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6 Attorneys for Court-appointed Temporary Receiver
7 THOMAS C. HEBRANK

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

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

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

17 Defendants.

Case No. 12CV2164-LAB

**RECEIVER'S INITIAL REPORT AND
RECOMMENDATIONS TO THE COURT**

Ctrm.: 9
Judge: Hon. Larry Alan Burns

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1 By order of this Court, on September 6, 2012, Thomas C. Hebrank ("Receiver") was
2 appointed temporary receiver for First Financial Planning Corporation d/b/a Western Financial
3 Planning Corporation ("Western"), and its subsidiaries and affiliates (collectively, the
4 "Receivership Entities"), with full powers of an equity receiver over all funds, assets, books and
5 records of the Receivership Entities, and was immediately directed to take certain actions as set
6 forth in the TRO (defined below).

7 Pursuant to the TRO and law governing federal equity receivers, the Receiver has been
8 charged with, among other things, (1) assuming control over the Receivership Entities and their
9 assets, (2) performing an accounting of the assets and financial condition of the Receivership
10 Entities, (3) investigating, locating, and recovering receivership assets, and (4) preparing reports
11 for the Court. Although the Receiver has successfully obtained documents and records from the
12 sources identified below, his document recovery and analysis efforts are preliminary at this early
13 stage of the proceeding. As described more thoroughly below, the documents and records
14 obtained and reviewed to date provide only a partial explanation of the past and present financial
15 condition of the Receivership Entities, including the transactions and business in which they
16 engaged.

17 Due to the volume and nature of the information acquired to date, the short amount of time
18 between receipt of the information and the date of this Report, the complexity of the matters
19 analyzed, and the need for significant additional information, this Report is preliminary. Its
20 contents may need to be materially modified after further investigation and consideration.
21 Although the Receiver and his professionals have made significant progress in a short period of
22 time, much review and analysis remains to be done. In Section VII below, the Receiver sets out
23 his recommendations for proceeding if he is appointed permanent Receiver.

24 I. PROCEDURAL BACKGROUND

25 On September 4, 2012, the Securities and Exchange Commission ("Commission") filed its
26 Complaint against Louis V. Schooler and Western (collectively, "Defendants"). The Commission
27 also filed an Ex Parte Application for Temporary Restraining Order and Orders: (1) Freezing
28 Assets; (2) Appointing a Temporary Receiver Over Western and the Entities It Controls;

1 (3) Prohibiting the Destruction of Documents, (4) Granting Expedited Discovery, and
2 (5) Requiring Accountings; and an Order to Show Cause re Preliminary Injunction and
3 Appointment of a Permanent Receiver ("TRO"). The TRO was entered by the Court on
4 September 6, 2012. The TRO, which is discussed in more detail below, appoints Thomas C.
5 Hebrank temporary receiver for Western, and its subsidiaries and affiliates, including the entities
6 listed on Schedule 1 to the TRO, and sets a hearing on the Order to Show Cause re: Preliminary
7 Injunction and Appointment of a Permanent Receiver ("OSC") for September 17, 2012, at
8 11:30 a.m.

9 On September 10, 2012, the Commission moved to amend the TRO on the grounds that
10 certain accounts not owned by the Defendants were inadvertently included in the asset freeze. On
11 September 11, 2012, Mr. Schooler moved on an emergency basis to vacate or modify the TRO
12 ("Emergency Motion"). The Court issued a Scheduling Order instructing the Commission to
13 respond to the Emergency Motion no later than 12:00 p.m. on September 12, 2012, and staying the
14 provision of the TRO directing the Receiver to give notice to all investors.

15 The Commission filed its Opposition to the Emergency Motion on September 12, 2012.
16 The Receiver filed a short declaration providing information he had learned regarding ongoing
17 sales of general partnership interests. Mr. Schooler filed his Response to the OSC. On
18 September 13, 2012, the Court denied the Emergency Motion, but left the stay regarding notice to
19 investors in place pending its ruling on the OSC. The SEC also filed a Reply to Mr. Schooler's
20 Response to the OSC.

21 II. THE COMPLAINT

22 To briefly summarize, the Complaint alleges that, in violation of federal securities laws,
23 Defendants (a) committed fraud in the offer and sale of securities, and (b) offered and sold
24 securities without being registered with the Commission. Defendants sold interests in general
25 partnerships ("GPs") which own interests in land purchased by Defendants. The Complaint
26 alleges that Defendants misled investors by:

27 (1) Failing to disclose that the price they paid for the land far exceeded its fair market
28 value;

- 1 (2) Failing to disclose the price Western paid for the land;
- 2 (3) Providing "comparables" of land that were not truly comparable;
- 3 (4) Failing to disclose that the land the GPs hold is encumbered by mortgages that Western
- 4 used to finance the purchase of the properties; and
- 5 (5) Failing to disclose that Western used investor funds before transferring any interest in
- 6 the land to the GPs, thereby putting investor funds at risk.

7 **III. THE TEMPORARY RESTRAINING ORDER**

8 As noted above, on September 6, 2012, the Court entered the TRO. The TRO, among

9 other things, authorizes, empowers and directs the Receiver to:

- 10 A. "take custody, control, possession, and charge of all funds, assets, collateral,
- 11 premises . . . and other real or personal property" of the Receivership Entities;
- 12 B. "to have control of, and to be added as the sole authorized signatory for, all accounts"
- 13 of the Receivership Entities at "any bank, title company, escrow agent, financial institution or
- 14 brokerage firm . . .";
- 15 C. "to conduct such investigation and discovery as may be necessary to locate and account
- 16 for all of the assets of or managed by" the Receivership Entities, "and to engage and employ
- 17 attorneys, accountants and other persons to assist in such investigation and discovery";
- 18 D. "to take such action as is necessary and appropriate to preserve and... prevent the
- 19 dissipation, concealment or disposition of any assets of or managed by" the Receivership Entities;
- 20 E. "to make an accounting, as soon as practicable, to this Court and the Commission";
- 21 F. "to make such payments and disbursements from the funds and assets... as may be
- 22 necessary and advisable in discharging his duties as temporary receiver";
- 23 G. "to employ attorneys, accountants and others to investigate and, where appropriate, to
- 24 institute, pursue, and prosecute all claims and causes of action of whatever kind and nature";
- 25 H. "to have access to and monitor all mail, electronic mail, and video phone" of the
- 26 Receivership Entities;
- 27 I. "to operate and control the content of information posted on any Internet website
- 28 maintained by" the Receivership Entities; and

1 J. "to exercise all the lawful powers of" the Receivership Entities "and their officers,
2 directors, employees, representatives, partners, or persons who exercise similar powers and
3 perform similar duties."

4 TRO, Part VII.

5 The TRO also restrains and enjoins all persons seeking relief of any kind against the
6 Receivership Entities from (a) "commencing, prosecuting, continuing or enforcing any suit or
7 proceeding", (b) "using self-help or executing or issuing or causing the execution or issuance of
8 any court attachment, subpoena, replevin, execution or other process for the purpose of
9 impounding or taking possession of or interfering with or creating or enforcing a lien upon any
10 property or property interests" of the Receivership Entities; and (c) "doing any act or thing
11 whatsoever to interfere with taking control, possession or management by the temporary receiver
12 appointed hereunder of the property and assets" of the Receivership Entities, "or in any way to
13 interfere with or harass the temporary receiver or his attorneys, accountants, employees or agents
14 or to interfere in any manner with the discharge of the temporary receiver's duties and
15 responsibilities hereunder." TRO, Part XII.

16 IV. SUMMARY OF RECEIVER'S ACTIVITIES

17 A. Control Over Premises and Documents

18 Pursuant to the TRO, the Receiver assumed control of the Receivership Entities on the
19 evening of September 6, 2012. The Receiver took possession of the premises located at
20 5186 Carroll Canyon Road, San Diego, California (the "Premises"). The Receiver immediately
21 changed the access codes to the Premises. The Receiver also caused all servers and hard drives of
22 the Receivership Entities to be imaged in order to preserve all electronic data.

23 The Receiver met with and interviewed Mr. Schooler and the employees working at the
24 Premises. There are seven full-time employees, including Mr. Schooler, as well as a team of
25 independent contractors in San Diego and a team in Laguna Hills. The bi-weekly payroll is
26 approximately \$17,000.

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1 Western maintains an office located in Irvine, California. The office is used only by
2 independent contractors/sales agents. The Receiver's understanding is that Mr. Schooler owned
3 the building in which the Irvine office is located until it was sold in or around June 2012.

4 **B. Control of Bank Accounts**

5 As directed by the TRO, the Receiver caused himself to be added as the sole authorized
6 signatory for all bank accounts of the Receivership Entities. As reflected on Exhibit A hereto, the
7 Receivership Entities' bank accounts had an aggregate balance of \$6,592,469.89 as of
8 September 6, 2012.

9 **C. Business Operations, Properties, and Accounting Systems**

10 The Complaint alleges that Western raised about \$50 million from investors since 2007.
11 The Receiver is in the process of analyzing accounting records and bank records to determine the
12 exact amount raised from investors. The Receivership Entities' records indicate that there are
13 currently approximately 84 active GPs with a total of approximately 3400 investors. The investors
14 are located throughout the country, with a large population in California and a small number
15 located outside the United States.

16 The Receivership Entities own approximately 22 properties. The Receiver is in the
17 process of analyzing accounting records and bank records to determine the amount paid for each
18 property. The Receiver anticipates that opinions of value (whether from licensed real estate
19 brokers or certified appraisers) will be necessary in evaluating and developing a strategy to
20 maximize the recovery from each property.

21 With 84 active GPs and 22 properties, speaking strictly on average, each property is owned
22 by four GPs, each holding an undivided 25% interest in a property. In general, properties were
23 acquired by and transferred between Receivership Entities as follows:

- 24 • A property is identified for purchase by Western.
- 25 • An LLC is formed that purchases and holds title to the land ("Holding LLC").
- 26 • Western determines the number of GPs that will have an undivided interest in the
27 property, *e.g.*, four GPs are formed, each to have an undivided 25% interest in the
28 property.

- 1 • Western determines the total investment amount it will seek from investors in the
- 2 GPs.
- 3 • Western sales representatives sell GP interests, generally in increments of at least
- 4 \$10,000. Investors are permitted to borrow funds from Western to finance their
- 5 purchases of GP interests.
- 6 • After the GPs are sold out, the undivided interests in the property are transferred
- 7 from the Holding LLC to the GPs. For the last five property purchases, an
- 8 additional layer was added to the process – a parallel LLC was formed for each GP
- 9 that acted as a conduit for the transfer of the undivided interest from the
- 10 Holding LLC to the GP.
- 11 • Western personnel and independent contractors located at their offices perform all
- 12 operational, accounting, tax, and other functions for the properties.

13 Attached hereto as Exhibit B is a flow chart prepared by the Receiver showing the
14 acquisition and transfer of property interests. Note, the flow chart includes the parallel LLC for
15 each GP. As noted above, prior to the last five property purchases, the parallel LLCs were not
16 used and property interests were transferred directly from the Holding LLC to the GPs.

17 When funds are received from investors, the flow of cash for a typical \$10,000 investment
18 was as follows:

- 19 • The \$10,000 investment was deposited into the applicable GP bank account.
- 20 • Approximately \$1,000 would remain in the GP account to pay future operating
- 21 expenses of the property once the undivided 25% interest was transferred to the
- 22 GP.
- 23 • Approximately \$9,000 would be transferred to the Holding LLC's bank account.
- 24 • Of the \$9,000 transferred to the Holding LLC account, approximately \$8,000
- 25 would be transferred to Western's bank account. These funds would be used for
- 26 Western's corporate operations and overhead, commissions, and other Western
- 27 expenses.
- 28

- 1 • The remaining \$1,000 in the Holding LLC account would remain there to pay
2 operating expenses of the property (property taxes, insurance, security, etc.) until
3 the undivided interests in the property were transferred to the GPs. Note, if the
4 property had a mortgage on it, the amount retained in the Holding LLC account
5 could be greater and the mortgage payments would be made from the Holding LLC
6 during the period it held title.

7 Attached hereto as Exhibit C is a flow chart prepared by the Receiver showing the flow of
8 funds received from investors. Again, the flow chart includes the parallel LLC for each GP. Prior
9 to the last five property purchases, the parallel LLCs were not used.

10 Western primarily uses two software programs to track financial and investor data. SAGE
11 ERP Accpacc ("Accpacc") is enterprise level software that allows Western to keep financial data
12 for the GPs. Similarly, OPADS, is a proprietary Microsoft Access database program that keeps
13 investor data. Western also uses QuickBooks to perform certain accounting functions for the GPs,
14 primarily relating to bank account activity and check writing. The Receiver has accessed these
15 systems and has commenced a review of them.

16 Finally, as noted above, Western permitted investors to finance their purchases of GP
17 interests with loans from Western. Many of the investors who took out such loans authorized
18 Western to debit their bank accounts to collect the loan payments. Western regularly does so. The
19 Receiver is evaluating these transactions and will make a recommendation to the Court regarding
20 future investor account debits soon.

21 **D. Territorial Jurisdiction Over Receivership Assets**

22 By filing the Complaint and TRO in other federal districts in the United States, the
23 territorial jurisdiction of this Court over receivership assets is extended to such districts.
24 28 U.S.C. § 754; *see also Haile v. Henderson Nat'l Bank*, 657 F.2d 816, 822 (6th Cir. 1981).
25 Based on information obtained to date regarding property owned by the Receivership Entities, and
26 in conformity with section 754 and applicable federal law, the Receiver has filed the Complaint
27 and TRO in the United States District Courts for the Districts of Nevada, Arizona, and
28 New Mexico. All other land owned by the Receivership Entities appears to be located in the

1 Southern District of California. The Receiver will also cause the Complaint and TRO to be
2 recorded in the property records for each county in which the Receivership Entities own real
3 property or have security interests in real property. As additional information becomes available,
4 the Receiver will file/record the Complaint and TRO in additional districts and counties.

5 **E. Employment of Professionals**

6 Sections VII(C) and (G) of the TRO vest the Receiver with the authority to employ
7 professionals to assist in his efforts. Pursuant to that authority, the Receiver has engaged (i) the
8 law firm of Allen Matkins Leck Gamble Mallory & Natsis LLP to serve as his counsel, and
9 (ii) Teris to assist with preservation of electronic data, including imaging of computer servers and
10 hard drives. No amounts have been paid to the Receiver or his professionals, and no such
11 payments will be made until approved by the Court. The Receiver and his professionals will file
12 fee applications seeking approval and payment of fees and costs incurred.

13 **F. Document Recovery**

14 The Premises appear to be the primary repository of the business documents and records
15 relating to the Receivership Entities. The Receiver is informed that the Receivership Entities store
16 older files at an Iron Mountain storage facility. The Receiver will inventory the documents
17 maintained at the Premises and, if appropriate, those stored offsite. As necessary, the Receiver
18 will issue subpoenas to third parties who possess documents relevant to his investigation.

19 **G. Assets of Mr. Schooler**

20 The TRO directs Mr. Schooler to file, within 5 days of entry of the TRO, a detailed and
21 complete schedule of his assets, including all real and personal property exceeding \$5,000 in
22 value, and all bank, securities, futures and other accounts, identified by institution, branch address,
23 and account number. As of the time of this filing, Mr. Schooler has not filed such a schedule.

24 **V. PENDING LITIGATION**

25 The Receiver has learned that there are two pending lawsuits against affiliated entity
26 WFP Securities Corporation ("WFP Securities") and other parties. The Receiver's understanding
27 is that WFP Securities is owned by Mr. Schooler and his brother, John Schooler, but that the
28 company has ceased operating. The lawsuits were initiated by Endurance American Specialty

1 Insurance Company ("Endurance") and relate to a professional liability insurance policy issued to
2 WFP Securities. One action filed in the Central District of California was dismissed on
3 jurisdictional grounds and is on appeal at the Ninth Circuit Court of Appeals, Appeal
4 No. 11-56351 ("First Endurance Action"). The Receiver is informed that the appeal has been fully
5 briefed and is awaiting decision. The other action is pending in this district before Judge John A.
6 Houston, Case No. 3:11-cv-02611-JAH-KSC ("Second Endurance Action").

7 Western is named as a party in the First Endurance Action. Western is not named in the
8 Second Endurance Action, although it appears to be erroneously included as a d/b/a of Western
9 Financial Advisors. The Receiver's understanding is that Western Financial Advisors is actually a
10 d/b/a of WFP Securities. The Receiver has filed notice of the TRO in the Ninth Circuit for the
11 First Endurance Action and in the district court for the Second Endurance Action. The Receiver's
12 counsel has spoken to the attorneys of record for WFP Securities and Endurance in the actions.

13 The Receiver is also aware that approximately eleven arbitrations initiated by investors
14 against WFP Securities are pending before FINRA. Other FINRA arbitrations filed against
15 WFP Securities have been settled and dismissed. The Receiver's counsel has spoken to counsel of
16 record for WFP Securities in the arbitrations. The Receiver will notify the arbitrators and the
17 parties to the arbitrations of the TRO.

18 VI. NOTICE TO INVESTORS

19 As noted above, on September 11, 2012, the Court stayed the provision under Part XXII of
20 the TRO requiring the Receiver to mail notice of the TRO to all investors. If and when the Court
21 instructs the Receiver to provide notice to investors, he will do so. The Receiver recommends that
22 such notice be provided by regular mail, rather than certified mail (as provided in the TRO), which
23 will reduce the mailing expense by at least \$10,000. The Receiver also recommends that the
24 notice direct investors to his website, www.ethreadvisors.com, and that the website be used as a
25 cost-effective means of disseminating information about the case and the receivership to investors.

26 VII. RECOMMENDATIONS

27 The Receiver's efforts to investigate and analyze the Receivership Entities' assets and
28 liabilities, transactions with investors, and other matters bearing on their financial condition are

1 ongoing. The Receiver recommends that the receivership continue so that the assets of the
2 Receivership Entities are preserved and protected and further review and analysis can be
3 conducted. The Receiver makes the following additional recommendations in connection with the
4 performance of his duties:

5 **A. Document Recovery Efforts**

6 The Receiver will obtain records from financial institutions at which the Receivership
7 Entities maintain accounts, as well as attorneys and accountants engaged by the Receivership
8 Entities. The Receiver will serve document subpoenas, as necessary and appropriate, upon third
9 parties believed to be in possession of Receivership Entity documents or assets, or information
10 related thereto. In addition, if necessary, the Receiver will depose individuals or entities believed
11 to possess information relevant to his investigation and accounting.

12 **B. Receivership Asset Recovery Efforts**

13 As additional documentary evidence is acquired, the Receiver will seek to locate any
14 presently unaccounted for receivership assets that may exist. If and when such assets are located,
15 the Receiver will proceed with recovery efforts, including seeking relief from the Court against
16 third parties who refuse to comply with the TRO and supplemental orders of the Court.

17 **C. Management and Disposition of Receivership Assets**

18 The Receiver will continue to preserve, manage and protect all receivership assets. He will
19 evaluate each asset and develop a strategy to maximize its value. If and when it is advisable to sell
20 receivership assets, the Receiver will seek Court approval of such sales via noticed motion.

21 **D. Accounting**

22 The Receiver will obtain the accounting records from the sources noted above and
23 complete his accounting to establish, among other things, where the funds for the Receivership
24 Entities came from and where they went after receipt by the Receivership Entities.

25 **E. Reporting**

26 The Receiver will file further reports on his activities and findings as directed by the Court.
27 In the Receiver's experience, filing reports on a quarterly basis strikes a good balance between
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- 1 (a) keeping the Court and interested parties informed about the Receiver's activities, and
- 2 (b) minimizing administrative expenses.

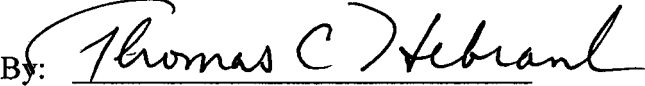
3 **F. Claims Review and Distribution Plan**

4 As the receivership progresses, the Receiver will evaluate the appropriate method for
5 receiving and analyzing investor claims, as well as the most equitable and efficient manner of
6 distributing assets of the receivership estate to those with valid claims. At the appropriate time,
7 the Receiver will seek Court approval of procedures for determining claims and a plan of
8 distribution.

9 **VIII. CONCLUSION**

10 Based on the Receiver's preliminary investigation as described above, the Receiver
11 recommends that the receivership continue pursuant to the TRO and supplemental orders of the
12 Court. The Receiver requests approval of this First Report and his recommendations discussed
13 above.

14
15 Dated: September 14, 2012

By: 
Thomas C. Hebrank, Receiver

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17
18 Dated: September 14, 2012

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP


19
20 By: 
TED FATES
Attorneys for Court-appointed Temporary
Receiver
THOMAS C. HEBRANK

EXHIBIT A

<u>Bank Name</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
Security Business Bank of San Diego	A B L Partners	XXXXXX7267	\$31,061.67
Security Business Bank of San Diego	Antelope Springs Partners	XXXXXX7606	\$160.11
Security Business Bank of San Diego	Big Ranch Partners	XXXXXX7390	\$341.03
Security Business Bank of San Diego	BLA Partners	XXXXXX6558	\$13,912.87
Security Business Bank of San Diego	Borderland Partners	XXXXXX6566	\$18,558.81
Security Business Bank of San Diego	Bratton View Partners	XXXXXX6574	\$6,403.99
Security Business Bank of San Diego	Cactus Ridge Partners	XXXXXX1540	\$76,254.74
Security Business Bank of San Diego	Carson Valley Partners	XXXXXX6608	\$10,712.17
Security Business Bank of San Diego	Checkered Flag Partners	XXXXXX6616	\$2,575.53
Security Business Bank of San Diego	Clearwater Bridge	XXXXXX6069	\$3,419.36
Security Business Bank of San Diego	Comstock Partners	XXXXXX8463	\$49,002.29
Security Business Bank of San Diego	Crystal Clearwater	XXXXXX6051	\$100,599.02
Security Business Bank of San Diego	Dayton View Partners	XXXXXX6426	\$46,921.48
Security Business Bank of San Diego	Desert View Partners	XXXXXX2143	\$84,316.42
Security Business Bank of San Diego	Eagle View Partners	XXXXXX1847	\$280,800.75
Security Business Bank of San Diego	Eagle View Partners	XXXXXX1854	\$18,536.26
Security Business Bank of San Diego	Fairway Partners	XXXXXX6418	\$54,128.27

<u>Bank Name</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
Security Business Bank of San Diego	Falcon Heights Partners	XXXXXX2167	\$291,678.06
Security Business Bank of San Diego	Falcon Heights Partners, LLC	XXXXXX2175	\$18,094.51
Security Business Bank of San Diego	Fernley I, LLC	XXXXXX5970	\$102.86
Security Business Bank of San Diego	Free Trade Partners	XXXXXX6392	\$6,431.27
Security Business Bank of San Diego	Frontage 177 Partners	XXXXXX5327	\$72,870.06
Security Business Bank of San Diego	Frontage 177 Partners, LLC	XXXXXX5335	\$2,802.23
Security Business Bank of San Diego	Galena Ranch Partners	XXXXXX1541	\$127,480.58
Security Business Bank of San Diego	Gila View Partners	XXXXXX1210	\$40,084.16
Security Business Bank of San Diego	Gold Ridge Partners	XXXXXX9792	\$193,646.84
Security Business Bank of San Diego	Grand View Partners	XXXXXX0667	\$221,937.45
Security Business Bank of San Diego	Green View Partners	XXXXXX6384	\$57,551.85
Security Business Bank of San Diego	Heavenly View Partners	XXXXXX6285	\$8,807.16
Security Business Bank of San Diego	Hidden Hills Partners	XXXXXX9180	\$139.09
Security Business Bank of San Diego	High Desert Partners	XXXXXX6085	\$96,478.03
Security Business Bank of San Diego	High Desert Shadow, LLC	XXXXXX6093	\$9,488.00
Security Business Bank of San Diego	Highway 50 Partners	XXXXXX1698	\$92,830.98
Security Business Bank of San Diego	Hollywood Partners	XXXXXX6301	\$1,601.00

<u>Bank Name</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
Security Business Bank of San Diego	Honey Springs Partners	XXXXXX6319	\$17,517.71
Security Business Bank of San Diego	Horizon Partners	XXXXXX6293	\$10,996.60
Security Business Bank of San Diego	International Partners	XXXXXX9941	\$6,998.84
Security Business Bank of San Diego	Jamul Meadows Partners	XXXXXX6343	\$10,718.39
Security Business Bank of San Diego	Lahontan Partners	XXXXXX1227	\$140,418.86
Security Business Bank of San Diego	Las Vegas Partners	XXXXXX9982	\$28,315.49
Security Business Bank of San Diego	Lyons Valley Partners	XXXXXX6350	\$87.52
Security Business Bank of San Diego	Mesa View Partners	XXXXXX1268	\$120,142.31
Security Business Bank of San Diego	Mex-Tec Partners	XXXXXX6368	\$45,882.63
Security Business Bank of San Diego	Mohawk Mountain Partners	XXXXXX1680	\$94,156.83
Security Business Bank of San Diego	Mountain View Partners	XXXXXX1466	\$64,610.21
Security Business Bank of San Diego	Nevada View Partners	XXXXXX9073	\$56,939.94
Security Business Bank of San Diego	Night Hawk Partners, LLC	XXXXXX3793	\$16,324.04
Security Business Bank of San Diego	Night Hawk Partners	XXXXXX3801	\$326,093.62
Security Business Bank of San Diego	North Springs Partners	XXXXXX1425	\$90,742.24
Security Business Bank of San Diego	Ocotillo View Partners	XXXXXX1482	\$85,344.06
Security Business Bank of San Diego	Orange Vista Partners	XXXXXX1946	\$110,769.28

<u>Bank Name</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
Security Business Bank of San Diego	Osprey Partners	XXXXX4809	\$346,789.05
Security Business Bank of San Diego	Osprey Pescador, LLC	XXXXX4817	\$18,233.82
Security Business Bank of San Diego	P-39 Aircobra Partners, LLC	XXXXX6366	\$18,214.73
Security Business Bank of San Diego	P-39 Aircobra Partners	XXXXX6358	\$155,585.61
Security Business Bank of San Diego	P51 LLC	XXXXX6002	\$3,416.11
Security Business Bank of San Diego	Painted Desert Partners	XXXXX1343	\$41,586.69
Security Business Bank of San Diego	Par Four Partners	XXXXX6236	\$57,099.23
Security Business Bank of San Diego	Park Vegas Partners	XXXXX9933	\$6,117.50
Security Business Bank of San Diego	Pecos Partners	XXXXX4627	\$162,113.67
Security Business Bank of San Diego	Pecos Partners, LLC	XXXXX4635	\$5,428.88
Security Business Bank of San Diego	Pine View	XXXXX6590	\$14,961.90
Security Business Bank of San Diego	Production Partners	XXXXX6459	\$17,520.11
Security Business Bank of San Diego	Prosperity Partners	XXXXX6442	\$828.77
Security Business Bank of San Diego	Pueblo Partners, LLC	XXXXX2381	\$6,146.52
Security Business Bank of San Diego	Pueblo Partners	XXXXX2399	\$128,412.42
Security Business Bank of San Diego	Pyramid Highway 177 Partners	XXXXX5244	\$49,661.37
Security Business Bank of San Diego	Pyramid Highway 177 Partners, LLC	XXXXX5251	\$9,461.69

<u>Bank Name</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
Security Business Bank of San Diego	Rail Road Partners	XXXXXX1624	\$128,726.95
Security Business Bank of San Diego	Rainbow Partners	XXXXXX6467	\$26,717.65
Security Business Bank of San Diego	Rawhide Partners	XXXXXX1557	\$93,328.10
Security Business Bank of San Diego	Redfield Heights Partners	XXXXXX1616	\$129,888.20
Security Business Bank of San Diego	Reno Partners	XXXXXX6582	\$295.94
Security Business Bank of San Diego	Reno View Partners	XXXXXX6277	\$408.82
Security Business Bank of San Diego	Reno Vista Partners	XXXXXX6517	\$792.23
Security Business Bank of San Diego	Road Runner Partners	XXXXXX0021	\$126,321.22
Security Business Bank of San Diego	Rolling Hills View Partners	XXXXXX0931	\$224,070.23
Security Business Bank of San Diego	Rose Vista Partners	XXXXXX1400	\$108,753.63
Security Business Bank of San Diego	Santa Fe Venture	XXXXXX1797	\$9,763.51
Security Business Bank of San Diego	Santa Fe View Partners, LLC	XXXXXX2076	\$11,109.82
Security Business Bank of San Diego	Santa Fe View Partners	XXXXXX2084	\$98,764.79
Security Business Bank of San Diego	SFV II, LLC	XXXXXX5020	\$4,084.04
Security Business Bank of San Diego	Sierra View Partners	XXXXXX6251	\$22,691.37
Security Business Bank of San Diego	Silver City Partners	XXXXXX8695	\$40,698.58
Security Business Bank of San Diego	Silver State Partners	XXXXXX6269	\$12,124.64

<u>Bank Name</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
Security Business Bank of San Diego	Sky View Partners	XXXXXX0410	\$236,190.70
Security Business Bank of San Diego	Snow Bird Partners	XXXXXX1516	\$57,264.95
Security Business Bank of San Diego	Sonora View Partners Partners	XXXXXX2150	\$103,111.60
Security Business Bank of San Diego	Spanish Springs View Partners	XXXXXX6525	\$919.17
Security Business Bank of San Diego	Spruce Heights Partners	XXXXXX1749	\$153,755.59
Security Business Bank of San Diego	Steamboat Partners	XXXXXX1509	\$104,145.79
Security Business Bank of San Diego	Storey Country Partners	XXXXXX7960	\$50,442.22
Security Business Bank of San Diego	Suntec Partners	XXXXXX6228	\$14,818.01
Security Business Bank of San Diego	Tecate South Partners	XXXXXX7242	\$2,167.05
Security Business Bank of San Diego	Twin Plant Partners	XXXXXX6202	\$5,663.94
Security Business Bank of San Diego	Valley Vista Partners	XXXXXX9164	\$11,241.18
Security Business Bank of San Diego	Via 188 Partners	XXXXXX6210	\$533.57
Security Business Bank of San Diego	Victory Lap Partners	XXXXXX6491	\$17,507.06
Security Business Bank of San Diego	Vista Del Sur Partners	XXXXXX0943	\$130,594.32
Security Business Bank of San Diego	Vista Tecate Partners	XXXXXX9958	\$3,050.99
Security Business Bank of San Diego	Western Financial Planning	XXXXXX7184	\$1,450.97
Security Business Bank of San Diego	Western Financial Planning	XXXXXX8794	\$135,846.51

<u>Bank Name</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
Security Business Bank of San Diego	Western Financial Planning	XXXXX8802	\$0.00
Security Business Bank of San Diego	Western Financial Planning	XXXXX8810	\$0.00
Security Business Bank of San Diego	Western Financial Planning	XXXXX8828	\$0.00
Security Business Bank of San Diego	Western Financial Planning	XXXXX8836	\$2,037.44
Security Business Bank of San Diego	Western Financial Planning	XXXXX9883	\$1,771.53
Security Business Bank of San Diego	Western Financial Planning	XXXXX1464	\$847.27
Security Business Bank of San Diego	Western Financial Planning; F-86 LLC	XXXXX8354	\$500.00
Security Business Bank of San Diego	Western Financial Planning; F-86 Partners	XXXXX8362	\$66,066.00
Security Business Bank of San Diego	Western Financial Planning; P-40 Warhawk	XXXXX4510	\$179,045.90
Security Business Bank of San Diego	Western Financial Planning; Warhawk LLC	XXXXX4544	\$6,381.59
Security Business Bank of San Diego	Wild Horse Partners	XXXXX7234	\$1,648.11
Security Business Bank of San Diego	WSCC, LLC	XXXXX8471	\$45,334.51
American Century Investments	First Financial Planning Corp.	XXXXX883-3	\$1.79
Bank of Nevada	Real Asset Locators, Inc.	XXXXXX6352	\$40,548.09
		Total	\$6,592,469.89

EXHIBIT B

Acquisition and Transfer of Properties Between Receivership Entities

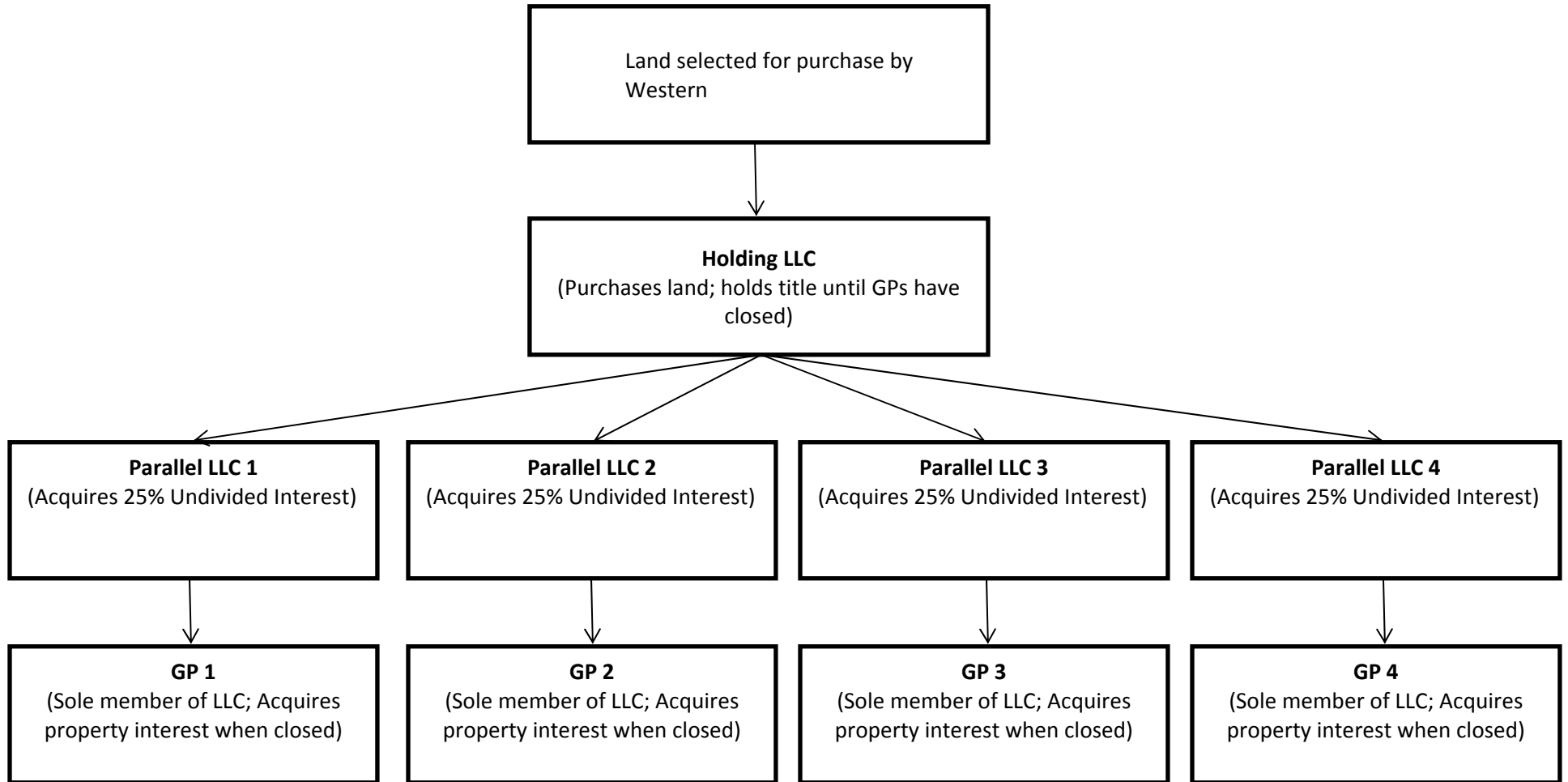
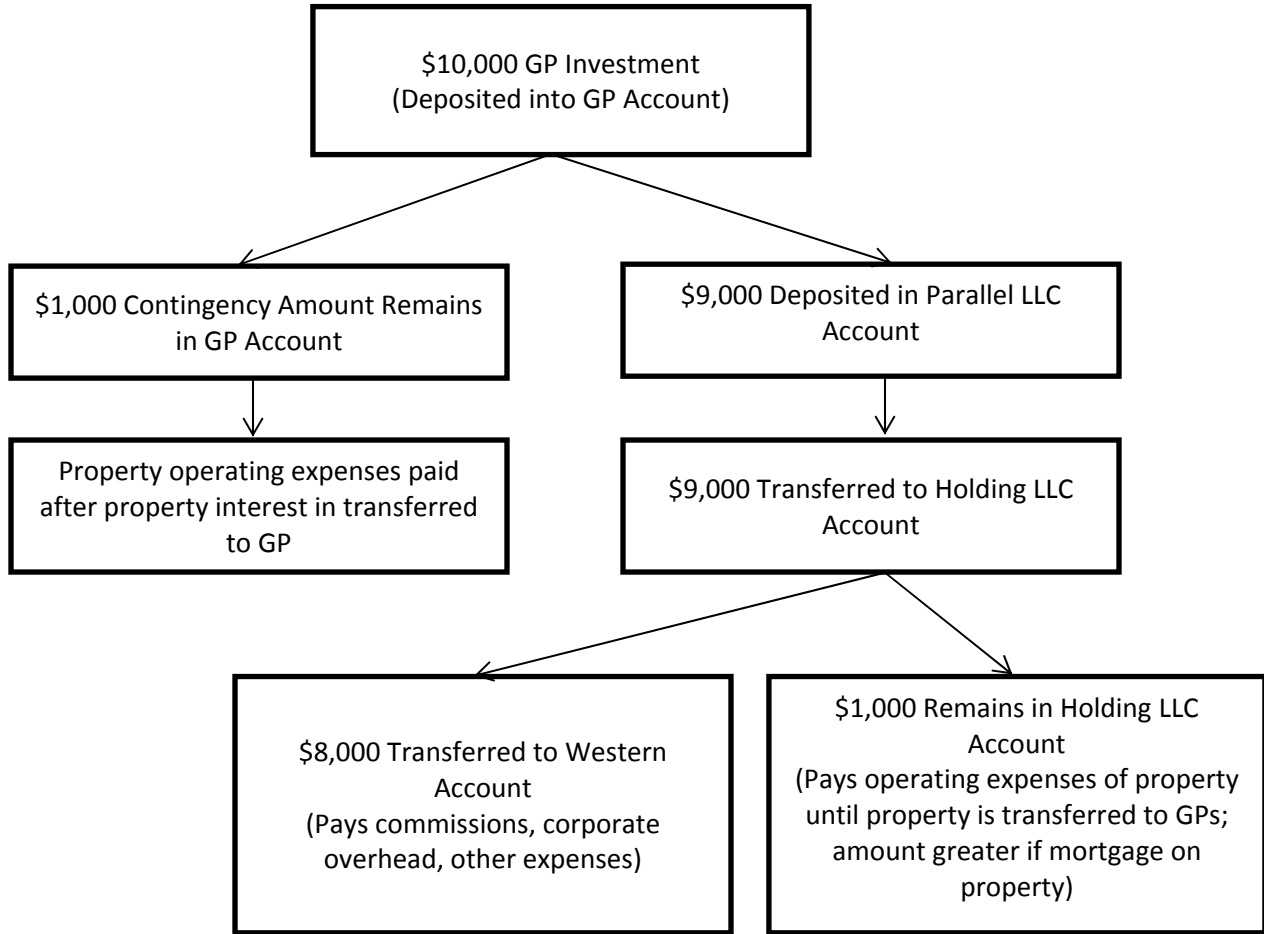


EXHIBIT C

Flow of Funds Received From Investors



1 DAVID R. ZARO (BAR NO. 124334)
TED FATES (BAR NO. 227809)
2 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
3 501 West Broadway, 15th Floor
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4 Phone: (619) 233-1155
Fax: (619) 233-1158
5 E-Mail: dzaro@allenmatkins.com
tfates@allenmatkins.com

6 Attorneys for Court-appointed Temporary Receiver
7 THOMAS C. HEBRANK

8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

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

17 Defendants.

Case No. 12CV2164-LAB

PROOF OF SERVICE

Ctrm.: 9
Judge: Hon. Larry Alan Burns

1 I am employed in the County of San Diego, State of California. I am over the age of
2 eighteen (18) and am not a party to this action. My business address is 501 West Broadway,
15th Floor, San Diego, California 92101-3541.

3 On September 14, 2012, I served the within document(s) described as:

4 ➤ **RECEIVER'S INITIAL REPORT AND RECOMMENDATIONS TO THE
5 COURT**

6 on the interested parties in this action by:

7 **BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF"):** the foregoing
8 document(s) will be served by the court via NEF and hyperlink to the document. On
September 14, 2012, I checked the CM/ECF docket for this bankruptcy case or adversary
9 proceeding and determined that the following person(s) are on the Electronic Mail Notice
List to receive NEF transmission at the email addressed indicated below:

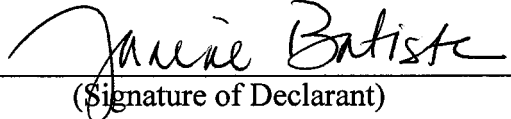
- 10 • Edward G Fates - tfates@allenmatkins.com; bcrfilings@allenmatkins.com
- 11 • Eric Hougen - eric@hougenlaw.com
- 12 • Sara D. Kalin - kalins@sec.gov
- 13 • Molly M. White - whitem@sec.gov

14 I declare under penalty of perjury under the laws of the United States that the foregoing is
15 true and correct.

16 Executed on September 14, 2012, at San Diego, California.

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21
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23
24
25
26
27
28

Janine L. Batiste
(Type or print name)


(Signature of Declarant)