SAM S. PUATHASNANON, Cal. Bar No. 198430
Email: puathasnanons@sec.gov
LYNN M. DEAN, Cal Bar. No. 205562
Email: deanl@sec.gov
SARA D. KALIN, Cal. Bar No. 212156
Email: kalins@sec.gov

Attorneys for Plaintiff
Securities and Exchange Commission
Michele Wein Layne, Regional Director
Lorraine Echavarria, Associate Regional Director
John W. Berry, Regional Trial Counsel
444 S. Flower Street, Suite 900
Los Angeles, California 90071
Telephone: (323) 965-3998
Facsimile: (213) 443-1904

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

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

Defendants.

Case No. 12 CV 2164 GPC JMA

PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S REPONSE TO BRIEFS FILED BY GENERAL PARTNERSHIPS

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

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I. INTRODUCTION

Plaintiff Securities and Exchange Commission ("SEC") files this brief in further support of maintaining the general partnerships ("GP") in the receivership. This brief represents the SEC's consolidated response to the briefs filed on behalf of approximately 57 individual GPs arguing that the Court should remove the GPs from the receivership. Rather than supporting removal of the receivership, however, the GPs' efforts to coordinate their responses actually highlights the need for a receiver in this action and reinforces the GPs' inability to manage themselves.

The GPs relied on the work of a committee of seven investors to coordinate their efforts to file briefs concerning the receivership issue. Not surprisingly, this resulted in the GPs' filing of identical, or substantially similar, briefs. The committee suggested proposed language for the GP ballots. The committee provided the GPs with a template brief used to create the responses filed with the Court. The committee directed the GPs to view exemplar briefs on a website maintained by defendant Louis Schooler and provided instructions on how to prepare out the briefs. But despite these coordination efforts the responses suffer from fundamental flaws that undercut the GPs' positions.

First, none of the briefs filed by the GPs demonstrate that a majority of the voting units in a particular GP voted to remove the GPs from the receivership. A significant number of briefs are silent on the voting results. Although many, but not all, identify the individuals who voted to remove the GPs, none of the briefs provide sufficient information for the Court to evaluate whether a majority did indeed support the positions articulated in the briefs. Those GPs that did provide the voting percentages acknowledge that they did not receive a majority, and attempt to sidestep that requirement by arguing that they did not have enough time (five weeks) to obtain the required majority. As a result of the failure to establish majority backing, the briefs cannot represent the official response of the respective GPs. A dedicated manager, such as the receiver, would be best suited to manage any future voting

process and ensure that investors receive timely and accurate information.

Second, the process implemented by the investor committee operated to exclude dissenting views. One couple, James and Karen Miller, was stonewalled by the partnership administrators in the Millers' quest for information about the voting in their GP, Rainbow Partners. The administrators directed them to a member of the committee, Dennis Gilman, who was not even an investor in Rainbow Partners. Undaunted, the Millers provided the administrators with their dissenting opinion, to be included in Rainbow's brief. But Rainbow's representative, Gregory Post, filed Rainbow's response without including the statement, despite the fact that the administrators sent the Millers' statement to Post several days earlier. An objective manager, rather than one potentially motivated by self-interest, can help ensure that the views of all investors, including those who dissent, are communicated to the particular GP and prevent the suppression of contrary views.

In addition, substantively, the GP briefs fail to advance any new arguments to support removal of the GPs from the receivership. The briefs present, as new, arguments previously advanced by defendants and rejected by the Court. The fact that the GPs are now making those same arguments does should not alter the Court's prior findings.

Accordingly, the Court should maintain the GPs in the receivership.

II. PROCEDURAL AND FACTUAL BACKGROUND

A. The Court's July 22 Reconsideration Order

On July 22, 2014, the Court entered its Order on *Sua Sponte* Reconsideration of August 6, 2013 Order to Release General Partnerships from Receivership ("July 22 Order"). In that Order, the Court concluded that the GPs should remain in the receivership. *See* July 22 Order (Dkt. No. 629), p. 7. But before vacating the portion of the August 13 modification order releasing the GPs from the receivership, the Court found it appropriate to give the GPs an opportunity to be heard. *See id.*, pp. 7-8. The Court permitted each GP to file a single brief in response to the Court's decision to keep the GP's in the receivership. *See id.*, p. 8. Each response was

required to "include an attachment that lists the names of the individual investors that have signed on to the official response." *Id.* And, "if an individual investor within a particular GP disagrees with his or her GP's official response to the Court's decision," the Court ordered that "the individual's points of disagreement shall be included in a separate section of his or her GP's official response." *Id.*

In all, about 57 GPs filed responses or notices on their own behalf (17 of which filed more than one response)[1] and 7 GPs only filed a notice to appear. The vast majority of the GP responses make substantially similar, if not, the same arguments.

B. The Coordination Of The GPs' Responses

All of the GPs' responses appear to be coordinated. This is not surprising because GP investors were contacted after the July 18 hearing in an effort to coordinate the GPs' responses. Shortly after the hearing, Dennis Gilman, a Western investor, began sending mass emails to investors in many of the GPs. *See* Declaration of James and Karen Miller ("Miller Decl."), Exs.A, C, G, H.

Gilman initially explained that a group of 35 investors (representing approximately 1% of all Western investors) had met on the afternoon following the July 18 hearing. *See id.*, Ex. A. He further explained that the investors, without specifying which investors, appointed a committee of seven "to explore the avenues to remove our investments from the control of the Receiver, and to communicate these means to our fellow investors." *See id*. In order to do this, Gilman suggested that the investors in

[1] ABL Partners (Dkt. 675, 689), Bratton View Partners (Dkt. 672, 709), Gold Ridge Partners (Dkt. 669, 729), Grand View Partners (Dkt. 722, 752), Green View Partners (Dkt. 684, 690, 720, 721), Hidden Hills Partners (Dkt. 666, 758), High Desert Partners (Dkt. 669, 699, 707), Honey Springs Partners (Dkt. 696, 711), International Partners (Dkt. 754, 755), Mountain View Partners (Dkt. 723, 745), Nevada View Partners (Dkt. 697, 706), Night Hawk Partners (Dkt. 673, 734), Osprey Partners (Dkt. 678, 695, 726), Reno Partners (Dkt. 680, 756), Reno Vista Partners (Dkt. 708, 736), Sky View Partners (Dkt. 728, 751), and Valley Vista Partners (Dkt. 705, 742) each filed multiple responses. This list does not include Road Runner Partners (Dkt. 664, 740) or Silver City Partners (Dkt. 682, 741), which appear to have filed amendments to their original briefs to add the names of investors.

each GP pay Gregory Post for his legal services on behalf of the GPs. *See id*.. Gilman promised investors that they would be receiving ballots soon that would ask whether or not they wanted to remain in receivership and whether they agreed to pay Post. *See id.* Gilman even suggested the language of the proposed ballot. *See id.*

In his emails to investors, Gilman included factual inaccuracies, such as the statement that "unless we remove our properties from control of the Receiver we cannot proceed to sell the properties or do anything else with them." *See id.*, Ex. A, p. 1. And he stated that the partnership administrators were completely independent of Western, and had been for over three years. *See* Dkt. 762, p. 4. It also appears that Gilman apparently removed investors with dissenting views from his email list. *See id.*, p. 5 ("but not everyone was on the email list."). Moreover, as described in more detail in the SEC's proposed sur-reply to the Dkt. 760, Ex. A, Post is coordinating with defendants, and it does not appear that Gilman disclosed this to investors. *See also* Miller Decl., Ex. A, p. 3 (Post was "known by the lawyers defending the Defendants in the original case.").

Following Gilman's initial emails, he and his committee coordinated the filing of nearly identical briefs on behalf of many of the GPs. First, he informed investors that he and his committee were working on template briefs in consultation with Post and other lawyers familiar with the situation. *See id.*, Ex. C. He also encouraged investors to visit Schooler's website for ideas on the briefs. *See id.* He then distributed template briefs with detailed instructions on which names and addresses to change. *See id.*, Exs. H, I, J. The template included arguments previously made by defendants to remove the GPs from the receivership. *See id*., Ex. I.

As a result of Gilman's coordination, numerous briefs were filed on behalf of the GPs, almost all of which included the exact same arguments. However, it appears that only one of the briefs included a dissenting opinion—Osprey Partners (Dkt. 695). In addition, other investors filed their own briefs requesting to stay in the receivership because they were apparently never given an opportunity to comment on, or add to,

any brief that may have been prepared or filed by their GPs despite the Court's order allowing this. *See* Dkt. 762-767; *see also* Miller Decl., ¶¶ 8-15.

Despite the coordination undertaken by the committee of investors, not a single brief filed by any GP actually demonstrates that a majority of voting units voted to remove the GPs from receivership. Two GPs—Via 188 Partners and Lyons Valley Partners—claim to have satisfied that requirement. *See* Dkt. 704, p. 7; 710, p. 7. But both briefs state that "the majority of the GP partners in this GP . . . did not vote," which contradicts the assertion that a majority voted to remove the GP from receivership.[2] *See* Dkt. No 704, p. 7, l. 17-18; Dkt. 710, p. 7, l. 16-17. And the two briefs do not make clear whether the voters listed in the respective tables were actually eligible to vote.

Moreover, the other GPs that mention the percentage of units that voted to remove the GPs from receivership admit that they failed to meet the majority requirement set forth in the partnership agreement (*see* Dkt. 208-2, p. 8, Section 5.1.2), meaning that those briefs cannot represent the official response of that particular GP. *See* Dkt. 711, p. 7 (46.481703%); Dkt. 714, p. 2 (40.765%); Dkt. 715, p. 2 (39.36%); Dkt. 716, p. 7 (43.031517%); Dkt. 750, p. 9 (32.622452%); Dkt. 751, p. 9 (38.494553%); Dkt. 752, p. 9 (22.370315%). The remaining GP briefs, which represent the majority of those filed, do not mention the voting percentages. *See, e.g.*, Dkt. 663, 665, 671, 674, 688, 693, 698, 701, 702, 703, 713, 725, 732. Because there is no information about the number that voted to remove the partnership, the Court has no means to determine whether the briefs were actually approved by a majority of the voting units. Therefore, the briefs cannot represent the official response of those GPs.[3]

[2] Both briefs claim the same percentage of yes votes, 60.669899%, though the table at the end of each brief lists a different number of voters, indicating at a minimum that one or both percentages may be incorrect. *See* Dkt. No. 704, p. 10; Dkt. 710, p. 10.

[3] It may be useful for the Court, during the October 10 hearing, to ask each GP to explain how the GP distributed the ballot, drafted the brief, and selected its representative.

C. An Example Of The Suppression Of Dissenting Opinions

The experience of one couple, James and Karen Miller, raises further questions about the integrity of the coordinated effort to create written submissions in response to the Court's July 22 Order. *See* Declaration of James and Karen Miller ("Miller Decl."), ¶¶ 7-15.) The Millers, who invested in Rainbow Partners, voted against taking legal steps to remove the partnership from the receivership. *See* Miler Decl., ¶ 6. In addition to returning their ballots, on August 28, 2014, the Millers also wrote a statement to be included in the Rainbow Partners brief, explaining that if the GP voted to remain in receivership, the statement could be included as a supporting document, and that if the GP voted to be removed from receivership, it should be included in the GP brief as a dissenting opinion. *See id.*, ¶ 8, Exs. D, E. Beverly Schuler, one of the partnership administrators, forwarded the email to Gilman and Post that same day. *See id.*, Ex. F.

In a September 2, 2014 email to Western investors, Gilman listed a number of GPs that "The Committee" proposed representing. *See id.*, ¶ 12. The Millers' GP, Rainbow Partners, was not on the list. *See id.* Confused about why Gilman or the other committee members had been involved in the balloting for Rainbow, the Millers sent an e-mail to Beverly Schuler asking who represented Rainbow, what the ballot count had been, and why Schuler had forwarded the Millers' statement of opposition to Gilman if he was not representing Rainbow Partners. *See id.* Schuler answered none of our questions and simply referred them to Gilman. *See id.*

Because the Millers had not received any information about how the Rainbow investors had voted, they contacted Gilman on September 9, 2014. *See id.*, ¶ 13. Gilman told them that he hoped to have the final tally the next day, September 10, 2014. *See id.* On that day, two days before the GP briefs were due, the Millers became concerned because they did not know how their GP had voted, whether it would be filing a brief, and if it did file a brief, what the brief would say. *See id.*, ¶ 14. They e-mailed Schuler and Jacobson asking for a draft of the brief and reminding

them that we had previously submitted a statement of opposition regarding the removal of the Receiver. *See id.* Schuler told them to contact Gilman, which they did, asking him for a copy of any brief that would be submitted on behalf of Rainbow Partners, and for a final ballot count. *See id.* Gilman told them that because no one had "stepped up to provide a brief for Rainbow Partners," there was no final count available. *See id.* He also told them that because no one had stepped forward, Post might file a brief for Rainbow Partners. *See id.*

Because the Millers felt as though the GP response process was "was being manipulated to keep us from being able to appropriately act in our own best interest," they decided to forward their statement of opposition to Schuler and Gilman again on September 11, 2014, just to make sure they would be heard. *See id.*, ¶ 15.

On September 12, 2014, Rainbow Partners filed a brief, signed by Post, that did not include the Millers' dissenting statement, even though Post received a copy of that statement on August 28, 2014. *See id.*, Ex. F.

III. ARGUMENT

The SEC has sought to maintain the receivership over Western and the GPs in an effort to fulfill its mission to protect investors. As alleged in its Complaint, defendants harmed investors through the offer and sale of unregistered securities and by defrauding them through material misrepresentations and omissions regarding the GP interests. The appointment of a receiver over Western was, among other things, designed to halt defendants' then-ongoing fraud and "to promote the orderly and efficient administration of the estate by the district court for the benefit of creditors," which here would likely include the GP investors. *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986).

A. There Is Ample Reason To Maintain The GPs In The Receivership

A receivership is necessary over the GPs to provide the management, control, and operation of the GPs that Western provided to investors prior to the filing of this action. The Court confirmed this conclusion in the July 22 Order and the Court's

April 25, 2014 summary judgment order, (Dkt. 583) when it stated that "it follows that the GPs in this case have been found to depend on Defendants for a return on their investments." Dkt. 629, p. 5. The Court further noted that "because the GPs have been found to depend on Defendants' efforts for a return on their investment, it follows that a receiver undertaking the same efforts that Defendants historically undertook is appropriate." *Id.*

The Court also determined that the day-to-day operations of the GPs "are not as simple as the Court previously thought them to be." *See id.*, p. 6. Acknowledging the assertions of receiver's counsel, the Court identified "significant efforts to manage the GP interests," including (1) the handling of condemnation proceedings, water rights disputes, and residential tenants living rent-free on a GP property, (2) prior efforts by defendants to buy out dissatisfied investors and loaning money to ensure that certain GPs could stay afloat, and (3) ensuring that investors in certain GPs were permitted to vote to extend their expired, or soon to be expired, terms. *See id.*

And, the Court found that perhaps "the strongest indication" of the whether the GPs should remain in the receivership was the existence of the co-tenancies. *See id.* The Court highlighted the fact that each of the co-tenants GPs had to vote in support of an action concerning their property, for example, selling the property, before the action could be undertaken. *See id.* This required the vote of hundreds of investors from across the country. *See id.* The Court found that defendants "have always coordinated such communication and collaboration among investors." *Id.*

B. The GPs' Process Of Submitting Their Briefs Bolsters The Need For A Receiver

In submitting their approximately 88 briefs and notices, the GPs have attempted to submit their "official" position to the Court regarding the scope of the receivership. To do so, they relied on a committee of investors formed after the July 18 hearing that took charge of "explor[ing] the avenues to remove our investments from the control of the Receiver, and to communicate these means to our fellow investors." Miller Decl.,

Ex. A, p. 1. Their flawed attempts to coordinate a response in accordance with the Court's July 22 Order alone demonstrates the need for the receiver.

First and foremost, while the GPs claim "[t]here is no coordination necessary" and that "investors are capable" of managing their GPs on their own (*see, e.g.*, Dkt. 757, p. 8), the mere fact that the GPs had to form a committee to manage the GP responses shows the exact opposite. Rather than having each of the GPs independently organize themselves to craft an official response, a small, vocal minority of investors (35 in all) appointed a committee of seven to coordinate the GPs' responses. The result of this coordinated effort, which included the dissemination of template briefs that GPs could simply fill in, was the submission of over 70 identical, or nearly identical, briefs. And it appears that at least one, if not more, members of this committee—Gregory Post—is linked to defendants. In sum, when the Court gave the GPs an opportunity to organize themselves and act independently, the exact opposite happened.

Second, Gilman, representing the interests of three GPs, argues that the GPs had "only five weeks and four days to organize a vote." *See* Dkt. 704, p. 7; Dkt. 710, p. 7; Dkt. 711, p. 7; *see also* Dkt. 781, p. 5. This assertion, though, also supports the need for a receiver. Even with the help of the partnership administrators, Gilman's GPs and others were apparently unable to effectively conduct a vote that resulted in a majority to authorize the filing of the GP response.[4] This strongly suggests that when a GP needs to make quick decisions to authorize an action—for example the sale of

[4] Defendants assert, without any evidentiary support, that the GPs employed a "process that complied with the Partnership Agreement's requirements." Dkt. No. 781, p. 5; *see also* Dkt. 208-2, pp. 7-8 (outlining purported rights and duties of partners). This process purportedly included, submission of a proposed ballot to the partnership secretary, the distribution of the ballot to GP investors, the casting of ballots, "a majority of ballots returned in favor of removing the Receiver," and a brief field calling for the removal of the receiver. But the GPs' briefs contradict defendants' position because none of the briefs actually provide evidence, rather than a conclusory assertion, that a majority support the removal of the receiver. *See infra*, p. 5 (Section II.B).

property—it would be unable to do so, emphasizing the need for a central manager, a role previously filled by Schooler and Western, and the receiver now. *See also* Dkt. 781, p. 5 (arguing that seven and a half weeks was a "limited window of time.").

Third, the inability of certain GPs to ensure the filing of a single brief also highlights the value of a receiver to manage the GPs and the prior need for Western to coordinate GP actions. Despite apparent efforts to coordinate the GPs' responses, several GPs filed more than one official response, with the signers of each brief purporting to act "on behalf" of the particular partnership. *See, e.g.*, Dkt. No. 669, p. 1 and 729, p.1 (Gregory Post and Arkady Bablumyan and Susanna Petrosyan all requesting time to speak on behalf of Gold Ridge Partners); Dkt. 673, p. 1 and 734, p.1 (Gail Short and Takayuki and Tomoko Chubachi all requesting time to speak on behalf of Night Hawk Partners). This undermines the GPs' claim that they can manage themselves. If this were true, at a minimum, those GPs would have been able to prevent the filing of multiple briefs. Their failure to do so emphasizes the need for a receiver to help manage and coordinate the GP's actions.

Fourth, the lack of centralized management also likely prevented numerous GPs from filing an official response, meaning that they will not be heard at all. Only about 64 of the 88 GPs filed a brief or an intent to appear at the hearing, which will leave 24 GPs, and their investors, unheard. Again, this could have been avoided with a manager with the authority and responsibility to communicate with all of the investors. This would ensure the protection of each and every GP's best interest. Even assuming, as many GPs assert, that they can manage their own affairs, competing views and other disagreements within a GP can lead to exclusion, as it did for the Millers and others, without a manager looking out for everyone's best interests.

Fifth, and perhaps most significantly, empowering investors to manage their own affairs can, and did, lead to suppression of minority or dissenting views. The Millers followed what they believed to be the appropriate procedures to ensure their voice was heard. They voted and submitted the ballots they received. They

contacted the partnership administrators for information regarding the Rainbow Partners' vote and the status of their GP's briefs. And they submitted their statement to be included in their GP's brief. Yet, the administrators refused to provide them with any requested information, directing the Millers instead to Gilman, who was not even an investor in Rainbow Partners. Gilman gave them misleading information regarding their brief. And, Post failed to include the Millers' statement as a dissenting opinion in the brief that he filed on behalf of Rainbow Partners. Others apparently were similarly harmed. *See* Dkt. 762-767. The abuse of the voting process, which deprived the Millers of being heard, would likely have been avoided through objective and disinterested management, the type of which the receiver has and will continue to provide if the GPs remain in the receivership.

C. The GPs Arguments, Previously Made By Defendants, Have Already Been Rejected By The Court

The GP briefs themselves largely make arguments that defendants have previously made and which the Court has already rejected.

The GPs argue that the October 10 hearing "improperly allows the GPs to be heard only after they are placed in receivership." *See, e.g.*, Dkt. 757, p. 2. But the Court previously found that the "investors have not yet been denied due process because the Receiver's actions in relation to the GPs have not deprived the GPs of any material property interest." Dkt. No. 470, p. 19. The GPs have not presented any new arguments to challenge the Court's August 2013 Order.

The GPs also argue that the SEC and the receiver have "made inaccurate factual representations and omissions of fact." *See id*. But in support of that argument, they provide only one example, related to the receiver and not the SEC, in which the receiver allegedly made inaccurate factual representations in connection with the efforts of Nancy Kemper to list property in Las Vegas, Nevada. However, the Court acknowledged in its July 22 Order that "the listing price Kemper acquired for the sale of this property is based on the erroneous assumption that the property is

zoned for commercial, as opposed to residential use. The listing price is therefore overly inflated." July 22 Order (Dkt. 629), pp. 6-7. The Court further noted that "the voting requirements set forth in the applicable GP and co-tenancy agreements were not followed." *Id.*

The GPs further argue that the defendants had no control over the GPs. *See, e.g.*, Dkt. 757, pp. 3-5. This argument apparently ignores the Court's July 22 Order. The Court found that the GP interests were securities in the form of investment contracts. *See* SJ Order (Dkt. 583), pp. 15-17. As a result of that finding, the Court concluded, consistent with the holding of *SEC v. W.J. Howey*, 328 U.S. 293 (1946), that the "GPs have been found to depend on Defendants." Dkt. 757, p. 5. "[B]ecause the GPs have been found to depend on Defendants' efforts for a return on their investment, it follows that a receiver undertaking the same efforts that Defendants historically undertook is appropriate." *Id.* In addition, the circumstances surrounding the filing of the GP briefs strongly suggest that defendants may have been involved with, or controlled this process, as well. The investor committee used as its attorney Post, who allegedly drafted the template briefs that were filed by nearly all of the GPs. However, Post is clearly connected to defense counsel. *See* Dkt. No. 760, Ex. A. In addition, Gilman, who sent emails on behalf of the committee, referred investors to Schooler's website for exemplar briefs. *See* Miller Decl., Ex. C, p. 9.

The GPs argue that that because their investment is merely "dirt," the properties are simple to manage. *See, e.g.*, Dkt. 757, pp. 5-7. But the Court has noted that the GPs "are not as simple as the Court previously thought them to be." *See id.*, p. 6. The handling of condemnation proceedings, water rights disputes, and residential tenants living rent-free on a GP property; prior efforts by defendants to loan money to ensure the economic viability of certain GPs; and managing votes to extend the terms of certain GPs all represented "significant efforts to manage the GP interests." *See id.*

The GPs also claim that they are capable of managing their partnerships and

property and selling their land for a profit. *See, e.g.*, Dkt. 757, pp. 5-8. However, as explained in greater detail in Section II.A above, the GPs have failed to adequately manage the process of preparing the GPs response without centralized coordination. And even their attempts at coordination resulted in several investors and GPs of being deprived of a voice before the Court. It is not clear from the broad conclusions that the GPs make, how the Court can conclude that the GPs can effectively handle their own affairs.

The GPs claim that whether the defendants violated the securities laws is irrelevant to the inclusion of the GPs in the receivership. *See id.*, pp. 8-9. That is not true for at least three reasons. One, if defendants are found to have violated the federal securities laws, they will likely be liable for civil penalty and disgorgement of ill-gotten gains. It is possible that the Court will find that funds paid pursuant to any such judgment such be paid to investors. Having a receiver manage the fair and orderly distribution of such funds will assist investors in obtaining the greatest recovery possible. Two, as noted in the Court's July 22 Order, now that the Court has found that the GP interests are securities, having the receiver in place to undertake the same efforts that defendants' historically undertook is appropriate. *See* Dkt. 757, p. 5. And three, the SEC acknowledges that at least some investors wish to end the receivership over their GPs. Having the receiver in place to manage the disposition of the GPs, whatever that may be, ensures the protection of the investors' best interests.

IV. CONCLUSION

For the foregoing reasons, the SEC respectfully requests that the Court maintain the GPs in the receivership.

Dated: September 26, 2014

Respectfully submitted,

/s/ Sam S. Puathasnanon
Sam. S. Puathasnanon
Lynn M. Dean
Sara D. Kalin
Attorneys for Plaintiff
Securities and Exchange Commission

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,
444 S. Flower Street, Suite 900, Los Angeles, California 90071
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1904.

On September 26, 2014, I caused to be served the document entitled **PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S REPONSE TO BRIEFS FILED BY GENERAL PARTNERSHIPS** on all the parties to this action addressed as stated on the attached service list:

☐ **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

☐ **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

☐ **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

☐ **HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

☐ **UNITED PARCEL SERVICE:** By placing in sealed envelope(s) designated by United Parcel Service ("UPS") with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

☒ **ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

☒ **E-FILING:** By causing the document to be electronically filed via the Court's CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

☐ **FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: September 26, 2014

/s/ Sam S. Puathasnanon
Sam S. Puathasnanon

SEC v. Louis V. Schooler, et al.
United States District Court—Southern District of California
Case No. 12 CV 2164 LAB JMA
(LA-4059)

SERVICE LIST

Eric Hougen, Esq. **(served via CM/ECF only)**
Hougen Law Offices
624 Broadway, Suite 303
San Diego, CA 92101
Email: eric@hougenlaw.com
Attorney for Defendants Louis V. Schooler First Financial Planning Corporation d/b/a Western Financial Planning Corporation

Philip H. Dyson, Esq. **(served via CM/ECF only)**
Law Offices of Philip Dyson
8461 La Mesa Boulevard
La Mesa, CA 91941
Email: phildysonlaw@gmail.com
Attorney for Defendants Louis V. Schooler First Financial Planning Corporation d/b/a Western Financial Planning Corporation

Edward Patrick Swan, Jr., Esq. **(served via CM/ECF only)**
Jones Day
12265 El Camino Real, Suite 200
San Diego, CA 92130
Email: pswan@jonesday.com
Attorney for Defendants Louis V. Schooler First Financial Planning Corporation d/b/a Western Financial Planning Corporation

Ted Fates, Esq. **(served via CM/ECF only)**
Allen Matkins Leck Gamble Mallory & Natsis LLP
501 W. Broadway, 15th Floor
San Diego, CA 92101
Email: tfates@allenmatkins.com
Attorney for Court-Appointed Receiver, Thomas C. Hebrank

Thomas C. Hebrank, CPA, CIRA **(served via electronic mail only)**
E3 Advisors
501 W. Broadway, Suite 800
San Diego, CA 92101
Email: thebrank@ethreeadvisors.com
Court-Appointed Receiver