



June 15, 2015

**Yuma II Information Packet**

- Desert View Partners (2006) – 25%
- Sonora View Partners (2007) – 25%
- Mesa View Partners (2007) – 25%
- Road Runner Partners (2007) – 25%

Dear Investor:

This information packet is being provided to you pursuant to an order of the District Court in the pending case between the Securities and Exchange Commission ("SEC"), Louis Schooler, and First Financial Planning Corporation d/b/a Western Financial Planning Corporation ("Western"). The relevant order, which is dated March 4, 2015, and is entitled Order Keeping General Partnerships Under Receivership ("Order"), is available at the Receiver's website, [www.ethreadvisors.com](http://www.ethreadvisors.com) (use the SEC Case Docs tab). You are encouraged to review the order carefully.

This packet is intended to provide you with information about the District Court case, the Receiver's findings, and the financial condition of your General Partnership ("GP"). Specifically, the Order instructs the Receiver to provide you with the following information:

**I. SEC ALLEGATIONS**

The following is a summary of the allegations made by the SEC in the case:

On September 4, 2012, the SEC filed a complaint against Louis Schooler and Western, alleging they committed fraud and failed to register securities in violation of the federal securities laws.

**A. Fraud Allegations**

The SEC alleges Mr. Schooler orchestrated an offering fraud that involved buying raw, undeveloped land and using his company, Western, to sell the land to investors for far more than it was worth, without properly disclosing its true value. The SEC alleges Mr. Schooler marked up the land and sold it to investors at a price that was several times higher than what he paid for it (in some cases, 500% higher or more) without disclosing to investors the price he paid.

The SEC also alleges Mr. Schooler led investors to believe they received a good price for the land Western offered. His sales force allegedly used real estate "comps" that appeared to show that similar land was worth even more than what investors were paying for Western's land.

However, the SEC alleges the "comps" were not truly comparable because they often included entitlements, zoning, water rights, and other features that Western's land did not have.

In addition to misrepresenting the value of the land to investors, the SEC alleges Mr. Schooler concealed the fact the land Western offered to investors was often subject to mortgages Western had taken out to pay for the land. The SEC also alleges Mr. Schooler did not disclose the land was not owned outright nor the risk that the seller could foreclose upon the property if Western ceased making mortgage payments.

**B. Registration Violations**

The SEC alleges Western sold its land to investors through GPs that it structured, organized, and managed from inception through the time of an eventual land sale. Investors, many of whom were allegedly unsophisticated in business affairs, purchased units in a GP, and the GP purchased land from Western. The SEC alleges the GP units are securities because investors were completely dependent on Schooler and Western to manage their investment. Because Schooler and Western failed to register their securities offerings with the SEC, the SEC alleges they violated the securities registration provisions. On April 25, 2014, the District Court decided that the GP units sold to investors are securities.

**II. RECEIVER'S FINDINGS**

**A. Original Purchase Prices of GP Properties, Funds Raised By Western, and Appraised Values of GP Properties**

Western bought the Yuma II land in December 2005 for a purchase price of \$376,731. In 2006 - 2007, Western formed 4 underlying partnerships, each with a 25% undivided interest in the property. Western raised \$6,860,500 when it sold the land to investors, or \$6,483,769 (1,721%) more than it paid for the land. An outside appraisal obtained in June 2015 valued the property at \$195,000. This is all outlined in the chart below.

Western transferred \$5,084,648 of the excess proceeds to itself at the initial funding. In addition, Western retained 1 of the 10 Yuma II parcels for itself, and did not transfer it to the Yuma II GPs.

	<b>Western Land Purchase Price</b>	<b>Amount Raised From Investors</b>	<b>Excess Proceeds Raised by Western</b>	<b>Excess Proceeds %</b>	<b>2015 Appraised Value</b>
Desert View Partners	94,183	1,642,000	1,547,817	1,643%	48,750
Sonora View Partners	94,183	1,689,800	1,595,617	1,694%	48,750
Mesa View Partners	94,183	1,739,000	1,644,817	1,746%	48,750
Road Runner Partners	94,183	1,789,700	1,695,517	1,800%	48,750
	376,731	6,860,500	6,483,769	1,721%	195,000

**B. How the Difference Between the Original Purchase Prices and the Money Raised Was Spent by Western**

Western did not keep separate accounts for the funds it obtained from each GP. All funds it obtained from the GPs for selling land went to the same primary bank account. Therefore, there is no way to know exactly how the funds Western obtained for selling the Yuma II land were used, as opposed to funds obtained from selling other land. However, the Receiver did an analysis of how funds were spent by Western for the time period 2005 - 2012. Based upon average amounts spent during that period by category, the \$6,483,769 in excess proceeds received by Western is estimated to have been spent as follows:

	<b>Average % Paid</b>	<b>Estimated Amount Paid</b>
Payments to Schooler	21%	\$1,386,966
Sales Commissions	15%	\$1,002,839
Payroll - Other	17%	\$1,131,946
Operating Expenses	21%	\$1,364,052
Western Investments in GPs	9%	\$588,547
Income Taxes	6%	\$364,433
Payments to Related Parties	6%	\$373,493
Payments to Escrow Companies	4%	\$271,492
	100%	\$6,483,769

Additional information on the Receiver's findings concerning the financial affairs of Western and the GPs can be found on the Receiver's website, [www.ethreeadvisors.com](http://www.ethreeadvisors.com) (use the SEC Case Docs tab), including Part One and Part Two of the Receiver's Forensic Accounting Report.

**III. CURRENT FINANCIAL STATUS OF YUMA II GPS**

Listed below are the current and projected cash balances for the Yuma II GPs.

	<b>Cash as of 1/1/2015</b>	<b>Est 2015 &amp; 2016 Receipts</b>	<b>Est 2015 &amp; 2016 Expenses</b>	<b>Estimated Cash as of 12/31/2016</b>	<b>Percentage of Operational Bills Paid Since 2013</b>
Desert View Partners	\$26,067	\$17,590	(\$84,229)	(\$40,572)	N/A
Sonora View Partners	\$88,429	\$25,354	(\$62,012)	\$51,771	N/A
Mesa View Partners	\$80,386	\$45,044	(\$85,997)	\$39,433	N/A
Road Runner Partners	\$94,399	\$7,226	(\$36,439)	\$65,186	N/A
	\$289,281	\$95,214	(\$268,677)	\$115,818	N/A

The receipts primarily consist of interest income and investor note payments made by investors who financed a portion of their investments. Expenses consist primarily of administrators, tax preparation, property taxes, insurance, and most significantly, loan payments due to Western for financed investments. Attached as Exhibit "A" are actual and estimated receipts and disbursements for 2014, 2015 and 2016 for each GP.

Desert View Partners is the only Yuma II GP that requires a capital call in order to fund ongoing operations. You will note that it is projected to have a cash deficit of (\$40,572) at the end of 2016. Accordingly, a capital call will be sent out shortly to the investors in Desert View Partners to fund this projected deficiency. Investors in the Yuma II GPs have not previously had to pay any operational billings or capital calls.

It is important to understand that, because of the co-tenancy structure for Yuma II, in which each of the four GPs own a percentage of the same land, the financial status of each GP can potentially affect the other GPs. If, for example, one GP in the group becomes unable to pay its operating expenses such as property taxes, the other GPs may be adversely effected by the late charges and/or penalties incurred for the land as a whole. Our current projection for Yuma II is that this will occur before the end of 2015. Per the Court's order, if the investors in Desert View Partners do not raise sufficient funds in this capital call, investors in the remaining 3 GPs (Sonora View, Mesa View and Road Runner) will be given the opportunity to cover the shortfall in capital needed to pay expenses. Desert View Partners investors can also voluntarily contribute additional capital to Desert View Partners, with a corresponding increase in their ownership interest. Should sufficient capital not be raised through these means, the Yuma II property will be sold, subject to Court approval of the sale terms.

#### IV. ESTIMATED CURRENT VALUE OF INVESTMENT

Listed below is the estimated cash proceeds that would be received from a sale of the property, based on its June 2015 appraised value. The estimated net sale proceeds are based on the existing 2015 appraised value (less cost of sale). GP notes payable are amounts due to Western for investors who financed a portion of their investment. The underlying mortgages on Yuma II are also listed below. A sale based on these assumptions would yield negative net proceeds of (\$82,936) for the 4 GPs that comprise the Yuma II property. Currently, the value is insufficient (per the June 2015 appraisal) to pay off the existing liabilities of the property.

	<b>Estimated Net Sale Proceeds</b>	<b>GP Notes Payable to Western</b>	<b>Outstanding Balance on Mortgages</b>	<b>Estimated Cash Proceeds to GPs from Sale</b>
Desert View Partners	\$45,338	(\$68,655)	(\$4,159)	(\$27,477)
Sonora View Partners	\$45,338	(\$53,845)	(\$4,159)	(\$12,667)
Mesa View Partners	\$45,338	(\$96,652)	(\$4,159)	(\$55,474)
Road Runner Partners	\$45,338	(\$28,498)	(\$4,159)	\$12,681
	\$181,350	(\$247,650)	(\$16,636)	(\$82,936)

Yuma II Investors  
June 15, 2015  
Page 5

Sincerely,

A handwritten signature in blue ink that reads "Thomas C Hebrank". The signature is fluid and cursive, with a large initial "T" and a stylized "C" for "C.".

Thomas C. Hebrank, CPA, CIRA  
Receiver

# **EXHIBIT “A”**

## Desert View

### 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	55,092	26,067	(8,150)
<b>Receipts</b>			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	(540)	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	10,811	8,795	8,795
<b>Total Receipts</b>	<b>10,271</b>	<b>8,795</b>	<b>8,795</b>
<b>Disbursements</b>			
Administrator Payroll	1,300	1,300	<sup>1</sup> 1,200
K1 Preparation	740	3,391	<sup>2</sup> 1,695
Property Taxes/Bond Payments	1,129	1,129	1,129
Insurance	223	250	250
Office Supplies	111	150	150
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	<sup>3</sup> 1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	35,793	35,793	<sup>4</sup> 35,793
<b>Total Disbursements</b>	<b>39,296</b>	<b>43,013</b>	<b>41,217</b>
Ending Cash Balance	26,067	(8,150)	(40,572)
<b>Amount to be Billed</b>		<b>8,150</b>	<b>40,572</b>

<sup>1</sup> In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

<sup>2</sup> It should be noted that the 2014 K-1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go-forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K1 Preparations expenses include 2014 and 2015 fees.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.

<sup>4</sup> This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

## Sonora View

### 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	101,173	88,429	69,728
<b>Receipts</b>			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	(916)	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	17,169	12,677	12,677
<b>Total Receipts</b>	<b>16,253</b>	<b>12,677</b>	<b>12,677</b>
<b>Disbursements</b>			
Administrator Payroll	1,300	1,300	<sup>1</sup> 1,200
K1 Preparation	700	2,044	<sup>2</sup> 1,400
Property Taxes/Bond Payments	1,129	1,129	1,129
Insurance	223	250	250
Office Supplies	165	175	175
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	<sup>3</sup> 1,000
Operational Loan Repayment	-	-	-
Mortgage Loan Repayment	25,479	25,479	<sup>4</sup> 25,479
<b>Total Disbursements</b>	<b>28,996</b>	<b>31,377</b>	<b>30,633</b>
Ending Cash Balance	88,429	69,728	51,771
<b>Amount to be Billed</b>		-	-

<sup>1</sup> In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

<sup>2</sup> It should be noted that the 2014 K-1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go-forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K1 Preparations expenses include 2014 and 2015 fees.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.

<sup>4</sup> This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.



## Mesa View

### 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	96,456	80,386	58,955
<b>Receipts</b>			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	1,877	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	22,492	22,522	22,522
<b>Total Receipts</b>	<b>24,369</b>	<b>22,522</b>	<b>22,522</b>
<b>Disbursements</b>			
Administrator Payroll	1,300	1,300	<sup>1</sup> 1,200
K1 Preparation	735	3,210	<sup>2</sup> 1,400
Property Taxes/Bond Payments	1,129	1,129	1,129
Insurance	223	250	250
Office Supplies	137	150	150
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	<sup>3</sup> 1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	36,915	36,915	<sup>4</sup> 36,915
<b>Total Disbursements</b>	<b>40,438</b>	<b>43,954</b>	<b>42,044</b>
Ending Cash Balance	80,386	58,955	39,433
<b>Amount to be Billed</b>		-	-

<sup>1</sup> In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

<sup>2</sup> It should be noted that the 2014 K-1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go-forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K1 Preparations expenses include 2014 and 2015 fees.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.

<sup>4</sup> This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

## Road Runner

### 2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	106,777	94,399	79,386
<b>Receipts</b>			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	3,695	3,613	3,613
<b>Total Receipts</b>	<b>3,695</b>	<b>3,613</b>	<b>3,613</b>
<b>Disbursements</b>			
Administrator Payroll	1,200	1,300 <sup>1</sup>	1,200
K1 Preparation	700	2,112 <sup>2</sup>	1,400
Property Taxes/Bond Payments	1,129	1,129	1,129
Insurance	223	250	250
Office Supplies	162	175	175
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000 <sup>3</sup>	1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	12,659	12,659 <sup>4</sup>	12,659
<b>Total Disbursements</b>	<b>16,073</b>	<b>18,626</b>	<b>17,813</b>
Ending Cash Balance	94,399	79,386	65,186
<b>Amount to be Billed</b>		-	-

<sup>1</sup> In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

<sup>2</sup> It should be noted that the 2014 K-1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go-forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K1 Preparations expenses include 2014 and 2015 fees.

<sup>3</sup> This amount is included for budgetary reasons but is not expensed if not used.

<sup>4</sup> This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.