



August 27, 2015

Las Vegas 1 Property Information Packet

- Park Vegas Partners (1983)
- Production Partners (1987)
- Silver State Partners (1985)

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

The purchase price paid by Western for this property is no longer available through a review of public documents and tax records due to the age of the property purchase (1993 or before). In 1983 - 1987, Western formed 3 underlying partnerships, each with a separate interest in three separate underlying parcels of property. Western raised \$1,780,000 when it sold the land to investors. The Western mark-up amount is not known for this property. However, for the 13 properties Western purchased after 2003, the average mark-up over Western's initial purchase price was 412%. Using this average, it is estimated that Western paid approximately \$432,000 for the property, or \$1,348,000 less than the partnerships paid for the land.

In 2005 – 2008, each of the three Las Vegas I GPs sold their property to third party purchasers, for a combined purchase price of \$11,110,220. Only a small portion of the purchase price was paid in cash, the remainder was seller financing. At the time of the sales of the property, investors received partial distributions totaling \$1,874,949, after sales commissions and other transaction costs were paid. The purchasers defaulted on the seller financing loans with remaining balances of \$7,899,777 in 2010 – 2011, and the Las Vegas I GPs took the properties back by foreclosure.

The Las Vegas 1 GPs did not have sufficient funds to cover the cost of an appraisal. In these situations, the Court directed the Receiver to obtain broker opinions of value or listing agreements to provide an estimate of value. The Receiver contacted two local brokers and obtained broker opinion of values from them in August 2015. One broker provided a total estimated value of the property of \$4,925,000 and another broker estimated the total property value at \$5,625,000. An appraisal obtained by the Receiver in 2013 valued the properties at \$4,105,000. The average of these two estimates is included in the chart below.

	Western Land Purchase Price	Amount Raised From Investors	Excess Proceeds Raised by Western	Excess Proceeds %	2015 Average Valuation
Park Vegas Partners	N/A	\$300,000	N/A	N/A	\$925,000
Production Partners	N/A	\$1,050,000	N/A	N/A	\$3,300,000
Silver State Partners	N/A	\$430,000	N/A	N/A	\$1,050,000
	N/A	\$1,780,000	N/A	N/A	\$5,275,000

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 Las Vegas 1 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 \$1,348,000 in estimated excess proceeds (as described above) received by Western is estimated to have been spent as follows:

	Average % Paid	Estimated Amount Paid
Payments to Schooler	21%	\$288,355
Sales Commissions	15%	\$208,494
Payroll - Other	17%	\$235,336
Operating Expenses	21%	\$283,592
Western Investments in GPs	9%	\$122,361
Income Taxes	6%	\$75,767
Payments to Related Parties	6%	\$77,651
Payments to Escrow Companies	4%	\$56,444
	100%	\$1,348,000

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 LAS VEGAS 1 PROPERTY GPS

Listed below are the current and projected cash balances for the Las Vegas 1 Property 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
Park Vegas Partners	\$291	\$0	(\$15,377)	(\$15,086)	35%
Production Partners	\$2,910	\$0	(\$48,474)	(\$45,564)	31%
Silver State Partners	\$2,345	\$3,720	(\$32,265)	(\$26,200)	N/A
	\$5,546	\$3,720	(\$96,116)	(\$86,850)	32%

The only receipts are operational billing payments for Silver State Partners. Expenses consist primarily of administrators, tax preparation, property tax and bond payments, insurance, and operational loan payments by Production Partners due to Western for advances made to pay prior operating expenses. Attached as Exhibit "A" are actual and estimated receipts and disbursements for 2014, 2015 and 2016 for each GP. The 3 GPs that comprise Las Vegas 1 are all projected to not have sufficient cash to pay their operating expenses starting in 2015. Operational billings to date have only raised 32% of the amounts billed to investors.

All of the GPs in these properties are projected to run out of money this year, and not be able to pay items such as administrative costs, property tax and bond payments, operational loan payments and other operating expenses. Property taxes are already past due for the Park Vegas and Silver State GPs in the amount of \$7,163. Accordingly, a capital call will be sent out shortly to all of the investors in the Las Vegas 1 Property GPs to fund these projected deficiencies.

The GPs have historically only raised 32% from investors since 2013 to pay expenditures for the Las Vegas 1 Properties. If this historic percentage of operational billing payments holds true for the capital call, and sufficient capital is not raised, the Las Vegas 1 Properties will be sold, subject to Court approval of the sale terms.

Due to the unique structure of the Las Vegas 1 GPs (each GP owns a distinct property, and no co-tenancy exists), it is possible that the GPs could be treated separately based on investor funds raised or other factors.

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 August 2015 average valuation. The estimated net sale proceeds are based on the existing 2015 average valuations (less cost of sale).

As previously mentioned, the Las Vegas 1 GPs have little remaining cash, and previous operation billings or cash calls have not raised significant funds. Accordingly, these GPs are not expected to be able to remain operational through 2015. The Court, however, is providing investors in these properties the opportunity to raise funds through a capital call if they are ready and willing to do so in order to sustain this investment. Accordingly, a capital call will be sent out to the Las Vegas 1 GPs in order to raise sufficient capital to sustain operations through 2016. Should sufficient funds not be raised in the capital call to fund operations, the property will be moved to an orderly sales process, as the Court has previously directed.

	Estimated Net Sale Proceeds	GP Notes Payable to Western	Outstanding Balance on Mortgages	Estimated Cash Proceeds to GPs from Sale
Park Vegas Partners	\$860,250	\$0	\$0	\$860,250
Production Partners	\$3,069,000	(\$32,631)	\$0	\$3,036,369
Silver State Partners	\$976,500	\$0	\$0	\$976,500
	\$4,905,750	(\$32,631)	\$0	\$4,873,119

Sincerely,



Thomas C. Hebrank, CPA, CIRA
Receiver

EXHIBIT “A”

Park Vegas

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	3,129	291	(8,639)
Receipts			
Investor Operational Contributions	3,163	-	-
2013 Cleared Deposits	274		
Misc. Reciepts	-	-	-
Investor Note Payments	-	-	-
Total Receipts	3,437	-	-
Disbursements			
Administrator Fees	600	1,150 ¹	1,200
K-1 Preparation	550	1,100 ²	1,400
Property Taxes/Bond Payments	3,897	5,580 ³	2,747
Insurance	-	-	-
Office Supplies	71	100	100
Appraisal	1,158	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000 ⁴	1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	-	-	-
Total Disbursements	6,276	8,930	6,447
Ending Cash Balance	291	(8,639)	(15,086)
Amount to be Billed			15,086

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 includes a portion of past due property taxes from 2014.

⁴ This amount is included for budgetary reasons but is not expensed if not used.

Production

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	23,752	2,910	(22,919)
Receipts			
Partner Operational Contributions	17,702	-	-
2013 Cleared Deposits	7,096		
Miscellaneous Receipts	-	-	-
Partner Note Payments	-	-	-
Total Receipts	24,798	-	-
Disbursements			
Administrator Payroll	1,500	1,300	¹ 1,200
K-1 Preparation	735	1,548	² 1,400
Property Taxes/Bond Payments	33,222	14,680	³ 11,744
Insurance	563	600	600
Office Supplies	163	175	175
Appraisal	1,158	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	⁴ 1,000
Operational Loan Repayment	8,300	6,526	⁵ 6,526
Note Repayment to Western	-	-	-
Total Disbursements	45,641	25,829	22,645
Ending Cash Balance	2,910	(22,919)	(45,564)
Amount to be Billed			45,564

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 includes a portion of past due property taxes from 2014.

⁴ This amount is included for budgetary reasons but is not expensed if not used.

⁵ The Partnership owes \$32,631 in past due operational loans, but the Receiver is only attempting to pay down \$6,526 this year. At this rate the loan will be paid off in five years.

Silver State

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	6,053	2,345	(13,164)
Receipts			
Partner Operational Contributions	1,222	1,860	1,860
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	-	-	-
Total Receipts	1,222	1,860	1,860
Disbursements			
Administrator Payroll	720	1,180	¹ 1,200
K-1 Preparation	725	1,203	² 1,400
Property Taxes/Bond Payments	3,370	13,586	³ 10,897
Insurance	-	275	275
Office Supplies	115	125	125
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	⁴ 1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	-	-	-
Total Disbursements	4,930	17,368	14,897
Ending Cash Balance	2,345	(13,164)	(26,201)
Amount to be Billed			26,201

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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