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10 Attorneys for Receiver  
11 THOMAS C. HEBRANK

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

14  
15 SECURITIES AND EXCHANGE  
16 COMMISSION,

17 Plaintiff,

18 v.

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

22 Defendants.

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

**RECEIVER'S THIRTY-SECOND  
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-Second Interim Report, which  
 6 focuses on the Receiver's activities during the second 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 Thirty-First Interim Report, which was filed on April 28, 2020.  
 13 Dkt. 1762.

## 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 31 sales of receivership  
 27 properties. Currently, the Receiver is working to close two Court-approved sales –  
 28 the Minden Two-Acre Portion and Silver Springs South. In particular, the Minden

1 Two-Acre Portion is taking longer than normal to close because we are finalizing  
2 the changes to the County maps as part of this process. The sale is anticipated to  
3 close this month.

4 The Receiver has continued to list the remaining three unsold properties for  
5 sale through licensed brokers and vet all offers received. One of those properties  
6 was previously approved for sale (the Washoe III property), however the approved  
7 buyer, who was a successful overbidder, backed out of the sale. The buyer  
8 apparently failed to fully investigate a lien securing bond payments due for the  
9 property during their due diligence prior to bidding. Once the buyer discovered  
10 that there were bond payments due on the property, which apparently occurred  
11 after the auction and Court approval of the sale, they backed out of the sale. The  
12 original buyer had also withdrawn their interest in the property by that time, as  
13 they were were using 1031 Exchange funds to complete the transaction, so they  
14 needed to identify another property for purchase due to the 1031 Exchange time  
15 constraints. Despite backing out of the sale, the approved buyer disputes that the  
16 Receiver is entitled to the earnest money deposit funds (\$22,000), so, for the time  
17 being, those funds remain in escrow. If the Receiver and the approved buyer are  
18 unable to resolve the dispute, the Receiver will seek an order from the Court  
19 directing the release of the earnest money deposit funds to the receivership estate.

20 Consistent with the Modified Orderly Sale Process, the Receiver will notify  
21 investors of all credible offers received for the three remaining properties. The  
22 Receiver has reduced the list prices on the remaining properties (in some instances,  
23 significantly) and hopes to sell the remaining receivership properties this year and  
24 will then seek authority to make a final distribution and wrap up the receivership.  
25 All of the remaining three properties have been exposed to the market for multiple  
26 years. Two properties have minimal value and one, the remainder of the Minden  
27 property, is anticipated to bring some material value to the receivership estate.

28

### III. RECEIPTS AND DISBURSEMENTS

Attached hereto as Exhibits A and B are (a) a summary of the receipts and disbursements for the consolidated receivership accounts, and (b) the Standardized Fund Accounting Report for the second quarter of 2020. Receipts during the period comprised of bank interest earned on the account balance. During this past quarter, because of the higher balances expected to accrue for a short period of time, the Receiver was able to negotiate a higher rate of interest<sup>1</sup> for the bank account that holds the majority of cash in the receivership estate.

### IV. INVESTOR COMMUNICATIONS

The Receiver has continued to update his website, [www.ethreeadvisors.com](http://www.ethreeadvisors.com), with orders entered by the Court, Receiver reports, and briefs filed by the parties that pertain directly to the receivership. The Receiver and his staff have also responded to numerous inquiries from investors and other interested parties about the receivership, distribution checks, and have updated the Case Updates section of the Receiver's website to address common questions and themes in correspondence from investors. The Receiver has provided answers to Frequently Asked Questions to address common investor questions and misconceptions about the receivership.

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

The Receiver continues to provide periodic email updates to all investors. The emails provide investors with updates on new and anticipated developments in the receivership, including sales of properties. Each case update reminds investors to provide updated contact information if their contact information changes. Investors are able to sign up to receive these updates on the Receiver's website or

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<sup>1</sup> The interest rate was doubled by Banner Bank as compared to its regular market rate.

1 to "unsubscribe" from receiving them if they choose. Investors are also invited to  
2 submit offers on any remaining properties.

3 **V. RECOMMENDATIONS**

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

8 **VI. CONCLUSION**

9 Based on the foregoing, the Receiver requests approval of this Thirty-  
10 Second Interim Report and his recommendations discussed above.

11  
12 Dated: September 10, 2020

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP

13 By: /s/ Edward Fates

14 EDWARD G. FATES  
15 Attorneys for Receiver  
16 THOMAS C. HEBRANK  
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**EXHIBIT INDEX**

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

# EXHIBIT A

# EXHIBIT A

	Apr-20	May-20	Jun-20	Q2 2020 TOTAL
Balance - Money Market Account	3,359,686	3,361,064	2,962,356	2,962,356
Balance - Operating Account	247,338	207,697	530,314	530,314
Total	3,607,024	3,568,761	3,492,670	3,492,670
Receipts - Money Market Account				
36000 - Interest - Money Market Account	1,377	1,293	1,214	3,884
37000 - Linmar Settlement	-	-	-	-
48000 - Sales - Partnership Property	-	-	-	-
67000 - Property Tax - Refund	-	-	-	-
Total Receipts - Money Market Account	1,377	1,293	1,214	3,884
Receipts - Operating Account				
Transfer to Operating Account from Money Market/Claim Accounts	1,503	400,000	-	401,503
47900 - Sales - WFPC Property	-	-	-	-
48000 - Sales - Partnership Property	-	-	-	-
66500 - LLC Filing Fees - Refund	-	-	-	-
67000 - Property Tax - Refund	-	-	-	-
68600 - Utilities - Refund	-	-	-	-
Total Receipts -Operating Account	1,503	400,000	-	401,503
Disbursements - Money Market Account				
Transfer from Money Market Account to Operating Account	-	400,000	-	400,000
Transfer from Money Market Account to Claims Distribution	-	-	-	-
Total Disbursements - Money Market Account	-	400,000	-	400,000
Disbursements - Operating Account				
60000 - Marketing of Property Sales	-	-	-	-
60400 - Bank Service Charges	-	-	14	14
61700 - Computer and Internet Disbursementss	534	54	619	1,207
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	2	1	1	3
65500 - Printing Services	2	1	1	3
66500 - LLC Filing Fees	-	-	-	-
66650 - Legal Fees	13,170	-	3,438	16,608
66700 - Professional Fees	-	-	-	-
66750 - Receiver Fees	-	-	14,708	14,708
66800 - Tax Preparation Services	-	-	10,515	10,515
66830 - Permit Fees	-	-	-	-
67000 - Property Tax	-	-	-	-
67050 - Property Tax Special Assessment	-	44,185	-	44,185
67500 - Storage	866	866	866	2,599
68000 - Taxes - Federal and State	-	-	-	-
68600 - Utilities	-	-	-	-
68800 - Claims Distribution	26,570	32,277	3,561	62,408
69000 - WFP-Partnership Capital Contribution Refunds	-	-	-	-
Total Disbursements - Operating Account	41,144	77,383	33,723	152,250
Ending Balance - Money Market Account	3,361,064	2,962,356	2,963,570	2,963,570
Ending Balance - WFP Receivership	207,697	530,314	496,591	496,591
Total Ending Balance	3,568,761	3,492,670	3,460,162	3,460,162



# 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**

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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 04/01/2020 TO 06/30/2020

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1 Beginning Balance (As of 04/01/20):	3,607,024		3,607,024
<i>Increases in Fund Balance:</i>			
Line 2 Business Income	-		-
Line 3 Cash and Securities	-		-
Line 4 Interest/Dividend Income	3,884		3,884
Line 5 Business Asset Liquidation	-		-
Line 6 Personal Asset Liquidation	-		-
Line 7 Third-Party Litigation Income	-		-
Line 8 Misc - Insurance & Prop Tax Refunds	-		-
Total Funds Available (Lines 1 - 8):	3,610,908		3,610,908
<i>Decreases in Fund Balance:</i>			
Line 9 Disbursements to Investors	(60,905)		(60,905)
Line 10 Disbursements to Receivership Operations			
Line 10a Disbursement to Receiver or Other Professionals	(41,831)		(41,831)
Line 10b Business Asset Expenses	(48,010)		(48,010)
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			(89,841)
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):			(150,746)
Line 13 Ending Balance (As of 06/30/2020):			3,460,162

<b>Line 14 Ending Balance of Fund - Net Assets:</b>			
Line 14a Cash & Cash Equivalents			3,460,162
Line 14b Investments			-
Line 14c Other Assets or Uncleared Funds			-
Total Ending Balance of Fund - Net Assets			3,460,162
<b>OTHER SUPPLEMENTAL INFORMATION:</b>			
	<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
<b>Report of Items NOT to be Paid by the Fund:</b>			
<b>Line 15 Disbursement for Plan Administration Expenses Not Paid by the Fund:</b>			
<b>Line 15a Plan Development Expenses Not Paid by the Fund:</b>			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
<b>Total Plan Developmental Expenses Not Paid by the Fund</b>			-
<b>Line 15b Plan Implementation Expenses Not Paid by the Fund</b>			
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	-		-
<b>Total Plan Implementation Expenses Not Paid by the Fund</b>			-
<b>Line 15c Tax Administrator Fees &amp; Bonds Not Paid by the Fund</b>			
<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>			-
<b>Line 16 Disbursements to Court/Other Not Paid by the Fund:</b>			
Line 16a Investment Expenses/CRIS Fees	-		-
Line 16b Federal Tax Payments	-		-
Total Disbursement to Court/Other Not Paid by the Fund:			-
<b>Line 17 DC &amp; State Tax Payments</b>			
	-		-
<b>Line 18 No. of Claims:</b>			
Line 18a # of Claims Received This Reporting Period.....			0
Line 18b # of Claims Received Since Inception of Fund.....			0
<b>Line 19 No. of Claimants/Investors:</b>			
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:

9/4/20