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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

10
11 **SECURITIES AND EXCHANGE**
12 **COMMISSION,**

13 Plaintiff,

14 vs.

15 **LOUIS V. SCHOOLER and FIRST**
16 **FINANCIAL PLANNING**
17 **CORPORATION d/b/a WESTERN**
FINANCIAL PLANNING
CORPORATION,

18 Defendants.
19

Case No. 12 CV 2164 GPC JMA

PLAINTIFF'S STATEMENT OF
SUPPORT FOR RECEIVER'S
MOTION FOR ORDER:

- (A) **RESOLVING DISPUTED CLAIMS;**
- (B) **APPROVING PROPOSED ALLOWED CLAIM AMOUNTS; AND**
- (C) **AUTHORIZING DISSOLUTION OF GENERAL PARTNERSHIPS AND RELATED ENTITIES**

Dkt. No. 1545

Date: December 15, 2017
Time: 1:30 p.m.
Ctrm: 2D
Judge: Hon. Gonzalo P. Curiel

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1 Plaintiff Securities and Exchange Commission (“SEC”) hereby files this
2 Statement of Support for the Receiver’s Motion for an Order (A) Resolving Disputed
3 Claims; (B) Approving Proposed Allowed Claim Amounts; and (C) Authorizing
4 Dissolution of General Partnerships and Related Entities. (Dkt. No. 1545).

5 **A. The Court Has Inherent Power to Grant the Relief Sought**

6 The Court has the inherent power to grant the relief sought by the Receiver.
7 Because the “primary purpose of equity receiverships is to promote orderly and
8 efficient administration of the estate by the district court for the benefit of creditors,”
9 *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir 1986), district courts have broad power
10 to determine the appropriate action in the administration and supervision of an equity
11 receivership. *See SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir.
12 2005). Accordingly, the Court has broad discretion in approving the distribution of
13 receivership assets.

14 **B. Approval of the Claims**

15 The SEC has reviewed the claims process set forth by the Receiver and his
16 explanation for the treatment of the six disputed claims, and agrees that the
17 Receiver’s proposed allowed claim amount for each investor claim is appropriate and
18 should be approved. The Receiver appears to have exercised due care in reviewing
19 the claims made by investors, such that the process resulted in an extremely small
20 number of disputed claims. The claim amounts recommended by the Receiver appear
21 to be appropriate and the SEC supports their approval.

22 **C. Dissolution of the GPS**

23 Likewise, the SEC agrees that the GPs should be dissolved and the properties
24 held by the GPs transferred to Western. As the Receiver notes in his motion, keeping
25 the GPs open involves considerable expenses, including fees for preparing annual tax
26 returns and K-1s. These expenses, which exceed \$100,000 per year, can and should
27 be avoided so that the funds can be distributed to investors with allowed claims. The
28 properties held in the names of the GPs should be transferred to Western and the GPs

1 and related entities should be dissolved and closed.

2 **D. Conclusion**

3 For the foregoing reasons, the SEC supports the Receiver's Motion and
4 believes it is in the best interest of investors and the Receivership estate.

5 Dated: December 1, 2017

Respectfully submitted,

6
7 /s/ Lynn M. Dean

Lynn M. Dean

8 Sara D. Kalin

9 Attorneys for Plaintiff

10 Securities and Exchange Commission
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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 December 1, 2017, I caused to be served the document entitled **PLAINTIFF’S STATEMENT OF SUPPORT FOR RECEIVER’S MOTION FOR ORDER: (A) RESOLVING DISPUTED CLAIMS; (B) APPROVING PROPOSED ALLOWED CLAIM AMOUNTS; AND (C) AUTHORIZING DISSOLUTION OF GENERAL PARTNERSHIPS AND RELATED ENTITIES**

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: December 1, 2017

/s/ Lynn M. Dean

Lynn M. Dean

