



October 1, 2015

**Minden Information Packet**

- Carson Valley Partners (1998) – 25%
- Heavenly View Partners (1998) – 25%
- Sierra View Partners (1999) – 25%
- Pine View Partners (1999) – 25%

Dear Investor:

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

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

**I. SEC ALLEGATIONS**

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

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

**A. Fraud Allegations**

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

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

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

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

**B. Registration Violations**

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

**II. RECEIVER'S FINDINGS**

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

Western bought the Minden land for a purchase price of \$900,000. In 1998 - 1999, Western formed 4 underlying partnerships, each with a 25% undivided interest in the property. Western raised \$4,946,300 when it sold the land to investors, or \$4,046,300 (450%) more than it paid for the land. The Receiver obtained a broker opinion of value for the property in August 2015 which valued the property at \$1,800,000. An appraisal obtained by the Receiver in 2013 valued the property at \$1,000,000. This is all outlined in the chart below.

	<b>Western Land Purchase Price</b>	<b>Amount Raised From Investors</b>	<b>Excess Proceeds Raised by Western</b>	<b>Excess Proceeds %</b>	<b>2015 Estimated Value</b>
Carson Valley Partners	\$225,000	\$1,182,300	\$957,300	425%	\$450,000
Heavenly View Partners	\$225,000	\$1,217,800	\$992,800	441%	\$450,000
Sierra View Partners	\$225,000	\$1,254,300	\$1,029,300	457%	\$450,000
Pine View Partners	\$225,000	\$1,291,900	\$1,066,900	474%	\$450,000
	\$900,000	\$4,946,300	\$4,046,300	450%	\$1,800,000

**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 Minden 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 \$4,046,300 in excess proceeds received by Western is estimated to have been spent as follows:

	<b>Average % Paid</b>	<b>Estimated Amount Paid</b>
Payments to Schooler	21%	\$865,558
Sales Commissions	15%	\$625,838
Payroll - Other	17%	\$706,409
Operating Expenses	21%	\$851,259
Western Investments in GPs	9%	\$367,292
Income Taxes	6%	\$227,430
Payments to Related Parties	6%	\$233,084
Payments to Escrow Companies	4%	\$169,429
	100%	\$4,046,300

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](http://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 MINDEN GPS**

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

	<b>Cash as of 1/1/2015</b>	<b>Est 2015 &amp; 2016 Receipts</b>	<b>Est 2015 &amp; 2016 Expenses</b>	<b>Estimated Cash as of 12/31/2016</b>	<b>Percentage of Operational Bills Paid Since 2013</b>
Carson Valley Partners	\$4,691	\$398	(\$10,450)	(\$5,361)	42%
Heavenly View Partners	\$1,867	\$1,224	(\$10,932)	(\$7,841)	24%
Sierra View Partners	\$12,882	\$0	(\$10,590)	\$2,292	N/A
Pine View Partners	\$5,378	\$0	(\$10,295)	(\$4,917)	N/A
	\$24,818	\$1,622	(\$42,267)	(\$15,827)	33%

The receipts consist solely of past investor operational billing payments. Expenses consist primarily of administrative costs, tax preparation, property taxes, and insurance. Attached as Exhibit "A" are actual and estimated receipts and disbursements for 2014, 2015 and 2016 for each GP.

All of the GPs except Sierra View require a capital call in order to fund ongoing operations through 2016, with most either running out of cash or having very low cash balances by the end of 2015. Accordingly, a capital call will be sent out shortly to the investors in Carson Valley, Heavenly View, and Pine View Partners to fund their projected deficiencies. Investors in the past have only paid on average 33% of any applicable prior operational billings.

It is important to understand that, because of the co-tenancy structure for the Minden property, in which each of the four GPs own a percentage of the same land, the financial status of each GP can potentially affect the other GPs. If, for example, one GP in the group becomes unable to pay its operating expenses such as property taxes, the other GPs may be adversely effected by the late charges and/or penalties incurred for the land as a whole. Our current projection for Minden is that this will start to occur before the end of 2015. Per the Court's order, if the investors in the Carson Valley, Heavenly View, and Pine View Partners do not raise sufficient funds in this capital call, investors in the remaining Minden GPs will be given the opportunity to cover the shortfall in capital needed to pay expenses. Minden GP investors can also voluntarily contribute additional capital to the other Minden GPs, with a corresponding increase in their ownership interest, should any GP be unable to raise sufficient funds through a capital call. Should sufficient capital not be raised through these means, the Minden property may be sold, subject to Court approval of the sale terms.

#### IV. ESTIMATED CURRENT VALUE OF INVESTMENT

Listed below is the estimated cash proceeds that would be received from a sale of the property, based on its August 2015 estimated value. The estimated net sale proceeds are based on the stated broker opinion of value (less cost of sale). There are no underlying GP notes payable or mortgages on the Minden property. A sale based on these assumptions would yield net proceeds of \$1,674,000 for the 4 GPs that comprise the Minden property.

	<b>Estimated Net Sale Proceeds</b>	<b>GP Notes Payable to Western</b>	<b>Outstanding Balance on Mortgages</b>	<b>Estimated Cash Proceeds to GPs from Sale</b>
Carson Valley Partners	\$418,500	\$0	\$0	\$418,500
Heavenly View Partners	\$418,500	\$0	\$0	\$418,500
Sierra View Partners	\$418,500	\$0	\$0	\$418,500
Pine View Partners	\$418,500	\$0	\$0	\$418,500
	\$1,674,000	\$0	\$0	\$1,674,000

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Sincerely,

A handwritten signature in blue ink that reads "Thomas C Hebrank". The signature is written in a cursive style with a large, sweeping initial "T" and a stylized "C".

Thomas C. Hebrank, CPA, CIRA  
Receiver

# **EXHIBIT “A”**

## Carson Valley

### 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	5,104	4,691	(420)
<b>Receipts</b>			
Investor Operational Contributions	3,646	398	-
2013 Cleared Deposits	(700)	-	-
Misc. Reciepts	-	-	-
Investor Note Payments	-	-	-
<b>Total Receipts</b>	<u>2,946</u>	<u>398</u>	<u>-</u>
<b>Disbursements</b>			
Administrator Payroll	1,300	1,300	<sup>1</sup> 1,200
K-1 Preparation	725	1,869	<sup>2</sup> 1,400
Property Taxes/Bond Payments	948	948	948
Insurance	188	193	193
Office Supplies	199	200	200
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	<sup>3</sup> 1,000
Operational Loan Repayment	-	-	-
Mortgage Loan Repayment	-	-	-
<b>Total Disbursements</b>	<u>3,359</u>	<u>5,509</u>	<u>4,941</u>
Ending Cash Balance	<u>4,691</u>	<u>(420)</u>	<u>(5,361)</u>
<b>Amount to be Billed</b>			<b>5,361</b>

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

<sup>2</sup> 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.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.

## Heavenly View

### 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	3,123	1,867	(2,674)
<b>Receipts</b>			
Investor Operational Contributions	2,375	1,224	-
2013 Cleared Deposits	(160)	-	-
Misc. Reciepts	-	-	-
Investor Note Payments	-	-	-
<b>Total Receipts</b>	<u>2,215</u>	<u>1,224</u>	<u>-</u>
<b>Disbursements</b>			
Administrator Payroll	1,300	1,300 <sup>1</sup>	1,300
K-1 Preparation	730	2,000 <sup>2</sup>	1,400
Property Taxes/Bond Payments	948	948	948
Insurance	188	193	193
Office Supplies	306	325	325
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000 <sup>3</sup>	1,000
Operational Loan Repayment	-	-	-
Mortgage Loan Repayment	-	-	-
<b>Total Disbursements</b>	<u>3,471</u>	<u>5,766</u>	<u>5,166</u>
Ending Cash Balance	<u>1,867</u>	<u>(2,674)</u>	<u>(7,840)</u>
<b>Amount to be Billed</b>			<b>7,840</b>

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

<sup>2</sup> 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.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.



## Sierra View

### 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	16,104	12,882	7,282
<b>Receipts</b>			
Investor Operational Contributions	-	-	-
2013 Cleared Deposits	(160)	-	-
Misc. Reciepts	-	-	-
Investor Note Payments	-	-	-
<b>Total Receipts</b>	<b>(160)</b>	<b>-</b>	<b>-</b>
<b>Disbursements</b>			
Administrator Payroll	1,200	1,300	<sup>1</sup> 1,300
K-1 Preparation	600	2,009	<sup>2</sup> 1,400
Property Taxes/Bond Payments	948	948	948
Insurance	188	193	193
Office Supplies	128	150	150
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	<sup>3</sup> 1,000
Operational Loan Repayment	-	-	-
Mortgage Loan Repayment	-	-	-
<b>Total Disbursements</b>	<b>3,063</b>	<b>5,599</b>	<b>4,991</b>
Ending Cash Balance	12,882	7,282	2,292
<b>Amount to be Billed</b>			-

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

<sup>2</sup> 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.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.

## Pine View

### 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	8,710	5,378	49
<b>Receipts</b>			
Investor Operational Contributions	-	-	-
2013 Cleared Deposits	(160)	-	-
Misc. Reciepts	-	-	-
Investor Note Payments	-	-	-
<b>Total Receipts</b>	<b>(160)</b>	<b>-</b>	<b>-</b>
<b>Disbursements</b>			
Administrator Payroll	1,200	1,300	<sup>1</sup> 1,300
K-1 Preparation	720	1,764	<sup>2</sup> 1,400
Property Taxes/Bond Payments	948	948	948
Insurance	188	193	193
Office Supplies	117	125	125
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	<sup>3</sup> 1,000
Operational Loan Repayment	-	-	-
Mortgage Loan Repayment	-	-	-
<b>Total Disbursements</b>	<b>3,172</b>	<b>5,329</b>	<b>4,966</b>
Ending Cash Balance	5,378	49	(4,916)
<b>Amount to be Billed</b>			<b>4,916</b>

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

<sup>2</sup> 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.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.