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11 Attorneys for Receiver
THOMAS C. HEBRANK

12 **UNITED STATES DISTRICT COURT**
13 **SOUTHERN DISTRICT OF CALIFORNIA**

14
15 SECURITIES AND EXCHANGE
COMMISSION,

16 Plaintiff,

17 v.

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

21 Defendants.
22

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

**RECEIVER'S THIRTY-FIRST
INTERIM REPORT**

Ctrm.: 2D
Judge: Hon. Gonzalo P. Curiel

1 Thomas C. Hebrank ("Receiver"), Court-appointed receiver for First
 2 Financial Planning Corporation d/b/a Western Financial Planning Corporation
 3 ("Western"), its subsidiaries and the General Partnerships listed on Schedule 1 to
 4 the Preliminary Injunction Order entered on March 13, 2013 (collectively,
 5 "Receivership Entities"), submits this Thirty-First Interim Report, which focuses
 6 on the Receiver's activities during the first quarter of 2020.

7 I. EXECUTIVE SUMMARY

8 The Receiver continued his work to preserve and protect the assets of the
 9 Receivership Entities, including marketing and selling properties pursuant to the
 10 Court-approved Modified Orderly Sale Procedures. The Receiver also continued
 11 to address other legal issues unique to certain properties. In addition, the Receiver
 12 prepared his Thirtieth Interim Report, which was filed on March 31, 2020.
 13 Dkt. 1757.

14 II. SUMMARY OF RECEIVER'S ACTIVITIES

15 The Receiver's primary focus since his appointment has been on preserving
 16 and protecting the Receivership Entities' assets. These activities fall into the
 17 following general categories:

18 A. Business Operations

19 The Receiver continued to operate the Receivership Entities, process
 20 receipts and disbursements, and address issues regarding real properties, letters of
 21 intent from potential purchasers, and related issues.

22 B. Closed and Pending Property Sales

23 Like most business sectors and markets, the real estate market has been
 24 adversely affected by the global COVID-19 pandemic. The Receiver is closely
 25 monitoring the pandemic's effects on the values for the remaining assets in this
 26 receivership. However, to date, the Receiver has closed 29 sales of receivership
 27 properties. Prior to the pandemic, the Receiver opened escrow with a buyer for a
 28 part of one property, and recently opened escrow with a buyer for an additional

1 property. Currently, the Receiver is negotiating the purchase and sale agreement
 2 for another property, and has the remaining 4 properties listed for sale with
 3 licensed brokers. The following is a summary of recently closed and pending
 4 sales:

- 5 • On July 19, 2019, the Receiver moved for approval of the sale of the
 6 Yuma I, Yuma II, Yuma III, and Western-owned Yuma
 7 properties. Dkt. 1735. The motion was granted on November 13, 2019
 8 (Dkt. 1747) and the sale closed on January 24, 2020.
- 9 • On February 11, 2020, the Receiver opened escrow for a two-acre
 10 section of the Minden property. As part of the sale, the buyer must
 11 subdivide the two-acre section from the remainder of the Minden
 12 parcel. Due to the challenges presented by the COVID-19 pandemic, the
 13 buyer requested and was granted an additional 60 days to complete their
 14 subdivision of the property.
- 15 • On April 24, 2020, the Receiver opened escrow for the Silver Springs
 16 South property. The prospective buyer has two months to complete its
 17 due diligence.
- 18 • The Receiver is negotiating a sale of the Santa Fe property; however, it is
 19 unknown at this point if the purchase and sale agreement will be signed.

20 **C. Pending Offers and Negotiations**

21 The Receiver has continued to list the remaining unsold properties for sale
 22 through licensed brokers and vet all offers received. Consistent with the Modified
 23 Orderly Sale Process, the Receiver will notify investors of all credible offers. The
 24 Receiver has reduced the list prices on the remaining properties (in some instances,
 25 significantly) and hopes to sell the remaining receivership properties this year and
 26 will then seek authority to make a final distribution and wrap up the receivership.
 27 All of the remaining four properties have been exposed to the market for multiple
 28

1 years. Two properties have minimal value and two are anticipated to bring some
2 material value to the receivership estate.

3 **III. RECEIPTS AND DISBURSEMENTS**

4 Attached hereto as Exhibits A and B are (a) a summary of the receipts and
5 disbursements for the consolidated receivership accounts, and (b) the Standardized
6 Fund Accounting Report for the first quarter of 2020. Receipts during the period
7 comprised of proceeds from the sales of receivership properties and bank interest
8 earned on the account balance. During this past quarter, because of the higher
9 balances expected to accrue for a short period of time, the Receiver was able to
10 negotiate a higher rate of interest¹ for the bank account that holds the majority of
11 cash in the receivership estate.

12 **IV. INVESTOR COMMUNICATIONS**

13 The Receiver has continued to update his website, www.ethreadvisors.com,
14 with orders entered by the Court, Receiver reports, and briefs filed by the parties
15 that pertain directly to the receivership. The Receiver and his staff have also
16 responded to numerous inquiries from investors and other interested parties about
17 the receivership, distribution checks, and have updated the Case Updates section of
18 the Receiver's website to address common questions and themes in correspondence
19 from investors. The Receiver has provided answers to Frequently Asked
20 Questions to address common investor questions and misconceptions about the
21 receivership.

22 Investors are again reminded of the importance of informing the Receiver of
23 any change in their email address or physical address, especially if they have an
24 allowed claim and have not received an interim distribution check.

25 The Receiver continues to provide monthly email updates to all investors.
26 The emails provide investors with updates on new and anticipated developments in

27 _____
28 ¹ The interest rate was doubled by Banner Bank as compared to its regular
market rate.

1 the receivership, including sales of properties. Each case update reminds investors
 2 to provide updated contact information if their contact information changes.
 3 Investors are able to sign up to receive these updates on the Receiver's website or
 4 to "unsubscribe" from receiving them if they choose. Investors are also invited to
 5 submit offers on any remaining properties.

6 **V. RECOMMENDATIONS**

7 The Receiver recommends the receivership continue pursuant to the Court's
 8 orders until the remaining properties have been sold, the distribution process
 9 pursuant to the Court-approved Distribution Plan has been completed, and the
 10 Receiver has provided his final report and accounting.

11 **VI. CONCLUSION**

12 Based on the foregoing, the Receiver requests approval of this Thirty-First
 13 Interim Report and his recommendations discussed above.

14
 15 Dated: April 28, 2020

ALLEN MATKINS LECK GAMBLE
 MALLORY & NATSIS LLP

16 By: /s/ Edward Fates

17 EDWARD G. FATES
 Attorneys for Receiver
 18 THOMAS C. HEBRANK
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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE NO.
Exhibit A	Summary of Receipts and Disbursements for Consolidated Receivership Accounts	7
Exhibit B	Standardized Fund Accounting Report	9

EXHIBIT A

EXHIBIT A

	Jan-20	Feb-20	Mar-20	Q1 2020 TOTAL
Balance - Money Market Account	3,086,962	3,355,334	3,357,860	3,357,860
Balance - Operating Account	397,047	300,283	288,819	288,819
Total	3,484,009	3,655,617	3,646,679	3,646,679
36000 - Interest - Money Market Account	2,563	2,527	1,826	6,916
37000 - Linmar Settlement	-	-	-	-
48000 - Sales - Partnership Property	265,808	-	-	265,808
67000 - Property Tax - Refund	-	-	-	-
	268,371	2,527	1,826	272,724
Transfer to Operating Account from Money Market/Claim Accounts	-	-	-	-
47900 - Sales - WFPC Property	-	-	-	-
48000 - Sales - Partnership Property	-	-	-	-
66500 - LLC Filing Fees - Refund	-	-	-	-
67000 - Property Tax - Refund	-	-	-	-
68600 - Utilities - Refund	-	-	-	-
Transfer from Money Market Account to Operating Account	-	-	-	-
Transfer from Money Market Account to Claims Distribution	-	-	-	-
60000 - Marketing of Property Sales	-	-	-	-
60400 - Bank Service Charges	33	-	-	33
61700 - Computer and Internet Disbursementss	54	449	449	952
63300 - Insurance Disbursements	-	-	-	-
63400 - Interest on Mortgages	-	-	-	-
63450 - Mortgage Payoff Fees	-	-	-	-
63451 - Mortgage Late Penalties	-	-	-	-
63460 - Loan Write Off - Paid in Full	-	-	-	-
63500 - Maintenance	-	-	-	-
65000 - Postage & Shipping Fees	4	3	5	11
65500 - Printing Services	5	3	6	14
66500 - LLC Filing Fees	-	-	-	-
66650 - Legal Fees	28,728	-	-	28,728
66700 - Professional Fees	-	-	-	-
66750 - Receiver Fees	26,148	-	28,568	54,717
66800 - Tax Preparation Services	-	-	-	-
66830 - Permit Fees	-	-	-	-
67000 - Property Tax	11,209	-	-	11,209
67050 - Property Tax Special Assessment	-	-	-	-
67500 - Storage	-	1,806	866	2,672
68000 - Taxes - Federal and State	-	-	800	800
68600 - Utilities	-	-	-	-
68800 - Claims Distribution	30,582	9,204	10,787	50,573
69000 - WFP-Partnership Capital Contribution Refunds	-	-	-	-
	96,763	11,465	41,481	149,709
Ending Balance - Money Market Account	3,355,334	3,357,860	3,359,686	3,359,686
Ending Balance - WFP Receivership	300,283	288,819	247,338	247,338
Total Ending Balance	3,655,617	3,646,679	3,607,024	3,607,024

EXHIBIT B

EXHIBIT B

Thomas C. Hebrank, Receiver
E3 Advisors
501 West Broadway, Suite 290
San Diego, CA 92101
(619) 567-7223

STANDARDIZED FUND ACCOUNTING REPORT

CIVIL - RECEIVERSHIP FUND

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

v.

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

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

REPORTING PERIOD 01/01/2020 TO 03/31/2020

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1 Beginning Balance (As of 01/01/20):	3,484,009		3,484,009
<i>Increases in Fund Balance:</i>			
Line 2 Business Income	-		-
Line 3 Cash and Securities	-		-
Line 4 Interest/Dividend Income	6,916		6,916
Line 5 Business Asset Liquidation	265,808		265,808
Line 6 Personal Asset Liquidation	-		-
Line 7 Third-Party Litigation Income	-		-
Line 8 Misc - Insurance & Prop Tax Refunds	-		-
Total Funds Available (Lines 1 - 8):	3,756,733		3,756,733
<i>Decreases in Fund Balance:</i>			
Line 9 Disbursements to Investors	(50,573)		(50,573)
Line 10 Disbursements to Receivership Operations			
Line 10a Disbursement to Receiver or Other Professionals	(83,445)		(83,445)
Line 10b Business Asset Expenses	(15,691)		(15,691)
Line 10c Personal Asset Expenses	-		-
Line 10d Investment Expenses	-		-
Line 10e Third-Party Litigation Expenses	-		-
1. Attorney Fees	-		-
2. Litigation Expenses	-		-
Total Third-Party Litigation Expenses	-		-
Line 10f Tax Administrator Fees and Bonds	-		-
Line 10g Federal and State Tax Payments	-		-
Total Disbursements for Receivership Operations			(99,136)
Line 11 Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a Distribution Plan Development Expenses:			
1. Fees:			
Fund Administrator.....	-		-
Independent Distribution Consultant (IDC).....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
Total Plan Developmental Expenses			-
Line 11b Distribution Plan Implementation Expenses:			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification:			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. Federal Account for Investor Restitution (FAIR) Reports Expenses	-		-
Total Plan Implementation Expenses			-
Total Disbursements for Distribution Expenses Paid by the Fund			-
Line 12 Disbursements to Court/Other:			
Line 12a Investment Expenses/Court Registry Investment System (CRIS) Fees	-		-
Line 12b Federal Tax Payments	-		-
Total Disbursement to Court/Other:			-
Total Funds Disbursed (Lines 9 - 11):			(149,709)
Line 13 Ending Balance (As of 03/31/2020):			3,607,024

Reporting Period 01/01/2020 to 03/31/2020

Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents			3,607,024
Line 14b	Investments			-
Line 14c	Other Assets or Uncleared Funds			-
	Total Ending Balance of Fund - Net Assets			3,607,024

OTHER SUPPLEMENTAL INFORMATION:

	<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
Report of Items NOT to be Paid by the Fund:			
Line 15	Disbursement for Plan Administration Expenses Not Paid by the Fund:		
Line 15a	Plan Development Expenses Not Paid by the Fund:		
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
	Total Plan Developmental Expenses Not Paid by the Fund		-
Line 15b	Plan Implementation Expenses Not Paid by the Fund		
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. FAIR Reporting Expenses	-		-
	Total Plan Implementation Expenses Not Paid by the Fund		-
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund		-
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund		-
Line 16	Disbursements to Court/Other Not Paid by the Fund:		
Line 16a	Investment Expenses/CRIS Fees	-	-
Line 16b	Federal Tax Payments	-	-
	Total Disbursement to Court/Other Not Paid by the Fund:		-
Line 17	DC & State Tax Payments	-	-
Line 18	No. of Claims:		
Line 18a	# of Claims Received This Reporting Period.....		0
Line 18b	# of Claims Received Since Inception of Fund.....		0
Line 19	No. of Claimants/Investors:		
Line 19a	# of Claimants/Investors Paid this Reporting Period.....		0
Line 19b	# of Claimants/Investors Paid Since Inception of Fund.....		3318

Receiver:

By:

Thomas C. Hebrank

Court-Appointed Receiver

Date:

4/21/20