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

15 SECURITIES AND EXCHANGE  
16 COMMISSION,

17 Plaintiff,

18 v.

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

24 Defendants.

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

**RECEIVER'S THIRD INTERIM  
REPORT**

Ctrm.: 9  
Judge: Hon. Gonzalo P. Curiel

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1 Thomas C. Hebrank ("Receiver"), Court-appointed receiver for First Financial  
2 Planning Corporation d/b/a Western Financial Planning Corporation ("Western"),  
3 and its subsidiaries and affiliates (collectively, "Receivership Entities"), submits this  
4 Third Interim Report on his activities. This report focuses on the Receiver's  
5 activities during the fourth quarter of 2012.

## 6 I. EXECUTIVE SUMMARY

7 From the time the TRO appointing the Receiver was entered until the Court's  
8 November 30, 2012 Order Re Receiver's Second Report and Proposal ("Order on  
9 Proposal"), the Receiver focused his activities on taking control of, preserving and  
10 protecting the assets of the Receivership Entities, including conducting an  
11 investigation as necessary to identify and preserve assets. Upon entry of the Order  
12 on Proposal, which authorized the Receiver to conduct an evaluation of the  
13 Receivership Entities' real estate assets and to conduct a forensic accounting of the  
14 companies' financial affairs, the Receiver added these tasks to his activities.  
15 Significant progress has been made on both the real estate evaluation and forensic  
16 accounting. The Receiver expects to complete these tasks in the next 60 days and  
17 will report on them at that time.

18 The most immediate concern for the Receivership Entities continues to be  
19 Western's lack of sufficient income to meet its financial obligations, including  
20 mortgage payments on properties owned by the General Partnerships ("GPs"). In  
21 order to remedy this problem and preserve the maximum value for investors, the  
22 Receiver will be seeking authority to sell certain Western assets to generate cash for  
23 mortgage payments. These sales will only be a short-term solution. In the first half  
24 of 2013, the Receiver will make recommendations regarding the disposition of  
25 properties so their value can be realized or, in some cases, to minimize losses and  
26 avoid further liability.

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## II. PROCEDURAL BACKGROUND

1  
2 On September 4, 2012, the Securities and Exchange Commission  
3 ("Commission") filed its Complaint against Louis V. Schooler and Western  
4 (collectively, "Defendants"). The Commission also filed an Ex Parte Application  
5 for Temporary Restraining Order and Orders: (1) Freezing Assets; (2) Appointing a  
6 Temporary Receiver Over Western and the Entities It Controls; (3) Prohibiting the  
7 Destruction of Documents, (4) Granting Expedited Discovery, and (5) Requiring  
8 Accountings; and an Order to Show Cause re Preliminary Injunction and  
9 Appointment of a Permanent Receiver ("TRO"). The TRO was entered by the Court  
10 on September 6, 2012. The TRO appointed Thomas C. Hebrank temporary receiver  
11 for Western, and its subsidiaries and affiliates, including the entities listed on  
12 Schedule 1 to the TRO, and set a hearing on an Order to Show Cause re:  
13 Preliminary Junction and Appointment of a Permanent Receiver ("OSC") for  
14 September 17, 2012, at 11:30 a.m.

15 On September 11, 2012, Mr. Schooler moved on an emergency basis to  
16 vacate or modify the TRO ("Emergency Motion"). The Commission opposed the  
17 Emergency Motion, which was denied on September 13, 2012.

18 The parties filed extensive briefing in advance of the September 17, 2012  
19 OSC hearing, and the Court heard considerable argument at the hearing. On  
20 October 5, 2012, the Court issued an order granting the Commission's request for a  
21 preliminary injunction based on a preliminary finding that Defendants had sold  
22 unregistered securities. The Court determined that the receivership over the GPs  
23 should continue, but instructed the Receiver and the parties to meet and confer  
24 regarding his transition to a monitor role with regard to Western and Mr. Schooler's  
25 assets.

26 After multiple conferences with the parties, the Receiver filed his Second  
27 Report and Proposal Regarding the Assets of Western and Louis Schooler (the  
28 "Proposal") on October 17, 2012. In the Proposal, the Receiver recommended that

1 Western remain in the receivership. The Commission filed a brief in support of the  
2 Proposal, and Mr. Schooler filed an opposition. On November 30, 2012, the Court  
3 entered the Order on Proposal, ordering that: (a) Western remain in the  
4 receivership; (b) the Receiver proceed with his asset evaluation and forensic  
5 accounting as outlined in the Proposal; (c) the asset freeze over Mr. Schooler's  
6 assets be lifted; and (d) the Commission submit a proposed form of Preliminary  
7 Injunction Order within seven days.

8 The Commission lodged its proposed form of Preliminary Injunction Order  
9 on December 7, 2012. Mr. Schooler lodged objections to the proposed Preliminary  
10 Injunction Order on December 24, 2012. The Receiver and the Commission lodged  
11 their respective responses to Mr. Schooler's objections on January 7, 2013. On  
12 January 11, 2013, the Court ordered the parties to file the proposed Preliminary  
13 Injunction Order and papers related thereto (as opposed to lodging them) no later  
14 than January 18, 2013, which the parties then did. On January 24, 2013,  
15 Mr. Schooler filed a Reply to the Responses of the Receiver and the Commission to  
16 Mr. Schooler's objections to the proposed Preliminary Injunction Order.

### 17 III. SUMMARY OF RECEIVER'S ACTIVITIES

#### 18 A. Operations and Investigation

19 As noted above, the Receiver's primary focus since his appointment has been  
20 on identifying, preserving and protecting the Receivership Entities' assets. These  
21 activities fall into the following general categories:

##### 22 1. Business Operations

23 The Receiver has continued to operate the Receivership Entities, carry out  
24 Western's duties with regard to the GPs, and reduce Western's operating expenses.  
25 Western's payroll has been significantly reduced, it is no longer paying rent to  
26 LSV III (an entity controlled by Mr. Schooler) for its limited use of the premises  
27 located at 5186 Carroll Canyon Road, San Diego, and it is no longer paying legal  
28 expenses (other than as approved by the Court in connection with the receivership).

1 This has substantially reduced Western's operating expenses and, together with  
2 Court-approved cash transfers from Mr. Schooler, has allowed Western to timely  
3 make all post-receivership payments on mortgages secured by GP properties.  
4 Western is essentially out of cash, however. As noted above, in the near future, the  
5 Receiver will remedy this problem by seeking authority to sell certain Western  
6 assets to generate cash to make upcoming mortgage payments and pay for  
7 receivership operations.

8 Prior to the Receiver's appointment, the Receivership Entities used the  
9 accounting firm of Duffy Kruspodin & Company LLP ("Duffy") to prepare  
10 company tax returns and K-1s for investors. The Receiver interviewed Duffy about  
11 its pre-receivership work for the Receivership Entities. Pursuant to the authority  
12 granted to him in Part VII.C. and G. of the TRO, the Receiver offered to engage  
13 Duffy to prepare 2012 tax returns and K-1s on the condition that Duffy release and  
14 waive any and all claims for unpaid pre-receivership fees and costs. Duffy agreed to  
15 do so. The firm will apply to the Court for approval of its post-receivership fees and  
16 costs. Such fees and costs will not be paid until approved by the Court.

17 2. Asset Investigation

18 The Receiver has investigated various assets reflected on Western's books and  
19 records, including the following:

20 **Notes Payable from LinMar Entities.** Western's books and records reflect  
21 that it made loans to LinMar Management, Inc., LinMar Shaw, LLC, LinMar III,  
22 LLC, LinMar IV, LLC and approximately 16 LinMar Tacoma entities (collectively,  
23 "LinMar Borrowers"). The Receiver's understanding is that the LinMar Borrowers  
24 are managed by Mr. Schooler or entities he controls. All of the loans have matured.  
25 The aggregate amount owing on the notes is approximately \$1.266 million. The  
26 Receiver has recently issued a demand to the LinMar Borrowers for full payment.  
27 With the exception of the LinMar Tacoma loan, the loans all appear to be unsecured.

28

1 The LinMar Tacoma loan appears to be secured by property located in  
2 Tacoma, Washington owned by the LinMar Tacoma entities. The mortgage in favor  
3 of Western is in a junior position to a mortgage in favor of 2010-1 CRE Venture,  
4 LLC ("CRE Venture"). The Receiver was contacted by CRE Venture, which  
5 advised that its loan to the LinMar Tacoma entities is in default and that it intended  
6 to seek appointment of a receiver. Therefore, a recovery on Western's loan to the  
7 LinMar Tacoma entities appears unlikely. The Receiver will continue to investigate  
8 and pursue collection of these loans and will seek relief from the Court as necessary  
9 and appropriate.

10 **Automobiles.** Western's books and records reflect that it owns two  
11 automobiles with a value of \$153,424.60. After requesting information about the  
12 automobiles from Mr. Schooler several times, the Receiver recently received a copy  
13 of the title for two automobiles, a 2008 Lexus that Mr. Schooler acknowledges is  
14 owned by Western and a 1999 Lexus that Mr. Schooler claimed he owned. The  
15 Receiver has advised Mr. Schooler that Western's books and records reflect  
16 ownership of both vehicles and that they must be either purchased from Western for  
17 their Kelley Blue Book value or immediately turned over.

18 On February 6, 2013, due to Mr. Schooler's lengthy delays in responding, the  
19 Receiver advised Mr. Schooler that he would soon seek an order to show cause re:  
20 contempt and sanctions due to Mr. Schooler's failure to turn over the vehicles as  
21 required by the TRO. Mr. Schooler then agreed to purchase the 1999 Lexus for  
22 \$12,000 and has delivered a cashier's check to the Receiver for that amount.  
23 Mr. Schooler promised to deliver the 2008 Lexus to the Receiver no later than  
24 February 19, 2012. In the next few days, the Receiver will file a motion seeking  
25 Court approval of the sale of the 1999 Lexus to Mr. Schooler, as well as authority to  
26 sell the 2008 Lexus and gold coins (discussed below).

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1           **Gold Coins.** Western owns gold coins which are in the Receiver's possession  
2 and control. The Receiver contacted a local jeweler/appraiser and, based on that  
3 investigation, believes the coins are worth approximately \$50,000 to \$55,000.

4           **Furniture, Fixtures and Equipment.** Western's books and records reflect  
5 ownership of the furniture, fixtures and equipment located at the premises it leases  
6 from LVS III. For the time being, Mr. Schooler is not demanding rent from Western  
7 for its limited remaining use of the premises. If and when that changes, the  
8 Receiver will contact an auctioneer/appraiser and seek Court authorization to sell  
9 the furniture, fixtures and equipment.

10           **B.     Pending Litigation**

11           There are several pending lawsuits and FINRA arbitrations in which one or  
12 more of the Receivership Entities are parties. Initially, the Receiver, with the  
13 assistance of counsel, advised the applicable courts and parties of the TRO,  
14 including the provision therein restraining and enjoining litigation against the  
15 Receivership Entities. The Receiver has since provided updates to the courts and  
16 parties regarding the status of this case and the receivership.

17           Two of the lawsuits, which involve Western, but not the GPs, relate primarily  
18 to the actions and insurance policies of WFP Securities Corporation ("WFP"). WFP  
19 is identified in the Commission's Complaint, but not named as a party. The  
20 Receiver requested corporate documents regarding WFP from Mr. Schooler, but  
21 Mr. Schooler has failed to produce them. The Receiver's understanding is that WFP  
22 was a registered broker-dealer, but is no longer registered as such and no longer  
23 conducts any business. The entity appears to be owned by Mr. Schooler and his  
24 brother, John Schooler.

25           A separate pending lawsuit involves four of the GPs and the real estate they  
26 own. This lawsuit, which is pending in state court in Storey County, Nevada,  
27 involves the condemnation of a portion of the GP property by Sierra Pacific Power  
28 Company, a public utility company ("Sierra Pacific"). Although Sierra Pacific



1 successfully condemned the relevant portion of the property and paid approximately  
2 \$4.4 million to the applicable GPs as compensation, an appeal is pending and Sierra  
3 Pacific has now sought to abandon the condemned property and obtain return of the  
4 funds. Approximately \$515,000 of the \$4.4 million was used to pay legal,  
5 engineering and appraisal costs associated with the litigation. The vast majority of  
6 the remaining \$3.9 million was distributed to the general partners of the four GPs  
7 involved.

8 The law firm representing the Receivership Entities in the case was Cotton,  
9 Driggs, Walch, Holley, Woloson & Thompson located in Las Vegas ("Cotton  
10 Driggs"). The Receiver, with the assistance of his general counsel at Allen Matkins,  
11 interviewed Cotton Driggs about the case. Pursuant to the authority granted to him  
12 in the TRO (Part VII.C. and G.), the Receiver offered to engage Cotton Driggs to  
13 continue to represent the Receivership Entities in the litigation provided it waived  
14 all rights to outstanding pre-receivership fees and costs. Cotton Driggs agreed to do  
15 so. Like the Receiver, his general counsel, and his tax accountants, Cotton Driggs  
16 will apply for this Court's approval of its fees and costs and such fees and costs will  
17 not be paid until approved.

18 The Receiver has since engaged Sierra Pacific in preliminary settlement  
19 discussions. If a settlement can be reached, the Receiver will seek Court approval of  
20 such settlement via a noticed motion.

### 21 **C. Real Estate Evaluation**

22 Upon receipt of the Order on Proposal, the Receiver began his evaluation of  
23 the Receivership Entities' real estate assets. The Receiver has engaged licensed real  
24 estate appraisers to provide an independent opinion of value for the Receivership  
25 Entities' 22 real properties (one opinion for each property). The Receiver expects to  
26 have all of these opinions in the next 60 days.

27 The Receiver is also reviewing the mortgages associated with each property  
28 and talking to the applicable lenders to determine the exact amounts owed for each

1 property. For properties with an estimated value greater than the amount owed to  
2 the lender, the Receiver will analyze and estimate the costs of sale and provide a  
3 projected net recovery from sale.

#### 4 **D. Forensic Accounting**

5 The Receiver has commenced his forensic accounting and analysis of the  
6 Receivership Entities. This project includes verifying the reliability of the books  
7 and records of the Receivership Entities by reconciling them to bank statements and  
8 other supporting documentation, documenting the amount of funds raised through  
9 the GPs and analyzing how the funds were used, summarizing and reviewing the  
10 propriety of disbursements, and summarizing fees and amounts otherwise retained  
11 by Defendants. When his forensic accounting work is completed, the Receiver  
12 expects to be able to report on:

- 13 • How much money was raised from investors;
- 14 • How much money raised from investors was transferred to Defendants;
- 15 • How much of the money raised from investors remains in the GPs; and
- 16 • How investor money transferred to Defendants was used.

17 The Receiver anticipates being able to report on his findings from his forensic  
18 accounting work in the next 60 days.

#### 19 **IV. CLARIFICATION OF WESTERN'S STRUCTURE** 20 **AND FINANCIAL AFFAIRS**

21 In its Order on Proposal, the Court stated that clarification was needed  
22 regarding "Western's business structure, including its relationships with the general  
23 partnerships." Docket No. 59, p. 10. Specifically, the Court noted that there was  
24 competing information regarding (a) "who is responsible for making payments on  
25 the notes, who may make payment on the notes, and the consequences of failing to  
26 make payments on the notes" and (b) "whether Western receives income directly  
27 from investors or from the general partnerships, and what will happen to Western if  
28 investors stop making payments to Western (or to their general partnerships)." *Id.*

1 The Court also noted that Mr. Schooler did not respond to the issue of "investments  
2 made in the Washoe County property through F-86 Partners." *Id.*

3 Although the Receiver's forensic accounting is not complete, based on his  
4 review of the Receivership Entities' documents and operations to date, the  
5 Receivership Entities' respective note obligations are as follows.

6 **Western Notes.** Western has the primary obligation to pay the notes issued  
7 to sellers and lenders in connection with purchase of the GP properties. If Western  
8 fails to make the payments on the mortgages, the GPs, assuming they have the cash  
9 to do so, could make the payments. This, of course, would further reduce the  
10 limited cash available to distribute to investors.

11 If the payments are not made, the loans will go into default. Although there is  
12 an injunction currently in place that prevents sellers/lenders from taking legal action  
13 against the Receivership Entities, the sellers/lenders would likely seek relief from  
14 the injunction to initiate foreclosure proceedings. Whether or not the sellers/lenders  
15 are successful in obtaining relief from the injunction, the costs associated with such  
16 proceedings would increase the costs of the receivership and further harm investors.

17 The Receiver is obtaining the aforementioned appraisals to determine the  
18 likely values for the properties and to assess the costs and benefits of making further  
19 loan payments. In the meantime, it is important that Western timely make all  
20 payments owed on the notes secured by GP properties.

21 **GP Notes.** There are separate notes owed to Western (or the LLCs set up by  
22 Western to hold properties) by the GPs. Western allowed investors to finance a  
23 portion of their investments in the GPs. The aggregate amount financed by the  
24 investors of each GP would be loaned to the GP by Western (or the LLCs) and  
25 Western (or the LLCs) would take back a note from the GP.

26 Separately, the GPs owe Western for amounts Western has loaned the GPs to  
27 cover GP operating expenses. Some of the GPs do not have sufficient cash in their  
28 accounts to cover their operating expenses (property taxes, insurance, etc.). These

1 GPs periodically bill their investors to collect amounts necessary to cover these  
2 expenses. When the GPs were unable collect the necessary amounts from their  
3 investors, Western made loans to the GPs to cover the shortfalls. The aggregate  
4 amount of these loans is approximately \$530,000.

5 **Investor Notes.** There are also notes owed to the GPs by investors. Investors  
6 who financed a portion of their investments would execute notes in favor of the GPs  
7 for the amount financed. The GPs would collect note payments from investors and  
8 then use the funds collected to make payments on the GP notes owed to Western.

9 Some investors also issued notes directly to Western. The Receiver's  
10 understanding is that these notes were issued by investors who were permitted to  
11 finance their entire investment. The "down payment" portion of the investment  
12 would be owed via a note issued directly to Western and the remainder would be  
13 owed to the GP.

14 Western has almost no cash and no source of income other than note  
15 payments from the GPs. If investors stop making payments on their notes to the  
16 GPs, the only way the GPs would be able to make note payments to Western would  
17 be to deplete the cash in their accounts (as reflected on Exhibit A, many GP  
18 accounts are already at or near a zero balance), bill their investors, or sell the  
19 properties. These actions would only further harm the investors the receivership is  
20 intended to protect. Accordingly, the Receiver proposes that certain Western assets  
21 be sold to generate cash to make note payments. As noted above, this is only a  
22 short-term solution. Once the Receiver's evaluation of the properties is completed,  
23 decisions will need to be made regarding the disposition of properties to protect  
24 whatever equity in the properties exists.

25 **F-86 Partners.** As discussed in the Proposal, Western is the managing  
26 member of P51, LLC ("P51"). When it was first formed, P51 held title to an entire  
27 piece of real property located in Washoe County, Nevada. Western formed four  
28

1 GPs to acquire interests in the property. The first two GPs were sold out, closed,  
2 and each received an undivided 25% interest in the property from P51.

3 At the time the Receiver was appointed, Western was in the process of selling  
4 interests in F-86 Partners, the third GP set up to take an interest in the Washoe  
5 County property. Although F-86 Partners has not yet closed, people have already  
6 invested in F-86 Partners. Investors have transferred more than \$780,000 in cash to  
7 F-86 Partners. The majority of funds received from investors flow through the GPs  
8 to Western. At the time of the Receiver's appointment, only \$66,066.00 remained in  
9 the F-86 Partners account and only \$2,664.22 remained in the P51 account. As  
10 discussed above, Western has virtually no cash. Therefore, the majority of cash  
11 raised from the investors of F-86 Partners was spent by Western prior to the  
12 receivership. The F-86 Partners interest in the property, however, remains under  
13 P51, which is controlled by Western.

14 For these reasons and the other reasons discussed in the Proposal, the  
15 Receiver continues to believe that inclusion of Western in the receivership is in the  
16 best interests of investors and creditors.

## 17 **V. RECEIPTS AND DISBURSEMENTS**

18 Attached hereto as Exhibit A is a summary of the receipts and disbursements  
19 for the Receivership Entities between the Receiver's appointment and December 31,  
20 2012. Although the summary reflects \$75,133.23 in Western accounts (see Total  
21 WFPC Bank Accounts), the majority of these funds have since been used to make  
22 mortgage payments and pay other basic operating expenses.

23 Attached as Exhibit B is a Profit and Loss statement for Western for the  
24 period September 1, 2012 through December 31, 2012. The statement was prepared  
25 on a cash basis by Western accounting personnel. The statement includes  
26 pre-receivership period items, including executive salaries, building rent, legal  
27 expenses, consulting expenses and other expense items which have subsequently  
28 been eliminated by the Receiver.

1 Mr. Schooler made capital contributions to Western totaling \$270,000 during  
2 the September 1, 2012 to December 31, 2012 period. The first \$100,000 was  
3 transferred on September 5, 2012, one day prior to entry of the TRO. The remaining  
4 \$170,000 was transferred pursuant to stipulations approved by the Court on  
5 October 18, 2012 and November 30, 2012. Docket Nos. 48 and 58.

## 6 VI. INVESTOR COMMUNICATIONS

7 The Receiver has continued to update his website, [www.ethreadvisors.com](http://www.ethreadvisors.com),  
8 with his reports, briefs filed by the parties that pertain directly to the receivership,  
9 and Court orders. The Receiver and his staff have also promptly responded to all  
10 inquiries from investors and other interested parties. In approximately 60 days, the  
11 Receiver will send out K-1 tax forms for 2012 to all investors. Investors are  
12 reminded of the importance of informing the Receiver of any change in their  
13 address.

## 14 VII. RECOMMENDATIONS FOR RECEIVERSHIP

15 The Receiver recommends that the receivership continue pursuant to the  
16 Court's orders. The Receiver will continue to investigate, preserve and protect the  
17 Receivership Entities' assets, and will complete his forensic accounting and  
18 evaluation of real estate assets. As soon as possible, he will make recommendations  
19 to the Court regarding the disposition of properties and will report on his findings  
20 from his forensic accounting.

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

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# EXHIBIT A

**EXHIBIT A**



## SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR RECEIVERSHIP

Bank Name	9/5/12 Balance	9/5/12 to 12/31/12 Deposits	9/5/12 to 12/31/12 Disbursements	12/31/12 Balance
<b>GP BANK ACCOUNTS:</b>				
ABL Partners	\$31,061.67	\$0.00	\$1,051.89	\$30,009.78
Antelope Springs Partners	\$153.79	\$7,222.22	\$7,052.02	\$323.99
Big Ranch Partners	\$328.38	\$2,872.95	\$468.54	\$2,732.79
BLA Partners	\$8,712.14	\$16,819.64	\$300.00	\$25,231.78
Borderland Partners	\$18,558.81	\$5,520.23	\$300.00	\$23,779.04
Bratton View Partners	\$5,748.99	\$491.59	\$2,001.52	\$4,239.06
Cactus Ridge Partners	\$76,254.74	\$4,493.74	\$8,346.20	\$72,402.28
Carson Valley Partners	\$10,712.17	\$0.00	\$460.00	\$10,252.17
Checkered Flag Partners	\$2,075.53	\$0.00	\$300.00	\$1,775.53
Comstock Partners	\$48,995.97	\$5,485.44	\$8,580.60	\$45,900.81
Crystal Clearwater Partners	\$100,599.02	\$4,035.40	\$3,217.70	\$101,416.72
Dayton View Partners	\$46,921.48	\$0.00	\$300.00	\$46,621.48
Desert View Partners	\$84,310.10	\$7,886.76	\$13,457.42	\$78,739.44
Eagle View Partners	\$280,797.59	\$20,476.89	\$15,831.38	\$285,443.10
F-86 Partners	\$66,066.00	\$0.00	\$0.00	\$66,066.00
Fairway Partners	\$54,128.27	\$0.00	\$300.00	\$53,828.27
Falcon Heights Partners	\$291,668.22	\$22,465.18	\$14,146.50	\$299,986.90
Free Trade Partners	\$5,596.27	\$178.64	\$637.33	\$5,137.58
Frontage 177 Partners	\$71,681.90	\$6,049.67	\$4,013.05	\$73,718.52
Galena Ranch Partners	\$127,474.26	\$4,568.80	\$5,898.08	\$126,144.98
Gila View Partners	\$40,074.68	\$7,813.24	\$12,076.20	\$35,811.72
Gold Ridge Partners	\$193,546.84	\$0.00	\$11,972.37	\$181,574.47
Grand View Partners	\$221,937.45	\$0.00	\$4,147.49	\$217,789.96
Green View Partners	\$57,551.85	\$0.00	\$300.00	\$57,251.85
Heavenly View Partners	\$8,807.16	\$0.00	\$460.00	\$8,347.16
Hidden Hills Partners	\$139.09	\$5,718.97	\$1,200.00	\$4,658.06
High Desert Partners	\$96,478.03	\$7,765.44	\$1,200.00	\$103,043.47
Highway 50 Partners	\$92,827.82	\$7,793.11	\$10,012.53	\$90,608.40
Hollywood Partners	\$1,601.00	\$163.23	\$300.00	\$1,464.23
Honey Springs Partners	\$17,517.71	\$630.92	\$6,616.71	\$11,531.92
Horizon Partners	\$10,339.36	\$7,468.19	\$2,058.79	\$15,748.76
International Partners	\$6,998.84	\$3,772.84	\$466.00	\$10,305.68
Jamul Meadows Partners	\$10,718.39	\$0.00	\$1,450.00	\$9,268.39
Lahontan Partners	\$140,412.54	\$8,848.51	\$11,896.06	\$137,364.99
Las Vegas Partners	\$28,315.49	\$0.00	\$0.00	\$28,315.49
Lyons Valley Partners	\$87.52	\$4,958.41	\$600.00	\$4,445.93
Mesa View Partners	\$120,135.99	\$9,935.36	\$13,831.34	\$116,240.01
Mex-Tec Partners	\$45,882.63	\$0.00	\$1,051.89	\$44,830.74
Mohawk Mountain Partners	\$94,156.83	\$11,829.16	\$16,768.87	\$89,217.12
Mountain View Partners	\$64,603.89	\$3,559.41	\$7,816.88	\$60,346.42
Nevada View Partners	\$56,936.78	\$13,730.61	\$18,759.00	\$51,908.39
Night Hawk Partners	\$323,872.30	\$20,027.68	\$10,769.38	\$333,130.60
North Springs Partners	\$90,735.92	\$5,359.16	\$7,606.44	\$88,488.64
Ocotillo View Partners	\$85,340.90	\$2,481.39	\$5,556.40	\$82,265.89

Bank Name	9/5/12 Balance	9/5/12 to 12/31/12 Deposits	9/5/12 to 12/31/12 Disbursements	12/31/12 Balance
Orange Vista Partners	\$110,666.97	\$5,453.96	\$6,667.36	\$109,453.57
Osprey Partners	\$346,789.05	\$16,031.10	\$8,769.24	\$354,050.91
P-39 Aircobra Partners	\$155,585.61	\$8,307.56	\$1,200.00	\$162,693.17
P-40 Warhawk Partners	\$179,045.90	\$6,188.37	\$5,326.00	\$179,908.27
Painted Desert Partners	\$40,638.53	\$5,142.50	\$10,672.88	\$35,108.15
Par Four Partners	\$56,221.07	\$0.00	\$300.00	\$55,921.07
Park Vegas Partners	\$4,117.50	\$200.00	\$1,150.00	\$3,167.50
Pecos Partners	\$162,113.67	\$4,349.44	\$6,824.70	\$159,638.41
Pine View Partners	\$14,226.90	\$0.00	\$460.00	\$13,766.90
Production Partners	\$16,705.11	\$2,327.02	\$493.50	\$18,538.63
Prosperity Partners	\$578.77	\$4,800.09	\$300.00	\$5,078.86
Pueblo Partners	\$126,914.26	\$7,158.42	\$8,781.48	\$125,291.20
Pyramid Highway 177 Partners	\$49,658.21	\$1,556.80	\$300.00	\$50,915.01
Rail Road Partners	\$128,717.47	\$3,942.62	\$5,959.06	\$126,701.03
Rainbow Partners	\$24,770.53	\$10,697.07	\$2,058.79	\$33,408.81
Rawhide Partners	\$92,143.10	\$6,348.36	\$7,909.08	\$90,582.38
Redfield Heights Partners	\$128,970.04	\$6,595.08	\$7,651.28	\$127,913.84
Reno Partners	\$295.94	\$0.00	\$0.00	\$295.94
Reno View Partners	\$408.82	\$0.00	\$0.00	\$408.82
Reno Vista Partners	\$592.23	\$0.00	\$0.00	\$592.23
Road Runner Partners	\$126,321.22	\$2,475.32	\$5,746.06	\$123,050.48
Rolling Hills Partners	\$223,967.07	\$203.73	\$4,064.39	\$220,106.41
Rose Vista Partners	\$108,744.15	\$7,724.52	\$10,952.16	\$105,516.51
Santa Fe View Partners	\$97,343.47	\$12,147.48	\$12,228.86	\$97,262.09
Sierra View Partners	\$21,736.37	\$0.00	\$460.00	\$21,276.37
Silver City Partners	\$39,560.42	\$9,616.84	\$11,491.64	\$37,685.62
Silver State Partners	\$11,179.64	\$3,372.62	\$180.00	\$14,372.26
Sky View Partners	\$235,055.70	\$0.00	\$4,147.50	\$230,908.20
Snow Bird Partners	\$56,369.95	\$8,734.96	\$11,623.72	\$53,481.19
Sonora View Partners	\$116,223.73	\$6,201.24	\$7,896.10	\$114,528.87
Spanish Springs View Partners	\$919.17	\$6,776.72	\$3,060.54	\$4,635.35
Spruce Heights Partners	\$152,527.43	\$1,610.16	\$17,889.66	\$136,247.93
Steamboat Partners	\$103,241.31	\$3,011.64	\$6,044.52	\$100,208.43
Storey County Partners	\$49,437.22	\$1,610.17	\$2,811.44	\$48,235.95
SunTec Partners	\$14,023.01	\$625.00	\$787.34	\$13,860.67
Tecate South Partners	\$1,817.05	\$160.17	\$450.00	\$1,527.22
Twin Plant Partners	\$5,336.42	\$11,337.16	\$1,000.00	\$15,673.58
Valley Vista Partners	\$11,241.18	\$500.72	\$2,573.52	\$9,168.38
Via 188 Partners	\$383.57	\$5,163.76	\$937.33	\$4,610.00
Victory Lap Partners	\$12,312.75	\$2,651.91	\$300.00	\$14,664.66
Vista Del Sur Partners	\$129,279.84	\$8,299.98	\$12,962.42	\$124,617.40
Vista Tecate Partners	\$2,225.99	\$1,259.36	\$450.00	\$3,035.35
Wild Horse Partners	\$1,144.95	\$6,842.83	\$8,515.74	(\$527.96)
Clearwater Bridge, LLC	\$3,419.36	\$2,017.70	\$6,005.98	(\$568.92)
Eagle View Partners, LLC	\$18,536.26	\$15,528.00	\$23,291.28	\$10,772.98
F-86, LLC	\$500.00	\$0.00	\$0.00	\$500.00
Falcon Heights Partners, LLC	\$18,094.51	\$13,843.12	\$27,686.24	\$4,251.39
Frontage 177, LLC	\$2,802.23	\$3,713.05	\$6,790.28	(\$275.00)

Bank Name	9/5/12 Balance	9/5/12 to 12/31/12 Deposits	9/5/12 to 12/31/12 Disbursements	12/31/12 Balance
High Desert Shadow, LLC	\$9,488.00	\$0.00	\$8,432.89	\$1,055.11
Night Hawk Partners, LLC	\$16,324.04	\$10,466.00	\$20,935.16	\$5,854.88
Osprey Pescador, LLC	\$18,233.82	\$8,465.86	\$17,381.72	\$9,317.96
P-39 Aircobra, LLC	\$19,551.53	\$0.00	\$8,547.20	\$11,004.33
P-40 Warhawk, LLC	\$5,581.59	\$4,126.00	\$6,682.37	\$3,025.22
Pueblo Partners, LLC	\$6,146.52	\$8,481.48	\$14,545.06	\$82.94
Pyramid Highway 177, LLC	\$10,258.67	\$0.00	\$3,462.92	\$6,795.75
Santa Fe View, LLC	\$11,109.82	\$11,928.86	\$19,130.08	\$3,908.60
The Pecos Partnership, LLC	\$4,480.72	\$6,524.70	\$7,928.40	\$3,077.02

<b>Total GP Bank Accounts</b>	\$6,444,942.67	\$504,942.23	\$605,794.47	\$6,344,090.43
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Fernley I, LLC	\$102.86	\$11,506.56	\$11,600.00	\$9.42
P51 LLC	\$2,664.22	\$15,685.57	\$17,342.76	\$1,007.03
Santa Fe Venture	\$10,850.86	\$56,988.73	\$64,060.64	\$3,778.95
SFV II, LLC	\$4,084.04	\$9,703.20	\$12,416.68	\$1,370.56
WFPC - Corp	\$177,359.03	\$550,804.75	\$646,525.01	\$81,638.77
WFPC - Business	(\$118,928.69)	\$539,386.83	\$502,160.19	(\$81,702.05)
WFPC - Payroll	\$0.00	\$111,369.52	\$111,369.52	\$0.00
WFPC - MMKT	\$847.27	\$0.13	\$20.00	\$827.40
WFPC - Special	\$222.88	\$1,741.34	\$0.00	\$1,964.22
WFPC - FFP	\$1,598.24	\$9,087.05	\$6,000.00	\$4,685.29
WFPC - Las Vegas Prop Tax	\$1,771.53	\$0.00	\$0.00	\$1,771.53
WSCC, LLC	\$45,334.51	\$732,156.09	\$721,752.82	\$55,737.78
First Financial Planning	\$1,450.97	\$8,593.36	\$6,000.00	\$4,044.33
<b>Total WFPC Bank Accounts</b>	\$127,357.72	\$2,047,023.13	\$2,099,247.62	\$75,133.23
<b>Total All Bank Accounts</b>	\$6,572,300.39	\$4,066,854.13	\$4,169,552.48	\$6,469,602.04

Note: The beginning balances listed above differ slightly from those listed in the Receiver's Initial Report due to 1) inclusion/exclusion of certain bank accounts and 2) timing differences on cash vs. book balances.

This schedule lists the book balances for each account. The balances in the Initial Report are cash balances.

# **EXHIBIT B**

**EXHIBIT B**

**FIRST FINANCIAL PLANNING  
DBA WESTERN FINANCIAL PLANNING  
STATEMENT OF REVENUE AND EXPENDITURES  
4 MONTHS ENDED 12/31/2012 CASH BASIS**

	SEPT-DEC
<b>INCOME</b>	
Interest Income	85,474.08
Interest Income Bank Accts	0.06
Commissions	1,502.64
<b>TOTAL INCOME</b>	<b>86,976.78</b>
<b>EXPENSES</b>	
<b>PAYROLL EXPENSE</b>	
Salary	72,962.21
Commissions	
Outside Temp Services	7,635.35
Service Fee Residuals	-
Payroll Taxes	5,886.42
Payroll & 401k	3,141.60
Benelect admin fees	
Insurance Medical & Dental	7,101.48
Insurance	
Insurance Disability	1,279.80
Insurance Group Term Life	59.80
COBRA Medical & Dental General	(445.68)
<b>TOTAL PAYROLL EXPENSE</b>	<b>97,620.98</b>
<b>SALES EXPENSE</b>	
Client Referrals	
<b>TOTAL SALES EXPENSE</b>	<b>-</b>
<b>TRAVEL EXPENSE</b>	
Air Travel	
Lodging	
Auto Rental Parking Tolls	1,297.20
Mileage Reimbursement	
Meals	
Entertainment	
<b>TOTAL TRAVEL EXPENSE</b>	<b>1,297.20</b>
<b>OFFICE EXPENSE</b>	
Subscriptions & Forms	29.29
Licenses	(662.00)
Membership dues	145.00
Printing Letterhead Env. Bus Cards	
Building Rent	12,412.40
Grounds Maint	
Storage	3,731.97
Telephone	5,607.37

Computer Expense	4,642.05
Equipment Lease Copier	
Equipment Lease Postage Meter	449.32
Copier Supplies & Maintenance	949.11
Postage	3,588.37
Express Couriers	22.31
Office Expense	(74.58)
Office Supplies	257.42
Kitchen Supplies Admin SD	
TOTAL OFFICE EXPENSE	<u>31,098.03</u>
GENERAL OPERATING EXPENSE	
Partnership Related Expenses	(13,643.02)
Accounting	10,000.00
Legal General General	15,000.00
Legal Human resources HR	75.45
Consulting	7,371.12
Political Contributions General	
Insurance Liability General	2,023.68
Interest Expense General	86,735.30
Fees and Finance Charges	1,070.73
FTB Penalties General	
Depreciation	14,216.00
Taxes Property	759.64
Taxes California Franchise General	
Income/Loss Partnerships General	
TOTAL GENERAL EXPENSE	<u>123,608.90</u>
TOTAL EXPENSE	<u>253,625.11</u>
NET INCOME (LOSS)	<u><u>(166,648.33)</u></u>