line 11: Insert the name of your partnership.
- > Page 2
- > Line 1: Insert the name of your partnership.
- > Line 8: Insert your name and the name of your partnership.
- > Line 10: Insert the name of your partnership.
- > Page 8
- > Line 28: Insert the name of your partnership.
- > Page 9
- > Line 3: Delete "9/10/14" and insert the date you are signing the
- > brief and then sign it. (Note: you need to have the brief filed before 9/10/14, so you need to mail it in several days earlier to allow enough time for it to arrive before the deadline.) Line 5: Delete "John Q. Investor" and insert your name.
- > Line 6: Delete "123 Anywhere" and insert your street address.
- > Line 7: Delete "San Diego, CA 92101" and insert your city, state, and zip.
- > Line 8: Delete "619-555-1212<tel:619-555-1212>" and insert your phone number.

- > Line 9: Insert the name of your partnership.
- >
- > If you wish to move sections around, be sure to move the sections that begin with bold print and the underlying paragraph(s). Also, if you want to add your own point(s), be sure to highlight in bold print your point and then follow up with a paragraph detailing your position following the same format used in presenting each point already set out in the brief.
- > Be sure, however, the brief does not exceed 15 pages, or it will be rejected.
- >
- > If you are an investor in more than one partnership and will be filing a brief for more than one partnership, please file a separate brief for each partnership you will be speaking for and filing a brief. This will require you to make the changes above tailored to each brief you file.
- >
- > SEND IN A SEPARATE NOTICE AND BRIEF FOR EACH PARTNERSHIP FOR WHICH YOU WILL BE SPEAKING AND FILING A BRIEF.
- > Step 2: After making a copy for your files, you, the Investor, needs to send the "original" completed Notice and brief by US first class mail, to:
 - > OFFICE OF THE CLERK
 - > US DISTRICT COURT
 - > SOUTHERN DISTRICT OF CALIFORNIA
 - > 333 WEST BROADWAY, SUITE 420
 - > SAN DIEGO, CA 92101-8900
- > This Notice should be mailed several days prior to September 10, 2014 to be certain that it arrives before September 12, 2014.
- > If you have any problems with the template, please contact Dennis Gilman by email, and he will ask Mr. Post to contact you directly.
- >
- >
- > Instructions for filing a the attached Notice to Appear to Speak:
 - >
 - >
- > If you are the Investor who has agreed only to speak to the Court on behalf of your partnership, but will not be filing a brief, this is the template you should use to submit your notice of intent to speak.
- >
- > The template attached is in Word and is on paper numbered down the left side. This numbered paper is already a part of the Word document and will print out with the notice after it is completed. This numbered paper MUST be used when submitting documents to the Court.
- >
- > Step 1: Investor deletes "John Q. Investor" and inserts his/her own name.
- >
- > Step 2: Investor deletes "123 Any Place, San Diego, CA 92101, Tel. (619) 555-1212<tel:%28619%29%20555-1212>" and inserts his/her own address and phone number.
- >
- > Step 3: Investor inserts the name of only ONE of his/her general partnerships. If he/she has more than one general partnership investments, and he/she will be speaking for more than one general partnership, he/she needs to SEND IN A SEPARATE NOTICE FOR EACH PARTNERSHIP FOR WHICH HE/SHE WILL BE SPEAKING.
- >
- > Step 4: Investor inserts the name of the general partnership in the line that reads "NOTICE OF _____ PARTNERS OF" across from the number 10 on page 1.
- >
- > Step 5: Investor inserts the name of the general partnership in the line that reads "on behalf of _____ Partners" across from the number 1 on page 2.
- >

- > Step 6: Investor inserts the name of the general partnership in the space in the sentence that continues next to the number 2 on page 2,
 - >
- > Step 7: Investor inserts the name of the general partnership in the space in the sentence across from the number 4 on page 2.
 - >
- > Step 8: Investor inserts the date he/she is submitting the notice across from the number 6 on page 2. (Note: this notice must reach the court BEFORE September 12, 2014).
 - >
- > Step 9: Investor signs the notice on the blank line appearing above his/her name across from the number 8 on page 2.
 - >
- > Step 10: Investor replaces "John Q. Investor, 123 Any Place, San Diego, CA 92101, Tel. (619) 555-1212<tel:%28619%29%20555-1212>" with his/her name, address and phone number on page 2.
 - >
- > Step 11: Investor inserts the name of his/her general partnership on the blank line in front of the word "Partners" across from the number 12 on page 2.
 - >
- > Step 12: After making a copy for his/her files, Investor sends the original completed Notice by US first class mail, to:
 - >
 - > OFFICE OF THE CLERK
 - > US DISTRICT COURT
 - > SOUTHERN DISTRICT OF CALIFORNIA
 - > 333 WEST BROADWAY, SUITE 420
 - > SAN DIEGO, CA 92101-8900
- > This Notice should be mailed several days prior to September 12, 2014 to be certain that it arrives before September 12, 2014.
- > If you have any problems with the template, please contact Dennis Gilman by email, and he will ask Mr. Post to contact you directly.
 - >
 - >
 - >
 - >

1 John Q. Investor
2 123 Any Place
3 San Diego, CA 92101
4 Tel. (619) 555-1212

5 In Pro Per
6 General Partner
7 _____ Partners

8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

10 SECURITIES AND EXCHANGE
11 COMMISSION,

12 Plaintiff,

13 v.

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

19 Defendants.

Case No. 12 CV 2164 GPC JMA

**BRIEF OF _____ PARTNERS IN
SUPPORT OF MODIFICATION OF
THE PRELIMINARY INJUNCTION
ORDER TO REMOVE THE REAL
ESTATE GENERAL PARTNERSHIPS
FROM THE RECEIVERSHIP**

Date: October 10, 2014

Time: 1:30 p.m.

Courtroom: 2D

Judge: Hon. Gonzalo P. Curiel

ORAL ARGUMENT REQUESTED

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21
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1 _____ Partners hereby submits the following brief in favor of removing the
2 Court-appointed receivership over them and the other real estate general
3 partnerships (“GPs”) established by First Financial Planning Corporation d/b/a
4 Western Financial Planning Corporation (“Western”) and Louis V. Schooler
5 (collectively, “Defendants”), as authorized by the Court in its July 22, 2014 order
6 reconsidering its earlier order of August 16, 2013 (Dkt. No. 629; hereafter
7 “Reconsideration Order”).

8 _____, on behalf of _____ Partners, requests to be heard in
9 open court at the hearing scheduled for October 10, 2014, and speak on behalf of
10 _____ Partners for fifteen (15) minutes.

11 **I.**

12 **ARGUMENT**

13 The receivership in this matter should be modified to exclude the GPs. By
14 virtue of the express language of the Partnership Agreements and Partners’
15 Representations executed by the investor-partners, the GPs are independent entities,
16 completely separate from the Defendants in this litigation. Defendants have no
17 control whatsoever over the GPs, because they cannot vote or nullify a vote. The
18 GPs are perfectly capable of managing their properties and selling them for a profit.
19 Whether Defendants are found liable for any violation of federal securities law is
20 irrelevant to the issue of whether the GPs should remain in the receivership. While
21 the Receiver and the SEC purport to act in the best interests of the GPs, they have
22 failed to take adequate steps to determine what the interests of the investors are, and
23 instead have made inaccurate factual representations to the Court regarding the
24 powers and abilities of the investors to run their GPs and sell their property. Even
25 though the investors are adults extremely capable of making their own decisions
26 about their investments, the SEC and Receiver treat them like children.

27 ///

28 ///

1 **A. The Hearing for the GPs Improperly Allows the GPs to be Heard**
2 **Only after they are Placed in Receivership**

3 When the SEC first filed suit, it promised the Court that the GPs would be
4 heard before they were placed in receivership. However, it has now been two years
5 since the GPs were placed in receivership, and only now are they being provided a
6 hearing, during which time the Receiver has had exclusive control of their property.
7 The GPs have never been asked whether they wanted to be in the receivership in the
8 first place.

9 This hearing is not true “due process” for the GPs because the hearing should
10 have been provided in the very beginning, before the Court took control of the GPs
11 away from their investors and vested it in a receiver over whom the investors had no
12 say whatsoever.

13 **B. The SEC and Receiver Have Made Inaccurate Factual**
14 **Representations and Omissions of Fact**

15 Prior to the July 18, 2014 hearing that led to the Reconsideration Order,
16 Nancy Kemper, an investor in two co-tenants GPs (Horizon Partners and Rainbow
17 Partners) holding title to a residentially-zoned parcel in Las Vegas, obtained an offer
18 from CB Richard Ellis, one of America’s major real estate brokerages, to list the
19 GPs’ jointly-owned parcel for sale at \$2.6 million, then circulated ballots to her
20 fellow investors. Most of the investors in both partnerships voted to accept the
21 brokerage’s offer to list the GPs’ jointly-owned parcel for sale. None of this was
22 initiated, requested, or coordinated by Defendants.

23 Even though these investors were able to initiate and conduct a balloting
24 process, the Receiver did not sign the listing agreement with CB Richard Ellis, and
25 the Court disregarded the Horizon Partners’ and Rainbow Partners’ votes on the
26 grounds that the Receiver’s counsel showed that “the listing price is...severely
27 overinflated” based on an “erroneous assumption that the property is zoned for
28 commercial, as opposed to residential, use” and because “the Receiver spoke with a

1 listing agent who...came up with a listing price that is based on the correct
2 assumption that this property is zoned for residential use and that closely
3 approximates the appraisal obtained by the Receiver.” Docket No. 629, 7:1-9.

4 The Receiver’s counsel made an inaccurate factual misrepresentation and an
5 omission of fact to the Court that resulted in the Reconsideration Order. First, the
6 listing price report submitted by CB Richard Ellis, which was filed with the Court,
7 correctly listed the current zoning and explained how the property was worth \$2.6
8 million based on the allowed uses for the zoning.

9 Second, the Receiver submitted no documentation to the Court explaining
10 how the listing agent reached his/her determination, and in fact, the Receiver did not
11 even identify the listing agent on the record or in any court filings. The Court did
12 not ask for any documents from the Receiver’s broker or ask questions of the
13 (unidentified) broker before issuing the Reconsideration Order. Several investors
14 have since sent letters to the Receiver and the Court asking for the identity of the
15 broker and the documents supporting that broker’s estimate of value.

16 More importantly, regardless of any appraised value, if the investors in a GP
17 vote in favor of listing their land for sale, the GP’s partnership agreement directs
18 that the proposed action be carried out. The Receiver had no right not to sign the
19 listing agreement just because he disagreed with the majority vote.

20 Thus the Court’s decision in the Reconsideration Order was based on wholly
21 unreliable statements while disregarding a detailed analysis of value that was in the
22 record, and therefore was clear error.

23 **C. Defendants Have No Control over the GPs or the Investors; the**
24 **Receiver Now Possesses More Power than Defendants Ever Did**

25 Throughout this entire case, ever since it began, the SEC and Receiver have
26 claimed that Defendants “control” the GPs. But Defendants do not “control” the
27 GPs – the GP investors, and only the investors, control the GPs. Each GP’s
28 partnership agreement states that *only* the GP investor-partners control the GPs and

1 participate in the control, management, and direction of the GP. The investor-
2 partners can initiate matters for consideration by the partnership, including the
3 distribution of information and requesting a vote of the partnership. The investor-
4 partners can vote to replace the Signatory Partner and Partnership Administrator if
5 they wish, without having to provide a reason for replacing them.

6 Although Defendants can and do own equity interests in the GPs, the
7 partnership agreements specifically provides that Defendants and their employees
8 and agents cannot vote on any general partnership matters, including the sale of
9 land. Thus Defendants, either on their own or by proxy, cannot vote on issues. Nor
10 do Defendants possess any power to veto or refuse to honor a vote of the voting
11 investors. Defendants share in the profits of the eventual resale of the raw land to
12 developers, but they do not get to control when the land is to be sold, to whom, and
13 for how much, because of their complete lack of control through voting.

14 Neither the Receiver nor the SEC can exercise rights concerning assets that
15 Defendants do not own and do not control. Those assets belong solely to the
16 investor-partners who are empowered to vote.

17 The GP investors, by virtue of retaining control by majority vote, are true
18 general partners, not disguised limited partners. Yet, the imposition of the Receiver
19 has stripped the investors of their powers. The investors had more ability to directly
20 control, participate in, and influence their investment before the Receiver was
21 imposed upon the GPs than they do now. By imposing the Receiver upon the GPs,
22 the Court has turned the investors from general partners into limited partners
23 dependent upon the whims of the Receiver's oversight, thereby creating a self-
24 fulfilling prophecy.

25 Therefore, the Receiver must be removed from control of the GPs.

26 ///

27 ///

28 ///

1 **D. The Investors in the GPs Are Capable of Managing Their**
2 **Partnerships and Property and Selling the Land for a Profit**
3 **without the Receiver's Guidance or Control**

4 In the Reconsideration Order, the Court found that the GPs should remain in
5 the receivership because of “day-to-day operations [that] are not as simple as the
6 Court previously thought them to be,” such as Western buying out dissatisfied
7 investors’ interests, Western loaning money to GPs for funding shortfalls, the
8 presence of a water system on GPs’ property, and persons residing rent-free on GP
9 property. Docket No. 629, 6:5-15.

10 However, these matters are nothing new – the SEC and Receiver previously
11 raised them unsuccessfully in 2013 when they opposed Defendants’ motion to
12 release the GPs from the receivership. The Receiver admitted that the “GPs may be
13 able to hire somebody to perform some of these functions performed by Western
14 (and possibly survive without others).” Docket No. 206 at 3. The GPs’ partnership
15 agreements show that the investors have always had the authority to hire people to
16 perform the management functions, because the investors (but not Schooler or
17 Western) can vote to fire the partnership secretaries and hire new ones.

18 Therefore the Reconsideration Order is inappropriate because when the Court
19 issued its order in 2013 to release the GPs from the receivership, the Court already
20 knew what the GPs’ regular operations were. Nothing has truly changed that makes
21 the continuation of an involuntary, unconsented receivership appropriate.

22 The investors include people from all walks of life who are fully capable of
23 making sure property taxes and insurance are paid each year and that an accountant
24 is engaged to prepare Form K-1’s. It’s no more complicated than when the
25 investors pay their income taxes or the mortgage, property taxes and insurance on
26 their own houses. The Court agreed when it issued the earlier order to release the
27 GPs from the Receiver. The SEC and Receiver have not shown that the investors
28 are incapable of performing those tasks.

1 Even for the handful of GPs that have residential tenants, a water system, or
2 an eminent-domain lawsuit are present – and less than a dozen GPs have such issues
3 - the investors can take action by voting on whether to have tenants reside on the
4 premises, whether to hire someone to tend to the water system, whether to hire an
5 attorney for the lawsuit, etc. If the tenants do not vacate the premises, the GP
6 investors can vote to hire an attorney to bring an unlawful-detainer action against
7 the tenants. The GP investors can vote to hire a manager to run the water system, or
8 hire a lawyer to represent them in the eminent-domain lawsuit and ensure that they
9 get as much money as possible from the government agency that plans to take their
10 land for a road or a power plant. The SEC and Receiver have never provided any
11 evidence that the investors are incapable of taking such action. And for the
12 overwhelming majority of GPs that have neither a water system nor tenants, the
13 operational requirements remain minimal: payment of taxes, insurance, and
14 mortgages, and issuance of tax statements.

15 Receivers are usually appointed to operate or manage a business when the
16 business is being so mismanaged that investors' funds are at risk of being lost.
17 However, when the business at issue consists of a general partnership with very
18 simple routine activity and an asset that sits there and appreciates in value as nearby
19 land is developed, there's nothing to mismanage.

20 The SEC and Receiver claim that the land investments are somehow too
21 complicated for the investors to run. But the SEC and Receiver continue to ignore
22 that these investments are in raw land. ***It's dirt.*** There is no farming, ranching, or
23 mining that takes place. There are no buildings to maintain, no rent to collect. The
24 dirt sits there until such time as the surrounding area has developed, and then it
25 becomes valuable to developers who want to put houses, or shopping centers, or
26 industrial parks on it. The GPs are not established to develop their lands, and they
27 don't develop them. That is left to the developers who eventually buy the land from
28 the GPs.

1 Furthermore, the Co-Tenancy Agreements by which the GPs hold fractional
2 interests to their properties do not undercut the investors' ability to operate the GPs
3 and sell their property at a profit. The Co-Tenancy Agreement plainly and expressly
4 states that any individual partner in any of the co-tenant GPs can simply request a
5 ballot to be issued not only within his/her own GP, but for that ballot to also be
6 issued for a vote of all the members of all the other co-tenant GPs. Dkt. No. 210-1,
7 § 3.5.1. *Any individual investor has the ability to force a vote to be taken by*
8 *his/her GP and also all of the co-tenant GPs on any business matter relevant to*
9 *the GPs.*

10 It is actually a very simple process that gives each investor direct and
11 immediate ability to bring a matter of business to a full vote upon a mere request.
12 There is no requirement that a member's GP first vote on the issue of whether a
13 ballot request be sent to the other co-tenant GPs, and there is no requirement that
14 each GP's investors must unanimously vote a certain way; all that is needed is that *a*
15 *simple majority of the investors in each co-tenant GP* vote in favor of selling, etc.

16 Contrary to what the Court believes in the Reconsideration Order, the Co-
17 Tenancy Agreements do not require that "hundreds, if not thousands of investors,
18 would have to communicate and collaborate before a property may, for example, be
19 sold." Docket No. 629, 6:20-23. Instead, all it takes is one investor to request that
20 the co-tenant GPs be balloted, followed by the two GP secretaries distributing the
21 ballots to the investors, followed by the investors (on their own) voting. There is no
22 coordination necessary, and the investors are capable of doing this without guidance
23 or instruction by Defendants.

24 In the case of Rainbow Partners and Horizon Partners, Ms. Kemper located a
25 brokerage, obtained an offer to list, and then initiated the ballot process whereby the
26 investors in both co-tenant GPs were able to cast a vote on whether to list the
27 property with that brokerage. A majority of the investors in both GPs voted in favor
28 of listing their land for sale. Defendants had no involvement whatsoever with Ms.

1 Kemper's balloting, and it was only the Receiver's failure to sign the paperwork
2 with the brokerage that has prevented the property from being listed for sale.

3 Neither the SEC nor the Receiver has provided any evidence showing that the
4 GP investors are incapable of running their GPs, ensuring that the GP bills are paid,
5 or deciding when to sell their land and for how much. Therefore, the receivership
6 over the GPs should be lifted immediately.

7 **E. Whether Defendants Are Liable for Any Violations of Federal**
8 **Securities Law is Irrelevant to Issue of Whether the GPs Should be**
9 **in Receivership**

10 The Reconsideration Order is based on the Court's decision that the GP
11 equity interests were securities. Docket No. 619, p. 5. The SEC and Receiver
12 further argue that the GPs should be included in the receivership to protect them
13 from Western's possible financial failure. However, as even the SEC
14 acknowledges, "*the GPs are separate entities from Western.*"

15 The GPs have nothing to do with the lawsuit. The SEC has accused none of
16 the GPs or investors of helping Schooler or Western hide money or commit fraud.
17 No GP is named as a party, and no investor has been named either. Whether
18 Defendants are found to have violated the law has nothing to do with whether the
19 GPs own land, or whether the investors can run their GPs, protect their investments,
20 and sell for a profit.

21 The underlying factors remain the same whether the Receiver is there or not,
22 whether the SEC wins its lawsuit – when will someone want to buy the land from
23 the GPs, and for how much? There is nothing that needs to be done to maintain title
24 to the property and eventually sell to another party that the GP investors can't do on
25 their own, without the Receiver.

26 **F. Statement the GP Wants to be Heard in Open Court at the October**
27 **10, 2014 Hearing.**

28 The person submitting this brief wishes to be heard in open court at the

1 October 10, 2014 hearing.
2

3 **II.**

4 **CONCLUSION**

5 _____ Partners respectfully request that this Court honor its partners'
6 majority vote and modify the preliminary injunction order to be removed from the
7 receivership.

8 DATE: September 10, 2014

Respectfully submitted,

9
10
11 _____
12 John Q. Investor
13 123 Any Place
14 San Diego, CA 92101
15 Tel. (619) 555-1212
16 In Pro Per General Partner,
17 _____ Partners
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EXHIBIT D

EXHIBIT D

From: MILLER KAREN [<mailto:runslowrunner@att.net>]
Sent: Thursday, September 11, 2014 4:46 PM
To: Beverly Schuler
Cc: Dennis Gilman
Subject: Rainbow Partners - Removal of GPs from the Receivership of Western Financial

Notwithstanding the fact that I previously supplied my **statement of opposition** to the removal of Rainbow Partners from the Receivership,

and taking into consideration that Mr. Gilman has advised that a brief has not been prepared nor forwarded to the Court in behalf of our partnership,

I am again providing you with a copy of my **statement of opposition to the removal of Rainbow Partners from the Receivership.**

It is my understanding that this statement should be submitted to the Court by you, the Partnership Administrator.

James R. Miller

August 28, 2014

Case No. 3:12-cv-2164-GPC-JMA
Securities and Exchange Commission v. Louis V. Schooler
and First Financial Planning Corporation
dba Western Financial Planning Corporation

Re: Rainbow Partners: Removal of General Partnerships from Receivership

Dear Partners:

I am unaware at this time what the results of the recent ballot on this subject have concluded about the overall opinion of the partners.

I have two investments in Rainbow Partners, thus I assume I have the equivalent of two votes on the subject (as demonstrated by previously submitted ballots on this subject). I therefore assume my opinion in this informal brief carries the weight of two "investors".

I specifically oppose the removal of our general partnership from the Receivership.

I have read nearly all of the court documents in the subject litigation.

In the 8/16/13 Order of the Court releasing the GPs from the Receivership, *subject to conditions*, the Court stated that it believes that the investors do not fully understand the ramifications of the release. He ordered a comprehensive information packet to be prepared for investors which included a number of items of critical importance in our decision making. I do not believe an informed decision is possible without reviewing the Court's list as presented in the subject Order:

1. Explanation of what a general partnership is
2. Legal relationship between Western and the GPs including its' equity in the GPs and an explanation of any debts owed by the GPs to Western
3. Legal relationship amongst the GPs themselves within the co-tenancy agreements including requirements for decision making on behalf of an entire co-tenancy
4. Tasks performed by Western personnel on behalf of the GPs
5. Operations and responsibilities the investors will undertake once the GPs are released from the Receivership, including the responsibility to monitor the mortgages on their respective properties (where they exist) and to pay mortgages to the extent Western has insufficient cash to make such payments.
6. Option of retaining or terminating the GPs current partnership administrators including the need to be in direct contact with the administrators if investors continue to utilize their services on an independent contractor basis, the cost of retaining the administrators, and the necessary steps for terminating the administrators.
7. Legal effect of being released from the Receivership including the lifting of litigation injunction, the ability to pursue individual claims for damages on behalf o the GPs, the possibility that Western will engage in collection efforts against the GPs for

payment of any outstanding debts, and the effect of investors' rights to recover from the Receivership estate

8. The Court's conditions for the release of the GPs from the Receivership
9. A recommendation to seek out the advice of independent counsel to the extent investors do not understand the legal effect of being released from the Receivership

In addition to the foregoing crucial legal ramifications of release, the Court ordered to be included:

1. The SECs allegations
2. The Receiver's findings to date, including
 1. the original purchase prices of the GP properties
 2. funds raised by Western from the GPs
 3. how the difference between the purchase prices and the money raised was spent by Western
 4. Results of the appraisals on the GP properties

**you are directed to the full text of the order available on the Receiver's website:
<http://www.ethreadvisors.com/cases/sec-v-louis-v-schooler-and-first-financial-planning-corp-dba-western-financial-planning-corp/>*

The issue of the dependence of the GPs on Western Financial for management has been enumerated in many court documents. The Court has expressed the opinion that the operations of the GPs are not limited to simple administrative tasks, but rather encompass extensive management duties. When Western was put into Receivership, those functions were handled by the Receivership, for example the payment of mortgages.

If the GPs are released from the Receivership, all the management functions not handled by the Receiver will have to be assumed. To date, I am unaware that any individual or group of individuals is ready to take this on. Furthermore, it appears that cash is not available to employ an administrator or management or for the payment of rent, office supplies, utilities, etc. I am sure I am not alone in stating that I have no desire to participate in additional expenses for the GP when I have no reason to believe that I will see any appreciation on my investment and possibly will lose my entire investment. The operational expenses as they are now constructed are burden enough, and we can look forward to another five years before the partnership expires.

Western is the defendant. Western is responsible for the need for a Receivership. Western is paying for the Receivership. Our interests under the Receivership are secured by a Federal Court and its representative, the Receiver. The Court is ruled by law which is impartial. The Receiver cannot act without the direct order of the Court, so his activities are secured by the Court. As are ours.

We need to protect ourselves from any additional exposure to costs or liabilities. I believe our interests are best served by remaining in the Receivership.

We need to focus on the source of our problems, what brought us to this place: the questionable actions of Western. They will have their day in court to defend themselves and they are entitled to full adjudication. In the mean time, we have to protect ourselves.

I understand that this statement will be included with the brief submitted to the Court prior to the October hearing.

respectfully submitted, your partner

James R. Miller
James R. Miller, IRA

PROOF OF SERVICE

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

On September 26, 2014, I served the within document(s) described as:

- **RECEIVER'S RESPONSE TO BRIEFS FILED BY GENERAL PARTNERSHIPS**

on interested parties in this action by:

BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF"): the foregoing document(s) will be served by the court via NEF and hyperlink to the document. On September 26, 2014, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email addressed indicated below:

- Lynn M. Dean - deanl@sec.gov; larofiling@sec.gov; berryj@sec.gov; irwinma@sec.gov; cavallones@sec.gov
- Philip H. Dyson - phildysonlaw@gmail.com; jldossegger2@yahoo.com; phdtravel@yahoo.com
- Edward G. Fates - tfates@allenmatkins.com; bcrfilings@allenmatkins.com; jbatiste@allenmatkins.com
- Eric Hougen - eric@hougenlaw.com
- Sara D. Kalin - kalins@sec.gov; irwinma@sec.gov
- Sam S. Puathasnanon - puathasnanons@sec.gov; haackk@sec.gov; berryj@sec.gov; irwinma@sec.gov; cavallones@sec.gov
- Edward P. Swan, Jr. - pswan@jonesday.com; dpippin@jonesday.com

BY OVERNIGHT DELIVERY: by placing a true copy thereof in sealed envelope(s), addressed as indicated below. I am readily familiar with this firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited in a box or other facility regularly maintained by express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, a true copy of the foregoing document(s) in sealed envelopes or packages designated by the express service carrier, with fees for overnight delivery paid or provided for.

Gregory M Post
829 Woodside Lane
Encinitas, CA 92024

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on September 26, 2014, at San Diego, California.

Ted Fates

/s/ Ted Fates